

## Errata

### Passport to Success: Level 3 Accounting

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Please be aware that the following amendments to the Passport to Success Level 3 Accounting student book are required:

#### Page 5

In Note (8) replace 'General' by 'Administrative' to read  
'**Administrative** expenses prepaid were £2000 and selling expenses outstanding were £5000'.

#### Page 11

In Note (2) delete 'raw' to read  
'At 31 December 20X7, Bonana owed £6135 to suppliers of materials'.

#### Page 12

In the Solution Profit and Loss for the year ended 31 December 20X7 delete 'Income' and replace with 'Sales' to read  
'**Sales (Working 2)**'.

In the Solution Balance Sheet at 31 December 20X7 - Current Assets – Debtors delete '8 705' and replace by '8 750' to read  
'Debtors (**8 750** – 875)'.

#### Page 13

In Working 2 delete 'Income' and replace by 'Sales' to read  
'**Sales** for the Year'.

In working 3 '34 555' should not be in italics, amend to read  
'**34 555**'.

#### Page 15

In Trading and Profit and Loss Account for the year ended 31 December 20X1 insert 'goods' to read

'Opening stock of finished **goods**'.

In Trading and Profit and Loss Account for the year ended 31 December 20X1 insert 'account' to read

'Completed goods transferred from manufacturing **account**'.

### Page 17

In Manufacturing Trading and Profit and Loss Account for the year ending 31 December 20X7 – Sales insert ‘account’ to read ‘Manufacturing **account**’.

### Page 21

In the Subscriptions Account Dr side insert ‘Balance b/d 504’ and on the Cr side insert ‘Balance b/d 396’ to read

	<u>19 260</u>		<u>19 260</u>
<b>Balance b/d</b>	<b>504</b>	<b>Balance b/d</b>	<b>396</b>

### Page 23

At the end of Note (7) insert:

**‘On and after 1 October 20X9 the Share Premium Account may only be used for the following purposes:**

- **pay for bonus issues**
- **write off the expenses or commission on the issue of shares which gave rise to the share premium’.**

### Page 24

In Note 1 delete ‘1 March 20X3’ and replace by ‘1 January 20X3’ to read ‘The 10% debentures were issued on **1 January 20X3**’.

### Page 31

In Adjustments to schedule of debtors’ balance delete ‘(4)’ and replace by ‘(6)’ to read ‘**(6)** Credit side overcast’.

In Sales Ledger Control Account Cr side delete ‘(i), (iii), (iii) and (iv)’ and replace by (1), (3), (4), and (5) to read

‘(1)	Error in sales day book	1 150
(3)	Bad debt written off	300
(3)	Discount allowed (205 x 2)	410
(5)	Set off	105’

### Page 45

In Solution delete ‘Continuous’ and replace by ‘Perpetual’ to read

<b>Perpetual</b>	Periodic	
AVCO	AVCO	FIFO

In Solution – Periodic AVCO delete ‘39 560’ and replace by ‘**39 554**’.

In Solution – Gross Profit delete ‘22 440’ and replace by ‘**22 446**’.

In Workings (a) insert ‘Weighted’ to read ‘Perpetual **Weighted** Average Cost Basis’.

In Workings (b) delete ‘£1 384.60’ and replace by ‘£13 846’ to read ‘£39.56 x 350 = £13 846’.

**Page 49**

In Question 3 (1) delete '£3 400' and replace with '£38 400' to read 'Goods costing **£38 400** were received from suppliers'.

**Page 61**

In Motor Vehicles at Cost Dr side insert '1.10.20X9 Balance b/d 75 720' to read

		<u>111 720</u>
<b>1.10.20X9</b>	<b>Balance b/d</b>	<b>75 720</b>

In Provision for Depreciation of Vehicles Cr side insert '1.10.20X9 Balance b/d 14 772' to read

		<u>21 972</u>
<b>1.10.20X9</b>	<b>Balance b/d</b>	<b>14 772</b>

In Vehicles Insurance Dr side insert '1.10.20X9 Balance b/d 2 000' to read

		<u>5 200</u>
<b>1.10.20X9</b>	<b>Balance b/d</b>	<b>2 000</b>

**Page 65**

In Question 3 Motor Vehicle X delete '1 April 20X3 56 000' and replace with '1 April 20X4 69 000' to read

<b>'Motor Vehicle X</b>	<b>1 April 20X4</b>	<b>69 000'</b>
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In Question 3 Motor Vehicle Y delete '1 April 20X3 69 000' and replace with '1 April 20X4 56 000' to read

<b>'Motor Vehicle Y</b>	<b>1 April 20X5</b>	<b>56 000'</b>
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**Page 70**

In Exercise 4.1 (2) delete 'Owen' and replace by 'Gerald' to read '**Gerald** is to receive a salary of £25 000 per year'.

In Exercise 4.1 Solution delete 'Salary to Owen' and replace by '**Salary to Gerald**'.

**Page 78**

In Target practice question 1 paragraph 1 delete '31 August 20X3' and replace with '30 April 20X3' to read

'On **30 April 20X3**, the partners admitted Tong into the partnership'.

In Target practice question 1 paragraph 3 delete '31 August 20X3' and replace with '30 April 20X3' to read

'The goodwill of the partnership was valued at £30 000 on **30 April 20X3**'.

**Page 79**

In Note (6) delete all the text and replace by

**'One-third of light and heat and salaries and wages, one-quarter of rent and rates and two-thirds of other general expenses relate to the period prior to the admission of Tong into the partnership'**.

Delete Note (7)

Renumber Note (8) as Note (7).

## Page 81

In (1) Fixed assets delete '185 000' and replace by '190 000' to read  
'**Plant and machinery – sold for 190 000**'

In (20) Current assets delete '28 400' and replace by '23 400' to read  
'**Trade debtors – cash received 23 400**'.

## Page 85

In Exercise 5.1 Authorised capital insert 'share' to read  
'Authorised **share** capital'.

In exercise 5.1 Called up capital delete 'Called up capital' and replace by '**Issued share capital**'.

## Page 86

In Step 3 delete '3 325' and replace by '3 250' to read  
'The amount returned therefore is £3 250 (5 000 x £0.65)

## Page 88

In First and Final Call Account Dr side delete 'Bank' and replace by '**Ordinary share capital**'.

In First and Final Call Account Cr side delete 'Ordinary share capital' by '**Bank**'.

## Page 91

In first line of the first paragraph delete 'delete 'permanent' and replace with 'share' to read  
'The law is very rigid on the reduction of a company's **share** capital'.

In last line of the first paragraph delete 'delete 'permanent' and replace with 'share' to read  
'This is to ensure that the **share** capital of the company is not reduced'.

In Step 3 delete '*With the amount nominal value of the shares purchased*' and replace with  
'**With the amount paid**'.

## Page 92

In Solution Step 1 delete '(30 000 x 1)' and replace by '(30 000 x £1)' to read  
'Nominal value of shares purchased (30 000 x **£1**)'.

In Solution Step 1 delete '(25 000 x 1.1)' and replace by '(25 000 x £1.10)' to read  
'Proceeds from new issue (25 000 x **£1.10**)'.

In Solution Step 2 delete 'Bank (25 000 x 1)' and replace by 'Bank (25 000 x £1.10)' to read  
'**Dr** Bank (25 000 x **£1.10**)'.

## Page 95

In Example 5 delete '1 January 20X3' and replace by '1 March 20X3' to read  
'On **1 March 20X3**, Irwin plc offered for sale £100 000 10% debentures at £100'.

In Example 5 delete '15 June' and replace by '15 April' to read  
'£60 was payable on application on 31 March and £40 on allotment on **15 April**'.

In Solution delete '1 March' and replace by '31 March' to read  
'**31 March** Bank (120 000 x 60 %) 72 000'

**Page 97**

In Chapter Summary (4) insert 'at a' to read  
'Shares can be issued at par or **at a** premium'.

In Target practice insert 'Share' to read  
'Authorised **Share** Capital'.

In Target practice insert 'Share' to read  
'Issued **Share** Capital'.

**Page 98**

In Question 2 insert 'share' to read  
'Gardening Supplies plc has an authorised **share** capital consisting of 5 000 000 ordinary shares of £0.25 each and 500 000 preference shares of £1 each'.

**Page 101**

In 6.3 Goodwill insert 'fair value of the' to read  
'Positive goodwill arises if the cost of investment is greater than the **fair value of the** net assets of the acquired entity.

**Page 105**

In (b) Consolidated retained earnings:  
delete underlining under 50 000  
insert 'Less goodwill amortised 28 000' immediately underneath  
insert 'line' under 22 000  
insert 'double line' under 22 000

to read

'Parent company's balance	80 000
Group's share of post-acquisition earnings (60% x (-30 000 – 20 000))	(30 000)
	<b>50 000</b>
<b>Less goodwill amortised</b>	<b>28 000</b>
	<b><u>22 000</u></b>

In (c) Minority interest:

insert '10 000' after Revaluation reserve aligning it with 60 000  
total – delete '90 000' and replace by '100 000'  
delete '(40% of 90 000)' and replace with '(40% of 100 000)' to read

'Share capital	50 000	
Share premium	60 000	
Revaluation reserve	<b>10 000</b>	
Pre-acquisition earnings	30 000	
Post-acquisition earnings (-30 000 – 20 000)	(50 000)	
	<b><u>100 000</u></b>	
<b>Minority interest (40% x 100 000)</b>		<b>40 000'</b>

**Page 108**

In Solution (i) centre '£' symbol over figures and move '160 000' right to align with '78 000' to read

	'£
(i) Stock (120 000 + 40 000)	<b>160 000</b>
(ii) Trade debtors (60 000 + 30 000 – 12 000)	78 000'

**Page 116**

In Exercise 6.4 line 3 delete '1 January 20X6' and replace by '1 January 20X7' to read 'The retained earnings of Swift plc on **1 January 20X7** was £17 000'.

**Page 124**

In Additional information (1) delete 'Jing plc' and replace by 'Jing Ltd' to read 'The difference in inter-company balances is due to goods sent by Santo plc to **Jing Ltd** on 31 December 20X6 that arrived on 5 January 20X7'.

**Page 131**

In Solution second calculation delete heading 'Trade Debtors' and replace by '**Trade Creditors**'.

**Page 132**

In Calculating the net cash inflow from operations using the indirect method delete 'outflow' and replace by '(outflow)' to read 'Net cash inflow/**(outflow)** from operating activities'.

In Notes (1):  
 delete 'Add interest' and replace by 'Add interest paid'  
 delete 'Less interest' and replace by 'Less interest received' to read

'Add dividends	xxx
<b>Add interest paid</b>	xxx
<b>Less interest received</b>	xxx'

**Page 133**

In (3);  
delete 'xxx' in line 3 and replace by 'xxx'  
delete 'xxx' in line 5 first column and replace by 'xxx' in second column to read

	£	£
Cash received from the sale of the fixed asset		xxx
Cost of asset sold	xxx	
Less accumulated depreciation on asset sold	<b>xxx</b>	
Net book value of asset sold		<u>xxx</u>
Profit on disposal/loss on disposal		<b><u>xxx</u></b> '

**Page 137**

In Exercise 7.5 delete 'Fixed assets are investments'      1 500      1 600'.

**Page 140**

Delete '30 000' and replace by '30 000' to read  
'Fixed Assets

	£	£	£
Buildings			98 000
Plant and machinery			45 000
Equipment			<u>30 000</u>
			173 000'

**Page 142**

In 3 move '60 000' after 150 000 to far right column to read

	'20X0		20X1	
	£	£	£	£
Land and buildings		200 000		400 000
Fixtures and fittings	175 000		150 000	
Depreciation	<u>70 000</u>		<u>90 000</u>	
		105 000		<b>60 000'</b>

In Required (a) delete 'flow' and replace by 'inflow' to read  
'Reconciliation of operating profit to net cash **inflow** from operating activities'.

**Page 151**

In Solution (a) insert 'Budgeted' before 'Profit and Loss Account for the year ending 31 March 20X8' to read

**'Budgeted Profit and Loss Account for the year ending 31 March 20X8'**.

In budgeted Balance Sheet at 31 March 30X8:

delete 'Inventory' and replace by 'Stock (Inventory)'

delete 'Trade receivables' and replace by 'Trade debtors' to read

' <b>Stock</b> (14 000 x 1.5)	21 000
<b>Trade debtors</b> (162 000 x 1/6)	27 000'

In (b) (ii) delete '11.30%' and replace by '10.70%' to read

'(ii) Return on equity ratios

Year 1             $10\ 000 / (74\ 000 + 19\ 500) = 10.70\%$ '.

**Page 157**

Delete 'Debtors/Creditors - see Note (2)' and replace by 'Debtors/Creditors'

Delete 'Note (3)' and replace by 'Note (2) to read

'Profit & Loss Account – see Note (1)

**Debtors/ Creditors**

Land & Buildings/Provision for Depreciation

Stock

Plant & Machinery/Provision for Depreciation

7½% Debentures – **see Note (2)'**

In Notes:

delete Note (2)

delete '(3)' and replace by '(2)' to read

**(1)** The balances given include net profit for the year ended 31 December 20X5 of £70 000 for Ross plc and £10 000 for Clark Ltd.

(2) The 7½% Debentures are repayable in six equal annual instalments’.

**Page 158**

In trial balance:

delete ‘Stock at 30 June 20X1’ and replace by ‘Stock at 30 June 20X2’

delete ‘Ordinary shares of £50 each’ and replace by ‘Ordinary shares at £0.50 each’ to read

	‘£000	£000
Sales (all credit)		12 500
Cost of sales	9 200	
<b>Stock at 30 June 20X2</b>	1 000	
Operating expenses	500	
Interest paid	6	
Trade debtors and creditors	4 120	2 240
Cash at bank	160	
Tangible fixed assets	19 894	
Bank loan (repayable in 20X5)		4 000
<b>Ordinary shares at £0.50 each</b>		10 000
Share premium account		3 000
Retained earnings		<u>3 140</u>
	<u>34 880</u>	<u>34 880</u>

**Page 159**

In Balance Sheets delete ‘-’ and replace by ‘12’ to read

	‘20X6		20X7	
	£000	£000	£000	£000
Fixed Assets			600	900
Current Assets				
Stock	120		178	
Debtors	60		182	
Bank	<u>12</u>		<u>-</u>	
	192		360	

**Page 164**

In Improve your grade delete ‘plus opening stock less closing stock’ and replace by ‘less opening stock plus closing stock’ to read

‘We can therefore calculate the purchases for each month as cost of sales less opening stock plus closing stock’.

**Page 168**

In Exercise 9.3:

insert; for the year ended 31 December 20X2’

delete ‘for the year ending’ to read

‘George, a sole trader, prepared his Trading, Profit and loss Account for the year ended **31 December 20X2** and Balance Sheet **at 31 December 20X2**’.

delete ‘Drawing’ and replace by ‘Drawings’ to read

‘**Drawings** to net profit 75%’.



**Page 169**

In solution delete 'Sales = (24 000 x 1.2) / 1.5' and replace by 'Sales (24 000 x 12) / 1.5' to read  
**'Sales (24 000 x 12) / 1.5** 192 000'.

In Workings insert '£' to read

'Therefore 1.8 (creditors + bank) – creditors + bank) = **£16 000**'.

**Page 178**

In Exercise 10.1:

insert 'per unit' after 'Variable sales commission'

delete 'per unit' after 'Fixed sales commission' to read

**'Variable sales commission per unit**

**Fixed sales commission'**.

**Page 180**

In Target practice 1 delete 'Other overheads' and replace by 'Other fixed overheads' to read

**'Other fixed overheads** attributable to the product amount to £800 per month'.

**Page 185**

In Example 3 Solution Year 0 delete '120 000' and replace by '(120 000)' to read

Time	Amount	Amount unrecovered
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	£	£
Year 0	<b>(120 000)</b>	(120 000)'

In 11.1.3 Disadvantages delete '(inflation)' to read

'The time value of money is ignored'.

Please accept our apologies for any inconvenience.

If you have any queries please contact [enquiries@ediplc.com](mailto:enquiries@ediplc.com) or Tel: 0870 720 2909.