

Award in Computerised Accounting Skills

ASE20055

Level 3

Time allowed: 3 hours

Instructions

- You should read through the assignment carefully before you begin.
 - You **must** attempt all tasks in the order given.
 - You are **not** allowed to bring any memory sticks or paper into the examination room.
 - You are required to save all answer files in a folder created on your desktop or in your designated section of the network drive. The folder should be labelled with your name and candidate number.
 - You are required to save all answer files in PDF format.
 - You may use a calculator provided the calculator gives no printout, has no word display facilities, is silent and cordless. The provision of batteries and their condition is your responsibility.
 - The assignment and any used or unused paper must be returned to the invigilator at the end of the examination.
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The Case Study

Part 1 – Enter opening data

You work in the accounts department of **Patel & Co**, a sole trader who provides plumbing services to a variety of customers.

Patel & Co
1 The Avenue,
Sheffield,
S1 2DT

The firm uses the standard 12-month financial year ending 31 December. This case study deals with the setting up of accounts at 31 May 2010 and transactions for the month of June 2010.

The business charges tax on all sales and pays tax on all purchases. Where applicable the standard tax rate is 15%. You need to set up this tax rate as well as three other categories, zero rate, exempt and outside the scope.

You are required to:

- 1. Set up the company data file selecting a default Chart of Accounts.**
- 2. Set up the following suppliers' accounts** using a reference appropriate to the software package you are using but, if possible, using the first 4 letters, followed by 01; for example, Sheffield City Council account code would be SHEF01.

| Suppliers' Account Details | Balance at 31 May 2010 |
|---|-------------------------------|
| Sheffield City Council Corporation Street Sheffield S1 2PE Contact: Rebecca Roberts | DR £240 |
| Advance Plumbing Supplies 23 Southgrove Road Sheffield S1 2LM Contact: Douglas Martin | CR £780 |
| ABC Office Supplies 104 Ashdell Road Sheffield | Nil |
| Masters Hardware 10 Moor Oakes Road Sheffield | CR £434 |
| British Telecom plc 10 High Street Newcastle | CR £1,292 |

3. **Set up the following customers' accounts** using a reference appropriate to the software package you are using but, if possible, using the first 3 letters, followed by 001; for example, Yordale Bank's account number would be YOR001.

| Customers' Account Details | Balance at 31 May 2010 |
|---|------------------------------------|
| Yordale Bank 41 Commercial Street Sheffield | DR £620 |
| Jones & Partners 10 Williams Square Sheffield | DR £1,420 |
| Blooms Flower Shop 131 Ecclesall Road Sheffield | DR £990 Payment on Account £200 |
| S Roberts & Son Ltd 26 Glossop Road Sheffield | Nil |

4. You are provided with the account balances as at 31 May 2010. Enter these and set up the budget figures, as shown.

| Description | £ DR | £ CR | Budget | |
|---|----------------|----------------|---------|-----------------------------|
| Premises | 180,000 | | | |
| Premises Depreciation | | 5,100 | | |
| Office Equipment | 1,200 | | | |
| Office Equipment Depreciation | | 340 | | |
| Vehicles | 14,000 | | | |
| Vehicle Depreciation | | 4,000 | | |
| Stock | 1,500 | | | |
| Debtors Control (Receivables) | 2,830 | | | |
| Bank | 23,500 | | | |
| Petty Cash | 1,100 | | | |
| Sales Tax Liability | | 2,600 | | |
| Employee Tax and National Insurance | | 1,400 | | |
| Creditors Control (Payables) | | 2,266 | | |
| Bank Loan | | 186,000 | | |
| Capital | | 21,040 | | |
| Sales-Plumbing Services | | 86,000 | 200,000 | Spread evenly over the year |
| Purchases-Materials | 56,000 | | 120,000 | |
| Salaries | 10,000 | | 25,000 | |
| Employer's National Insurance Contributions | 800 | | 2,000 | |
| Rates | 5,000 | | 12,000 | |
| Water charges | 200 | | 500 | |
| Electricity | 500 | | 1,200 | |
| Travel | 3,000 | | 12,000 | |
| Insurances | 1,000 | | 2,400 | |
| Telephone | 1,200 | | 3,000 | |
| Postage | 125 | | 300 | |
| Stationery | 400 | | 1,200 | |
| Loan Interest | 3,531 | | 8,500 | |
| Bank Charges | 60 | | 100 | |
| Depreciation | 2,800 | | 6,720 | |
| | <u>308,746</u> | <u>308,746</u> | | |

5. Set up the Fixed Asset Register if your software package allows this.

- Depreciation is charged in the month of acquisition but not in the month of disposal.
- Depreciation in the Profit & Loss Account is held in one account.

| Asset | Cost Price | Depreciation Method | Depreciation Rate Per Annum |
|------------------|------------|---------------------|-----------------------------|
| Premises | 180,000 | Straight Line | 2% |
| Photocopier | 1,200 | Straight Line | 20% |
| Ford Transit Van | 14,000 | Reducing Balance | 20% (= 1.84% per month) |

6. The bank loan is repayable over 20 years. The recurring payment for £1,472.50 is paid by standing order on 10th of each month, and comprises the following:
- Capital Repayment £775.00
 - Loan Interest £697.50

Set up this regular payment and process it during June.

Part 2: Transactions for the month of June 2010

7. 1 June 2010 - The owner contributes the following to the business:
- £14,000 which is paid into the bank
 - Computer equipment worth £680.00 (depreciation rate 30% on straight line method)

Process these transactions and update the Fixed Asset Register if your software package allows this.

8. Enter the following supplier invoices and credit note:

| Supplier | Inv Date | Inv Ref | Description | Net £ | Tax £ | Gross £ |
|-------------------------------------|-----------|----------------|-------------------------|--------|-------------------|---------|
| Sheffield City Council (land owner) | 01 Jun 10 | Invoice 100024 | June rates | 400.00 | Outside the scope | 400.00 |
| Masters Hardware | 02 Jun 10 | Invoice 34522 | Small tools | 600.00 | 90.00 | 690.00 |
| Advance Plumbing Supplies | 02 Jun 10 | Invoice 23236 | Pipe, tape and fittings | 200.00 | 29.40 | 229.40 |

Advance Plumbing Supplies offers a 2% settlement discount for invoices paid within 10 days. Tax has been calculated on the discounted amount and should be entered as shown.

| | | | | | | |
|------------------|-----------|----------------------|----------------|--------|-------|--------|
| Masters Hardware | 05 Jun 10 | Credit Note CR.34522 | Damaged wrench | 100.00 | 15.00 | 115.00 |
|------------------|-----------|----------------------|----------------|--------|-------|--------|

9. Process the following invoices to customers (all inclusive of tax at 15%)

| Customer | Date | Reference | Details | Amount |
|--------------------|-----------|-----------|------------------------|-----------|
| Yordale Bank | 06 Jun 10 | 1234 | Fixed broken pipes | 6,233.00 |
| Jones & Partners | 08 Jun 10 | 1235 | Repair sewerage system | 12,673.00 |
| Blooms Flower Shop | 10 Jun 10 | 1236 | Replace pipe fittings | 1,640.00 |

10. On 8 June 2010 you receive a letter from your bank, Sheffield Bank, informing you that a cheque you had received from S Roberts & Son Ltd for £540.00 in May had been returned with the words "refer to drawer". **Process this transaction.**

11. Process the following payments:

| Payee | Date | Details | Payment method |
|------------------------|-----------|---|-------------------|
| Sheffield City Council | 11 Jun 10 | June Rates less outstanding credit | Credit Transfer |
| Masters Hardware | 11 Jun 10 | Last month's balance | Cheque no. 136001 |
| Advance Plumbing | 11 Jun 10 | Invoice 23236, taking advantage of the discount offered | Cash |
| National Tax Office | 18 Jun 10 | Employee tax and national insurance (£1,400) | Credit Transfer |

12. Your salesman incurs the following expenses on the company credit card. Process these transactions, using the most appropriate nominal codes.

| Date | Supplier | Description | Net £ | Tax £ | Total £ |
|-----------|---------------------|-------------------|--------|---------------|---------|
| 15 Jun 10 | Gardiners | Petrol | 50.00 | 7.50 | 57.50 |
| 15 Jun 10 | Bombay Palace Hotel | Overnight stay | 134.00 | 20.10 | 154.10 |
| 15 Jun 10 | City Car Park | Parking | 12.00 | 1.80 | 13.80 |
| 16 Jun 10 | Bench Hardware | Plumbing supplies | | Including tax | 140.00 |
| 16 Jun 10 | Plaza Hotel | Overnight stay | | Including tax | 161.00 |
| 20 Jun 10 | Gardiners | Petrol | 60.00 | 9.00 | 69.00 |
| 20 Jun 10 | Bench Hardware | Plumbing supplies | | Including tax | 30.00 |

13. Some of the plumbing supplies that your salesman purchased from Bench Hardware were incorrect and returned; the value of these is £69.00 inclusive of tax, and the refund will be put onto the company credit card. Process this transaction dated 19 June 10.

14. On 17 June, you decide to replace the photocopier with a new one. The old photocopier was taken in part exchange for the new one. The table below shows details.

Cheque number 136002 for £678 covered the balance for the new photocopier plus 12 months breakdown insurance to 31 May 2011. Process the required transactions and update the Fixed Asset Register if your software package allows this.

| Asset | Cost Price £ | Depreciation to Date £ | Trade in Value £ | Depreciation |
|-----------------|------------------------|---------------------------|---------------------|---------------------------------------|
| Old photocopier | 1,200 | 340 | 780 + tax 117 | |
| New photocopier | 1,495 including tax | | | 20% per annum on straight line method |

15. British Telecom's invoices are settled by recurring payment (direct debit) from the bank current account; last month's invoice of £1,292 will be paid on 18 June 2010. Process this transaction.

16. On 19 June 2010, ABC Office Supplies delivered various stationery items and submitted invoice 13567 for £170.20 inclusive of tax; this is paid by the company credit card on the same day. **Process these transactions.**
17. **Process the following Salary journals dated 28 June 2010;** the net salary is paid by bank transfer (BACS) on 28 June, while the other transactions are accrued.

| Description | Amount |
|---|----------|
| Net salaries | 1,280.66 |
| Tax deducted from employee salaries | 402.36 |
| Employees' national insurance contributions | 293.20 |
| Union Fees deducted | 40.00 |
| Employer's national insurance contributions | 341.18 |

18. Below is a copy of the Company Credit Card Statement dated 19 June 2010.

| Date | Transaction | Amount £ |
|-----------|---------------------|----------|
| 15 Jun 10 | Gardiners | 57.50 |
| 15 Jun 10 | Bombay Palace | 154.10 |
| 15 Jun 10 | City Car Park | 13.80 |
| 16 Jun 10 | Plaza Hotel | 161.00 |
| 16 Jun 10 | Bench Hardware | 140.00 |
| 16 Jun 10 | ABC Office Supplies | 170.20 |
| 19 Jun 10 | Bench Hardware | CR-69.00 |
| | Balance outstanding | 627.60 |

Reconcile these transactions to the Credit Card Account.

The balance on the credit card statement is paid by recurring payment (direct debit) on 28th of the month, the payment being taken from the bank current account. **Process this transaction.**

19. **Make the following month end adjustments, dated 30 June:**

- Depreciation of Fixed Assets
- Adjustment for prepaid photocopier breakdown insurance
- Stock has been valued at £900
- Adjustment for Accruals, as follows:

| | |
|-------------|--------|
| Phone | 250.00 |
| Electricity | 120.00 |
| Water usage | 50.00 |

20. Calculate the monthly tax liability by preparing a Tax Return for the month of June 2010 and save it in PDF format. Mark transactions as reconciled if your software package allows this.

It is the firm's practice to show only one tax liability figure at the end of each month. Therefore, if the software you are using automatically posts individual tax amounts to two tax control accounts, **transfer the balances of these accounts into one Tax Liability account.**

21. In Task 22, you are required to prepare a Profit & Loss Account for the month ended 30 June 2010; before doing so, **edit the layout (if necessary) to clearly show the following accounts:**
- Sales of Plumbing Services
 - Purchases of Materials
 - Opening and Closing Stock
 - Consumable (Small) Tools
 - Profit/Loss on Disposal of Assets

Part 3: Preparation of reports

22. At the end of your examination, the following documents and reports should be held in your folder in PDF format:

| | |
|---|---|
| A | Tax liability as at 30 Jun 2010 (Task 20) |
| B | Trial Balance as at 30 June 2010 |
| C | Audit Trail of all transactions to include at least date, reference, nominal code, narrative, net amount and tax amount |
| D | Nominal Ledger Report showing all transactions, reference numbers and account balances to 30 Jun 2010 for all accounts |
| E | Customer names and addresses |
| F | Customer Ledger Report to 30 Jun 2010 to include customer name, all transactions and the account balance |
| G | Aged Debtors Analysis (Accounts Receivable) at 30 June 2010 |
| H | Supplier names and addresses |
| I | Supplier Ledger Report to 30 Jun 2010 to include supplier name, all transactions and the account balance |
| J | Aged Creditors Analysis (Accounts Payable) at 30 June 2010 |
| K | Profit & Loss account for month ended 30 June 2010 |
| L | Balance Sheet as at 30 June 2010 |
| M | Comparison of budget to actual figures for financial year to 30 June 2010 |

23. Review the Budget Report produced above and calculate the following ratios for the financial year to date:

- Gross Profit Margin
- Net Profit Margin

You may use either a word processing or spreadsheet package and must save the file in PDF format as "Ratios".