

## **Award in Computerised Accounting Skills**

**ASE20055**

**Level 3**

**Time allowed: 3 hours**

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### **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 **HomeCare**, a sole trader business which provides property maintenance services to a variety of customers.

**HomeCare**  
**Glebe Road,**  
**Kingston upon Thames,**  
**Surrey**  
**KT1 2NM**

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 2011 and transactions for the month of June 2011.

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** with a reference appropriate to the software package you are using. Where possible, use the first four letters, followed by 01; for example, Surrey County Council account code would be SURR01.

| <b>Suppliers' Account Details</b>  | <b>Balance at 31 May 2011</b> |
|--|-------------------------------|
| Surrey County Council<br>High Road<br>Kingston upon Thames<br>Surrey<br>KT1 2PA<br>Contact: Jane Patterson | Debit £210                    |
| Advance Plumbing Supplies<br>23 Southgrove Road<br>Ashted<br>Surrey<br>KT10 8JE<br>Contact: Martin Jones   | Credit £780                   |
| Direct Home Supplies<br>10 Moor Road<br>Kingston upon Thames   | Credit £454                   |
| Premier Electric<br>10 High Street<br>Surbiton   | Credit £1,292                 |

- 3 **Set up the following customers' accounts** with a reference appropriate to the software package you are using. Where possible, use the first 3 letters, followed by 001; for example, Green Court Management Co's account number would be GRE001.

| <b>Customers' Account Details</b>  | <b>Balance at 31 May 2011</b>         |
|--|---------------------------------------|
| Green Court Management Co.<br>41 Clarence Street<br>Kingston upon Thames | Debit £620                            |
| Johnson & Company Ltd<br>Head Office<br>10 Walter Square<br>Surbiton     | Debit £1,420                          |
| Surrey County Council<br>High Road<br>Kingston upon Thames               | Debit £990<br>Payment on Account £200 |

- 4 You are provided with the account balances as at 31 May 2011. **Enter these and set up the Budget figures, as shown.**

| Description                         | £ DR    | £ CR    | Budget  |
|-------------------------------------|---------|---------|---------|
| Office Equipment                    | 1,200   |         |         |
| Office Equipment Depreciation       |         | 340     |         |
| Office Furniture                    | 2,000   |         |         |
| Office Furniture Depreciation       |         | 800     |         |
| Vehicles                            | 42,000  |         |         |
| Vehicles Depreciation               |         | 11,760  |         |
| Stock                               | 1,500   |         |         |
| Debtors Control (Receivables)       | 2,830   |         |         |
| Bank Current Account                | 28,500  |         |         |
| Petty Cash                          | 1,100   |         |         |
| Sales Tax Liability                 |         | 2,600   |         |
| Employee Tax and National Insurance |         | 1,369   |         |
| Creditors Control (Payables)        |         | 2,316   |         |
| Bank Loan                           |         | 30,100  |         |
| Capital                             |         | 5,954   |         |
| Drawings                            | 10,000  |         |         |
| Sales-Property Maintenance          |         | 100,000 | 240,000 |
| Purchases-Materials                 | 36,100  |         | 80,000  |
| Salaries                            | 12,000  |         | 30,000  |
| Employer's National Insurance       | 1,650   |         | 4,000   |
| Rent                                | 3,750   |         | 9,000   |
| Rates                               | 2,000   |         | 4,800   |
| Water Charges                       | 200     |         | 500     |
| Electricity                         | 500     |         | 1,200   |
| Motor Fuel                          | 1,150   |         | 3,000   |
| Insurances                          | 2,000   |         | 5,000   |
| Telephone                           | 1,200   |         | 3,000   |
| Postage                             | 125     |         | 300     |
| Stationery                          | 400     |         | 1,200   |
| Loan Interest Paid                  | 1,250   |         | 3,000   |
| Bank Charges                        | 60      |         | 100     |
| Depreciation                        | 3,724   |         | 9,000   |
|                                     | 155,239 | 155,239 |         |

**Spread evenly over the year**

- 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 |
|------------------|------------|---------------------|-----------------------------|
| Office Equipment | 1,200      | Straight Line       | 20%                         |
| Office Furniture | 2,000      | Straight Line       | 10%                         |
| Transit Vans     | 42,000     | Reducing Balance    | 20% (= 1.84% per month)     |

6 A bank loan of £40,000 was taken out in 2009 to purchase three transit vans. A recurring payment of £800 is paid on the 10th of each month by standing order and comprises the following:

- Capital Repayment           £550
- Loan Interest                 £250

**Set up this regular payment and process it during June.**

## Part 2 - Transactions for the month of June 2011

7 1 June 2011 - The owner contributes the following to the business:

- Computer equipment worth £680.00 (depreciation rate 30% per annum on straight line method)
- His own second hand estate car valued at £3,500 (depreciation rate as for the transit vans).

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

8 Enter the following supplier invoices and credit note:

### INVOICES

| Supplier                           | Inv Date   | Inv Ref        | Description             | Net £  | Tax £             | Gross £ |
|------------------------------------|------------|----------------|-------------------------|--------|-------------------|---------|
| Surrey County Council (land owner) | 01 June 11 | Invoice 101123 | June rates              | 400.00 | Outside the scope | 400.00  |
| Direct Home Supplies               | 02 June 11 | Invoice 2245   | Paint, brushes etc      | 146.20 | 21.93             | 168.13  |
| Advance Plumbing Supplies          | 02 June 11 | Invoice 1223   | Taps, pipe fittings etc | 340.00 | 49.98             | 389.98  |

**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.**

### CREDIT NOTE

|                      |            |                   |                           |       |      |       |
|----------------------|------------|-------------------|---------------------------|-------|------|-------|
| Direct Home Supplies | 05 June 11 | Credit Note CR214 | Returned one pot of paint | 30.00 | 4.50 | 34.50 |
|----------------------|------------|-------------------|---------------------------|-------|------|-------|

9 Enter the following customer invoices (all inclusive of tax at 15%)

| Customer                           | Date       | Reference | Details  | Amount   |
|------------------------------------|------------|-----------|--|----------|
| Green Court Management Co.         | 06 June 11 | 6724      | External and internal cleaning                                     | 264.00   |
| Johnson & Co.Ltd                   | 08 June 11 | 6725      | General maintenance - call out plus parts                          | 1,560.00 |
| Surrey County Council (land owner) | 10 June 11 | 6726      | Maintenance of Council offices – internal and external – June 2011 | 4,120.50 |

**10 Process the following payments:**

| Payee                              | Date       | Details  | Payment Method    | Amount              |
|------------------------------------|------------|--|-------------------|---------------------|
| Patel Properties                   | 01 June 11 | Rent June  | Cheque no. 136000 | £862.50<br>incl tax |
| Surrey County Council (land owner) | 11 June 11 | June Rates less outstanding credit                     | Credit Transfer   | £190.00             |
| Direct Home Supplies               | 11 June 11 | Last month's balance                                   | Cheque no. 136001 |                     |
| Advance Plumbing Supplies          | 11 June 11 | Invoice 1223, taking advantage of the discount offered | Cash              | £383.18             |
| National Tax Office                | 18 June 11 | Employee tax and national insurance for May            | Credit Transfer   | £1,369.00           |

- 11** While carrying out property maintenance jobs, the Supervisor incurs the following expenses on the company credit card. **Process these transactions, using the most appropriate nominal codes.**

| Date       | Supplier             | Description       | £             |                     |
|------------|----------------------|-------------------|---------------|---------------------|
| 15 June 11 | Evans Petrol Station | Diesel            | Including tax | 57.50               |
| 15 June 11 | County Car Parks     | Parking           | Including tax | 13.80               |
| 16 June 11 | Russells Hardware    | Plumbing supplies | 120.00        | Tax 18.00<br>138.00 |
| 20 June 11 | Fuel Station         | Diesel            | Including tax | 69.00               |
| 20 June 11 | Russells Hardware    | Screws, nails etc | 26.09         | Tax 3.91<br>30.00   |

- 12** Some of the plumbing supplies that the Supervisor purchased from Russells Hardware were incorrect and returned; the value of these is £22.50 inclusive of tax, and the refund will be put onto the company credit card. **Process this transaction dated 19 June 11.**

- 13** On 16 June 2011, ABC Office Supplies delivered a new filing cabinet and submitted invoice 13249 for £170.20 inclusive of tax – they required payment on delivery; therefore, this is paid on the company credit card. **Process this transaction and update the Fixed Asset Register if your software package allows this.**

- 14** On 17 June 2011, you decide to replace one of the transit vans with a new one. The old van was taken in part exchange for the new one. The table below shows details.

Cheque number 136002 for £6,515 covered the balance for the van plus 12 months Road Fund Licence (Road Tax) of £190 to 31 May 2012. **Process the required transactions and update the Fixed Asset Register if your software package allows this.**

| Asset           | Cost Price<br>£         | Depreciation to<br>Date £ | Trade in Value<br>£   | Depreciation                     |
|-----------------|-------------------------|---------------------------|-----------------------|----------------------------------|
| Old transit van | 14,000                  | 3,920                     | 8,000<br>+ tax £1,200 |                                  |
| New van         | 15,525 including<br>tax |                           |                       | As per the other<br>transit vans |

- 15** Premier Electric collects monies owed by recurring payment; last month's invoice of £1,292 will be paid by direct debit on 18 June 2011. **Process this transaction.**

16 The following amounts were received from customers on 20 June:

- £790 from Surrey County Council by BACS. This settled their May account
- Cheque 730246 from Johnson & Co for £1,000. There was nothing to indicate what this was for so it should be entered as a payment on account.

**Process these transactions**

17 **Process the following Salary and Drawings journals dated 28 June 2011;** the net salary and the drawings were paid by credit transfer on 28 June, while the other transactions are accrued.

| Description                                 | Amount   |
|---|----------|
| Net Salaries                                | 1,280.66 |
| Owner's Drawings                            | 1,000.00 |
| Tax deducted from employees                 | 402.36   |
| Employees' national insurance contributions | 293.20   |
| Union Fees deducted                         | 40.00    |
| Employer's national insurance contributions | 341.18   |

18 **Reconcile these transactions from the company credit card statement to the Credit Card account.**

| Date       | Transaction          | Amount £ |
|------------|----------------------|----------|
| 15 June 11 | Evans Petrol Station | 57.50    |
| 15 June 11 | County Car Parks     | 13.80    |
| 16 June 11 | Russells Hardware    | 138.00   |
| 16 June 11 | ABC Office Supplies  | 170.20   |
| 19 June 11 | Russells Hardware    | CR-22.50 |
|            | Balance outstanding  | 357.00   |

19 The balance on the company credit card statement dated 20 June is paid by direct debit (recurring payment) on 28<sup>th</sup> of the month, the payment being taken from the company Current Account. **Process this transaction.**

20 On 24 June 2011 you receive a letter from the bank informing you that the cheque you received from Johnson & Co. for £1,000.00 had been returned with the words "refer to drawer". **Process this transaction.**

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

- (a) Depreciation of Fixed Assets
- (b) Adjustment for prepaid Road Fund Licence (Road Tax)
- (c) Stock has been valued at £1,600
- (d) Adjustment for accruals, as follows:

|             |        |
|-------------|--------|
| Telephone   | 220.00 |
| Electricity | 90.00  |
| Water usage | 30.00  |

**22 Calculate the monthly tax liability by preparing a Sales Tax Return for the month of June 2011 and save it in PDF format.**

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

**23 Edit the layout of the Profit & Loss Account (if necessary) to clearly show the following accounts:**

- Sales of Property Maintenance Services
- Purchases of Materials
- Opening and Closing Stock
- Profit/Loss on Disposal of Assets.

**Edit the layout of the Balance Sheet (if necessary) to clearly show the following accounts:**

- Owner's Capital and Drawings.

### Part 3 – Preparation of reports

**24** 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 June 2011 (Task 22)  |
| B | Trial Balance as at 30 June 2011  |
| 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 June 2011 for all accounts |
| E | Customer names and addresses  |
| F | Customer Ledger Report to 30 June 2011 to include customer name, all transactions and the account balance               |
| G | Aged Debtors Analysis (Accounts Receivable) at 30 June 2011   |
| H | Supplier names and addresses  |
| I | Supplier Ledger Report to 30 June 2011 to include supplier name, all transactions and the account balance               |
| J | Aged Creditors Analysis (Accounts Payable) at 30 June 2011  |
| K | Profit & Loss Account for month ended 30 June 2011  |
| L | Balance Sheet as at 30 June 2011  |
| M | Comparison of budget to actual figures for financial year to 30 June 2011   |

**25** Review the Budget Report and Balance Sheet produced above and calculate the following ratios for the financial year to date (show your workings):

- Net Profit Margin
- Calculation of Liquid Ratio (Quick Ratio/Acid Test).

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