

UNIVERSITY OF BOLTON
SCHOOL OF BUSINESS AND CREATIVE
TECHNOLOGIES
ACCOUNTANCY PATHWAY
SEMESTER 2 EXAMINATIONS 2009/2010
BUSINESS ENVIRONMENT AND I.T. / I.S.
MODULE NO: ACC1008

Date: Monday 7th June 2010

Time: 10:00 – 12:00

INSTRUCTIONS TO CANDIDATES:

There are **TWO** sections to this paper.

Answer **ALL** questions in **BOTH** sections.

Candidates are permitted ten minutes printing time after the examination has finished. This time is in addition to the two hours allowed for the examination.

This is an open book examination.

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Scenario

On 1st January 2010 Janine Smith began trading as Janty's Fashions; a general wholesaling business. At that date a number of policy decisions were taken.

The business will be registered for VAT (Standard Accounting). Except where otherwise stated, goods and services attract standard rate VAT of 17.5%.

Sales will be divided into 2 categories - sales of adult clothing, which will be standard-rated for VAT and Sales of children's clothing, which will be zero rated. Purchases will be divided into the same two categories.

(2 marks)

Fixed Assets are items of tangible equipment etc. valued more than £1,000.

Depreciation will be as follows:

1. Office equipment, including computers and fixtures & fittings will be depreciated over 4 years using the reducing balance method.
2. The Van is assumed to have no residual value and is to be depreciated over 3 three years, using the straight-line method.

Details of a Bank Loan:

3. The loan is repayable over 4 years at £82.00 per month, commencing with the first repayment on 25 January 2010 and thereafter on 25th of each month. A standing order with the bank has been set up for this. Of the amount payable per month, £62.50 is the capital repayment and £19.50 the interest payment.

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Required:

1. Process the sales, purchases and nominal account data for the months of January and February 2010, dealing appropriately with recurring payments, depreciation and accruals/prepayments and ensuring every transaction has a unique reference.
2. Print the following at the end of the 2-month period:
 - a) Trial Balance. **(1 mark)**
 - b) Summary audit trail **(1 mark)**
 - c) Profit and Loss Account for the Period February 2010, showing the Year to Date performance. **(2 marks)**
 - d) Reports from the Customer and Supplier modules that provide details of the Addresses and Transaction History. **(4 marks)**
 - e) Nominal activity reports for the Bank, Petty Cash, all Sales and Purchase nominal accounts as ONE report. **(1 mark)**
 - f) A detailed Aged Debtor and Creditor analysis. **(1 mark)**
 - g) VAT Return for the period: 1 January to 28 February 2010. **(2 marks)**

Provide a back up file on the CD provided for all your transactions up to 28th February 2010. Make sure that you name it with your student number. 001, for example 1234567.001

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| Date | Trading for January 2010 |
|--------|--|
| 2 Jan | Paid £8,000 into the business bank current account from her personal savings. (1 mark) |
| 2 Jan | Entered into a lease with Trident Properties Limited to use a small industrial unit at 15 Aberdan Way, Birmingham B3 6MA. The terms of the lease required advanced payment of rent of £1,500 per quarter (exempt VAT). Janine raised cheque 001 for their Invoice No. JAN001 for the first rent payment of £1,500.00. (4 marks) |
| 2 Jan | Purchased second hand racking and shelving for the unit. This cost £3,000 + VAT £525.00 (total £3,525.00) and was paid for with cheque 002. (2 marks) |
| 3 Jan | Negotiated a bank loan with the bank for £3,000 (no VAT) for the purchase of a delivery van. The money was paid directly to the supplier by the bank and the van was delivered on 3 rd January. (5 marks) |
| 5 Jan | Received invoice number GM428 from a new supplier, Gemma's Fabrics Ltd., 38 Dock Road, London EC2Y 4TQ, for Adult clothing. The invoice was for £4,200 + VAT £735.00 (total £4,935.00) (2 marks) |
| 6 Jan | Received invoice K260 from a new supplier, Kirkland Importers Ltd., Beauforte House, Queensway, Southampton SO3 5RJ for adult clothing. The invoice was for: £1,650.00 plus VAT £288.74 (total £1,938.74). (2 marks) |
| 7 Jan | Drew £250 from the bank on cheque number 003 for use as petty cash. (1 mark) |
| 7 Jan | Bought stationery from petty cash for £94.00, including VAT. (1 mark) |
| 8 Jan | Paid postage from petty cash £15.00. (VAT exempt.) (1 mark) |
| 9 Jan | Raised invoice JF001 to a new customer, Winston Enterprises, 17 The Manor, Guilford GU3 1BA. The invoice was for adult clothing £2,760.00 + VAT £483.00 (total £3,243.00) (2 marks) |
| 11 Jan | Received invoice no. A74 from a new supplier, T Orchard Ltd., 68 Salford Road, Manchester M8 10PB, for children's clothing. The invoice was for £3,265.00. (2 marks) |
| 14 Jan | Sold goods to a new customer on invoice JF002, Sam's Wholesalers, 'The Cut', Sheffield Road, Barnsley S71 3NU. The invoice was for Adult clothing £1,870.00 and children's clothing £876.00. + VAT £327.25 (total £3,073.25) (3 marks) |
| 14 Jan | Sold goods to a new customer using invoice JF003, JS Evans & Co., 74 The Shambles, Birmingham B4 7TZ. The invoice was for children's clothing and amounted to £679.80. (2 marks) |

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| | |
|--------|---|
| 16 Jan | Received invoice KB3702 from a new supplier, Karahan Cutters, 6 New Way, Leicester LE4 9NB, for Adult's clothing £874.00 and children's clothing £527.80 + VAT £152.95 (total £1,554.75). (2 marks) |
| 17 Jan | Received cheque no 429 for £3,073.25 from Sam's Wholesalers in full settlement of our invoice JF002. (1 mark) |
| 17 Jan | Bought computer equipment on cheque 004 for £1,600.00 + VAT = £280.00 (total £1,880.00) (4 marks) |
| 18 Jan | Paid cheque number 005 to Kirkland Importers Ltd to cover their invoice K260. (1 mark) |
| 24 Jan | Paid fuel bill for van from petty cash for £75.00, including VAT. (1 mark) |
| 26 Jan | Paid rates for the unit on cheque 006 for £900.00. The cheque covered the period from 1st January 2010 to 30th June 2010. The payment is exempt from VAT. (3 marks) |
| 30 Jan | Prepared January wages: Net wages paid from the bank £842.63. Employee's Tax and N.I. of £108.26 and Employer's N.I. of £96.70 will be sent to the Inland Revenue on 15th February and should, therefore be posted by journal entry. The wages were paid by BACS. (5 marks) |
| 31 Jan | Replenished petty cash from bank with cheque no 007 for £184.00 (1 mark) |
| 31 Jan | End of January accounting period (3 marks) |

| Date | Trading for February 2010 |
|-------|--|
| 2 Feb | Received cheque no. 502 for £2,500.00 as part payment of our invoice JF001 from Winston Enterprises. (1 mark) |
| 3 Feb | Sold goods to a new customer, Terry's Tunics, 15 Market Street, Chester CH1 5QF, using our invoice number JF005 for children's clothing £1,764.00. (2 marks) |
| 5 Feb | Sold goods to Sam's Wholesalers our invoice JF006. The invoice covered adult clothing £2,163.40, children's clothing £1,010.20 + VAT £378.59 (total £3,552.19) (2 marks) |
| 7 Feb | Sold children's clothing for £1,892.60 to Winston Enterprises, using our invoice JF007. (1 mark) |
| 8 Feb | Paid T. Orchard Ltd., £3,265.00 on our cheque number 008, in full settlement of their invoice number A74. (1 mark) |
| 9 Feb | Paid stationery from petty cash, £18.00, including VAT. (1 mark) |
| 9 Feb | Issued our Credit Note JFC1 for £275.00 in respect of damaged goods to JS Evans & Co. (2 marks) |

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| | |
|--------|--|
| 11 Feb | Made sundry cash sales of children's clothing at a local market £586.35 and paid the proceeds into the bank. (1 mark) |
| 11 Feb | Paid postages £20.00 (exempt for VAT) from petty cash. (1 mark) |
| 14 Feb | Paid fuel bill for delivery van from petty cash £37.50, including VAT (1 mark) |
| 14 Feb | Received credit note number CGM982 for £185.00 + VAT £32.37 (total £217.37), from Gemma's Fabrics in respect of faulty goods on invoice GM428. (1 mark) |
| 15 Feb | Paid the Inland Revenue the January Tax and NI on cheque no. 009 (2 marks) |
| 16 Feb | Received Direct Debit payment from JS Evans & Co. of £404.80 in full settlement of their account. (1 mark) |
| 16 Feb | Received cheque 561 from Sam's Wholesalers of £3,000.00 as a part-payment of our invoice JF006. (1 mark) |
| 20 Feb | Paid cheque number 010 to Karahan Cutters in full settlement of invoice number KB3702. (1 mark) |
| 22 Feb | Sold Goods to Terry's Tunics on invoice JF008; Adult clothing £1,610.00, children's clothing £272.00 + VAT £281.75 (total £2,163.75) (2 marks) |
| 23 Feb | Sold goods to Winston Enterprises on invoice JF009 for children's clothing £256.87. (1 mark) |
| 27 Feb | Prepared February wages: Net wages paid from bank £915.33 Employee's Tax and N.I. of £110.57 and Employer's N.I. of £96.74 will be sent to the Inland Revenue on 15 th March as last month. The wages were paid by BACS. (5 marks) |
| 28 Feb | Replenished the petty cash with cheque no. 011 for an amount that returns the total to £250.00 (2 marks) |
| 28 Feb | End of February accounting period. (3 marks) |

Required:

Having completed the trading for February, using information from the Bank Statement on the next page, carry out a Bank Reconciliation and print the following report and submit it with the others:

Bank/Reports/Reconciled and Unreconciled
 Transactions/**Bank Statement – reconciled and Un-Reconciled**

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| Any Bank plc. STATEMENT for the period 1 Jan. 2010 to 31 Jan. 2010 | | | | |
|---|-----------|---------|----------|---------|
| Date | Reference | Paid In | Paid Out | Balance |
| Opening Balance | | | | 0.00 |
| 2 Jan 10 | Paid In | 8000.00 | | 8000.00 |
| 4 Jan 10 | 002 | | 3525.00 | 4475.00 |
| 5 Jan 10 | 001 | | 1500.00 | 2975.00 |
| 7 Jan 10 | 003 | | 250.00 | 2725.00 |
| 17 Jan 10 | Paid In | 3073.25 | | 2798.25 |
| 21 Jan 10 | 004 | | 1880.00 | 3918.25 |
| 25 Jan 10 | AB Loans | | 82.00 | 3836.25 |
| 28 Jan 10 | 006 | | 900.00 | 2936.25 |
| 30 Jan 10 | BACS | | 842.63 | 2093.62 |
| 31 Jan 10 | 007 | | 184.00 | 1909.62 |

(5 marks)

TOTAL 100 MARKS

END OF QUESTIONS