

UNIVERSITY OF BOLTON RAS AL KHAIMAH

**SCHOOL OF BUSINESS AND CREATIVE
TECHNOLOGIES**

ACCOUNTANCY PATHWAY

SEMESTER 2 EXAMINATIONS 2010/2011

BUSINESS ENVIRONMENT AND I.T. / I.S.

MODULE NO: ACC1008RAK

Date: Monday 6th June 2011

Time: 1:00 – 3:00

INSTRUCTIONS TO CANDIDATES:

Answer ALL questions.

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 and Background Information

A new business, **Torres Fashions** is being set-up by Janet Torres. The business will be registered for VAT (Standard Accounting) and will be trading on both a cash and a credit basis. The Financial Year starts 1 March 2011.

Sales will be divided into 2 categories - Sales of Adult Clothing, which will be standard-rated for VAT and Sales of Children's, which will be zero rated. Purchases will be divided into the same two categories.

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

Depreciation will be as follows:

1. Furniture and Fittings will be depreciated over 5 years using the reducing balance method.
2. Motor vehicles are to be depreciated over 4 years, using the straight-line method; noting any residual value where appropriate.

Details of a Bank Loan:

3. The loan is repayable over 4 years at £562.50 per month, commencing with the first repayment on 23 March 2011 and thereafter on 23rd of each month. A standing order with the bank has been set up for this. Of the amount payable per month, £520.83 is the capital repayment and £41.67 the interest payment.

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Required:

1. Establish the business and update the nominal accounts. **(2 marks)**

2. Process the sales, purchases and nominal account data for the months of March and April 2011, dealing appropriately with recurring payments, depreciation and accruals/prepayments and ensuring every transaction has a unique reference. **(81 marks)**

3. Having completed the trading for April, using information from the Bank Statement provided on Page 7, carry out a Bank Reconciliation for March 2011 and print the following report and submit it :

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

(5 marks)

4. 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 to April 2011, 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 to 30 April 2011. **(2 marks)**

Provide a copy of your final back up file on the CD provided for all your transactions up to 30th April 2011. Make sure that you name it with your student number and .001, for example 1034567.001

TOTAL 100 MARKS

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Date	Trading for March 2011	
2 Mar	Janet paid £25,000 into the business bank current account from her personal savings (Share Capital)	1 Mark
2 Mar	Bank deposited £25,000 into our current account as a Loan repayable over 4 years.	5 marks
2 Mar	Paid Stockport Council £5,150.81 for a full year's Rates. (No VAT); Cheque 001	4 marks
2 Mar	Purchased a new Delivery Van for £16,000 + VAT; Cheque 002. Registration KL10 TAS. It is expected that there will be a residual value of £1,600.00 at the end of the depreciation period.	5 marks
2 Mar	Purchased new Racking and Shelving from a local furniture store for £6,200 i/c VAT; Cheque 003.	4 marks
5 Mar	Invoiced customer K Green, The Fashion House, Woodford Road, London EC2 5LA using Invoice No. 200. The details are: 150 Summer Dresses (Adult); £4,500.00 + VAT.	2 marks
6 Mar	Raised invoice 201 to Terrific Textiles, Unit 6 Highfield Road, Shrewsbury SH5 0LJ. The details are: 500 Gentlemen's Shirts £1,500.00, 20 Children's Shirts at £320.00. The VAT amounted to £300.00.	2 marks
7 Mar	Drew £250 from the bank on cheque No. 004 for use as petty cash.	1 mark
7 Mar	Bought stamps from petty cash for £41.00 and posted a parcel (samples) costing £22.58 to a new customer.	1 mark
8 Mar	Paid Garden Services company from petty cash £65.00. (i/c VAT.)	1 mark
9 Mar	Received a purchase invoice No. JH167 from J. Hearn, Mile End Walk, Stourbridge WS4 9TN for £6,295.18. The details are: 50 Ladies Autumn Coats at £5,245.99; the VAT was £1,014.19.	2 marks
11 Mar	Received a purchase invoice No. 98316 from Nicholls Fashions, 34 Seaway Road, Bournemouth BH5 6NT. The document relates to Assorted Children's Shorts and Shirts costing £1,895.00. Nicholls have added a delivery charge of £45.00 + VAT.	2 marks
14 Mar	Raised invoice 202 to May and Mann, 12 Angel Walk, Canterbury CT7 1SW. The details are: 15 Ladies Sun Dresses £150.00 and 10 pairs of Boy's Trousers £200.00. The total VAT on this invoice was £30.00 making the total £380.00.	2 marks
14 Mar	Bought from Petty Cash some Sandwiches and Drinks from the local supermarket for a customer visiting the company. The cost is: £24.67 (no VAT).	1 mark

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16 Mar	Received invoice from a local vehicle signage company for livery on the new van. The charge was £458.65 i/c VAT and was paid immediately by cheque No. 005.	1 mark
17 Mar	Received a Barclay's cheque No. 000168 for £2,120.00 from Terrific Textiles in full settlement of our invoice 201.	1 mark
17 Mar	A local amateur dramatic society visited and bought 16 pairs of children's gloves costing £239.84. They paid with their Debit Card.	1 mark
18 Mar	Sent an interim payment by Direct Debit to J. Hearn for £4,000 as a part-payment of their account.	1 mark
24 Mar	Paid fuel bill for van by direct debit for £35.00, including VAT.	1 mark
26 Mar	Raised a Credit Note to K. Green (CN200) for £45.00 + VAT due to two of the dresses being marked.	2 marks
28 Mar	Paid March wages by BACS: Net wages paid from the bank by Direct Debit for £1,279.05. The PAYE withheld for Employee's Tax of £250.86, Employee's N.I. of £221.55 and Employer's N.I. of £274.14 will be sent to the Inland Revenue before the due date of 19 th Apr 2011.	3 marks
31 Mar	Replenished petty cash from bank with cheque no 006, £150.00	1 mark
31 Mar	End of March 2011 accounting period. Complete the Month-End procedure.	3 marks

Date	Trading for April 2011	
2 Apr	Received HSBC cheque No. 041452 from May and Mann for the balance due on their account.	1 mark
3 Apr	Sold to K. Green on invoice No. 203, 200 pairs of Men's Jeans (£1,650.00) and 50 pairs of Children's Jeans (£162.50); total invoice value £2,142.50.	2 marks
5 Apr	Sold to Apr and Mann, 100 sets of Children's various Football Kits. Invoice No. 204 for £1,695.00. They asked for 'next delivery' and so we charged £25.00 + VAT.	2 marks
7 Apr	Sold K. Green 50 pairs of Adult trainers (£982.50) and 25 pairs of Children's trainers (£246.25). Total value of Invoice 205 is £1,425.25.	2 marks
8 Apr	Paid Nicholls Fashions £1,949.00 by cheque 007.	1 mark

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9 Apr	Purchased some more Shelving from eBay. Paid £4,200 i/c VAT by Direct Debit.	4 marks
11 Apr	Received a Nat West cheque 390216 from K. Green for £7,488.50; this relates to invoice 200, 203 and credit note CN200.	1 marks
11 Apr	Received purchase invoice No. 902 from new supplier William Bros., 32 Long Road, Norwich NR4 8GJ. The details were for 150 sets of Ladies Tracksuits £1,867.50 + VAT and 50 sets of Children's Tracksuits £244.00. As this is our first order, they require full payment by Direct Debit today.	2 marks
11 Apr	Took a parcel to the Post Office to send a new prospect customer; cost £17.33 (VAT exempt) paid cash.	2 marks
14 Apr	Paid the balance owing to J. Hearn by Direct Debit.	1 mark
14 Apr	Received invoice No. 98541 from Nicholls Fashions for 75 Adult jumpers of mixed design. Total cost £1,398.78 + VAT of £279.75 = £1,678.53.	1 mark
15 Apr	Paid the Inland Revenue by Direct Debit the February's Tax and N.I. of £746.55.	1 mark
16 Apr	Received Direct Debit payment from May and Mann for £1,500.00 as a part-payment of our invoice 204.	1 mark
16 Apr	Paid Window Cleaner £15.00 from Petty Cash (no VAT)	1 mark
20 Apr	Raised Credit Note CN204 to May and Mann for £25.00 + VAT as the 'next day' Special Delivery arrived late!!	1 mark
23 Apr	Paid PC World cheque 008 for the purchase of a new printer/scanner priced at £102.45 i/c VAT; allocate to Office Stationery and amend Nominal name to Office Stationery and Equipment.	4 marks
27 Apr	Received cheque Lloyds 125781 for £195.00 from May and Mann to clear their account.	1 marks
30 Apr	Paid March wages by BACS: Net wages paid from bank £1,037.38, Employee's Tax (of £398.64 and Employee's N.I. of £329.61 and Employer's N.I. of £484.05. This will be sent to the Inland Revenue on 15 th May 2010.	3 marks
30 Apr	Replenish petty cash from bank with cheque no 009, £200.00.	1 mark
30 Apr	End of April accounting period. Complete the Month-End procedure	2 marks

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Any bank plc. STATEMENT for the period 1 Mar. 2011 to 31 Mar. 2011				
Statement Date	31-Mar-11			Sheet 1
Date	Reference	Paid In	Paid Out	Balance
Opening Balance				£0.00
02-Mar-11	~1	£25,000.00		£25,000.00
02-Mar-11	~2	£25,000.00		£50,000.00
02-Mar-11	002		£19,200.00	£30,800.00
03-Mar-11	001		£5,150.81	£25,649.19
05-Mar-11	003		£6,200.00	£19,449.19
07-Mar-11	004		£250.00	£19,199.19
18-Mar-11	DD		£4,000.00	£15,199.19
19-Mar-11	Deposit	£2,359.84		£17,559.03
23-Mar-11	Loan		£562.50	£16,996.53
24-Mar-11	DD		£35.00	£16,961.53
28-Mar-11	BACS		£1,279.05	£15,682.48
30-Mar-11	006		£150.00	£15,532.48

END OF QUESTIONS