

THE TRAINING PLACE OF EXCELLENCE

Accounts Preparation

Practice Assessment: Answers

Task 1

Non-Current Asset Register

Description	Acquisition date	Cost (£)	Depreciation (£)	Carrying value (£)	Funding method	Disposal proceeds	Disposal date
Computer Equipment							
Server	17/07/X6	14000.00			Cash		
YE 31/03/X7			2800.00	11200.00			
YE 31/03/X8			2800.00	8400.00			
YE 31/03/X9			2800.00	5600.00			
HP Printer	28/03/X9	610.00			Cash		
YE 31/03/X9			122.00	488.00			
Motor Vehicles							
PQ09 NMH	14/09/X7	9000.00			Cash		
YE 31/03/X7			2700.00	6300.00			
YE 31/03/X8			1890.00	4410.00			
YE 31/03/X9						4600.00	20/03/X9
EA55 SAR	12/01/X8	10,000.00			Part Exch		
YE 31/03/X8			3000.00	7000.00			
YE 31/03/X9			2100.00	4900.00			

Task 2

Fixtures and Fittings Cost			
£		£	
Bal b/d	35,000	Disposals	1,700
Part Exchange	900		
Bank	2,100	Bal c/d	36,300
	38,000		38,000
Bal b/d	36,300		

Fixtures and Fittings Accumulated Depreciation			
£		£	
Disposals	500	Bal b/d	4,700
Bal c/d	4,200		
	4,700		4,700
		Bal b/d	4,200

Disposals			
Fixtures and Fittings	1,700	Accumulated Depreciation	500
		Part Exchange	900
		Loss on Disposal	300
	1,700		1,700

Bank			
Bal c/d	2,100	Fixtures and fittings	2,100
	2,100		2,100
		Bal b/d	2,100

Task 3

Rent Expenses

Date	Account name	£	Date	Account name	£
01/01/X8	Bal b/d	400	31/12/0X8	Statement of	
31/12/X8	Bank	1,600		profit or loss	2,400
31/12/X8	Bal c/d (W1)	400			
		2,400			2,400

(W1)

Rent paid from 1st March to 31st October = £ 1,600 for 8 months.

Therefore monthly amount is £ 1,600/8 = £ 200

Rent accrued November and December = £ 200 x 2 = £ 400

(b)

Telephone Expenses

Date	Account name	£	Date	Account name	£
31/12/X8	Bank	600	01/01/X8	Bal b/d	90
31/12/X8	Bal c/d (W2)	100	31/12/X8	Statement of profit or loss	610
		700			700

(W2)

Bill of £150 received after the year end on the 31st January

Telephone accrued November and December = £ 150 * 2 / 3 = £100

Task 4

Account	£	Dr	Cr
Sales	9,690		9,690
Discounts Allowed	150	150	
SLCA	4,380	4,380	
Drawings	3,000	3,000	
Bank Overdraft	350		350
Accruals			500
Prepayments			
Rent		2,400	
Telephone		610	
TOTALS		10,540	10,540

Task 5

(a)

Journal	DR	CR
Irrecoverable debt	2,500	
SLCA		2,500
Allowance for doubtful debts	750	
Allowance for doubtful debt adjustments		750

(b)

Journal	DR	CR
Suspense	3,600	
Sales		3,000
VAT		600

(c)

Journal	DR	CR
Closing inventory – Statement of FP	3,827	
Closing inventory – Statement of PL		3,827

(d)

Journal	DR	CR
Suspense	885	
PLCA		885

Task 6

ACCOUNT	TRIAL BALANCE		ADJUSTMENTS		STATEMENT OF PROFIT OR LOSS		STATEMENT OF FINANCIAL POSITION	
	DR	CR	DR	CR	DR	CR	DR	CR
Capital		130,000						130,000
Drawings	3,500						3,500	
Bank		574						574
Motor Vehicles Cost	85,000						85,000	
Motor Vehicles Accumulated Depreciation		37,000						37,000
Fixtures and Fittings Cost	129,000						129,000	
Fixtures and Fittings Accumulated Depreciation		54,000						54,000
SLCA	47,500			2,500			45,000	
Allowance for Doubtful Debts		3,000	750					2,250
PLCA		38,400		885				39,285
Sales		206,498		3,000		209,498		
Purchases	165,367				165,367			
Opening Inventory	3,205				3,205			
Rent	5,000				5,000			
Electricity	1,075				1,075			
Wages	43,900				43,900			
VAT		13,590		600				14,190
Irrecoverable Debts	4,000		2,500		6,500			
Suspense		4,485	4,485					
Allowance for Doubtful debt adjustments				750		750		
Closing Inventory – Statement of Financial Position			3,827				3,827	
Closing Inventory – Statement of profit or loss				3,827		3,827		
Loss of the year						10,972	10,972	
TOTALS	487,547	487,547	11,562	11,562	225,047	225,047	277,299	277,299

Task 7

(i)

Objective	Tick
Reliability	√
Accruals	
Reasonableness	
Prudence	

(ii)

Adjustment	Tick
Bank interest appears in the bank statement but has not been accounted for by the business	
The statement does not show a cheque that was paid into the bank yesterday	√
A cheque received from a debtor has been placed on the debit side of the SLCA and the credit side of the cash book	

(iii)

Adjustment	Tick
Delivery charges to get the machinery to the business' factory	√
Insurance for the machinery	
Maintenance costs after machinery has been used by the business	
Essential repairs before the machinery can be used for the first time	√

(iv) Which of the following would appear on the credit side of the VAT account?
(Please note, there could be more than one correct answer.)

Adjustment	Tick
VAT on sales	√
VAT on purchase returns	√
VAT on Van's part exchange value	√
VAT on an irrecoverable debt	