## THE TRAINING PLACE OF EXCELLENCE

# **Accounts Preparation**

# **Practice Assessment: Answers**

Task 1 Non-Current Asset Register

	Non Carrent Asset Register						
Description	Acquisition	Cost (£)	Depreciation	Carrying	Funding	Disposal	Disposal
	date		(£)	value (£)	method	proceeds	date
Computer Eq	<b>Juipment</b>						
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 Vehicle	es						
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** 

	Nom 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 1<sup>st</sup> March to 31<sup>st</sup> 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  $31^{st}$  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

T	as	k	6

Capital     OR     CR     DR     CR     DR     CR       Capital     3.500     574     Mol     Mol </th <th>ACCOUNT</th> <th>TRIAL BALANCE</th> <th>ANCE</th> <th>ADJUSTMENTS</th> <th>MENTS</th> <th>STATEMENT OF PROFIT OR LOSS</th> <th>NT OF R LOSS</th> <th>STATEMENT OF FINANCIAL POSITION</th> <th>Tas NOLLISON</th>	ACCOUNT	TRIAL BALANCE	ANCE	ADJUSTMENTS	MENTS	STATEMENT OF PROFIT OR LOSS	NT OF R LOSS	STATEMENT OF FINANCIAL POSITION	Tas NOLLISON
Sample   130,000   130,0		DR	CR	DR	CR	DR	CR	DR	CR
Sample   S	Capital		130,000						130,000
Find Clear Cost     574     Find Clear Cost     574     Find Clear Cost     Find Clear Clear Cost     Find Clear Cl	Drawings	3,500						3,500	
ehicles Cost     85,000     37,000     9	Bank		574						574
ehicles Accumulated Depreciation     129,000     54,000     64,000     750     2,500     700	Motor Vehicles Cost	85,000						85,000	
and Fittings Cost and Fittings Accumulated Depreciation and Fitting Accumulated Depreciation 47,500 54,000 750 2.500 2.0	Motor Vehicles Accumulated Depreciation		37,000						37,000
and Fittings Accumulated Depreciation     47,500     54,000     750     2,500     7       ce for Doubtful Debts     3,000     750     885     206     206       ess     165,367     206,498     3,000     165,367     206       thy     1,075     1,075     1,075     1,075     1,075       ty     4,300     43,900     600     43,900     1,075     1,075       se     4,000     2,500     600     43,900     6,500     6,500     1,075       se     ce for Doubtful debt adjustments     4,000     4,485     4,485     6,500     6,500     6,500       Inventory - Statement of Financial Position     3,827     3,827     3,827     3,100       the vear     10,000	Fixtures and Fittings Cost	129,000						129,000	
ce for Doubtful Debts 47,500 3,000 750 2,500   cess 3,000 750 885 208   cess 206,498 3,000 165,367 208   cess 1,65,367 206 3,000 165,367   thy 1,075 20 3,205 1,075   ty 1,075 20 2,000 1,075   ty 1,075 2,000 4,3900 1,075   rable Debts 4,000 2,500 6,500 6,500   se   for Doubtful debt adjustments 4,000 4,485 2,500 6,500   lnventory - Statement of Financial Position 3,827 2,500 6,500   lnventory - Statement of profit or loss 3,827 3,827 3,827   the year	Fixtures and Fittings Accumulated Depreciation		54,000						54,000
ce for Doubtful Debts     3,000     750     885     208       38,400     38,400     885     208       165,367     206,498     3,000     208       4,005     1,65,367     3,205     3,205       1 Inventory     5,000     5,000     1,075       1 V     43,900     43,900     43,900       1 Inventory     2,500     6,500     6,500       1 Inventory     3,827     3,827     3,827       1 Inventory     2,500     2,500     2,500     2,500       1 Inventory     3,827     3,827     3,827     3,827       1 Inventory     3,827     4,00     1,00     3,827     4,00	SLCA	47,500			2,500			45,000	
ies     38,400     885     209     209       ies     206,498     3.000     209       inventory     1,65,367     3,205     1,65,367     3,205       inventory     5,000     5,000     5,000     1,075<	Allowance for Doubtful Debts		3,000	750					2,250
ess     165,367     3,000     165,367       Inventory     3,205     1,075     <	PLCA		38,400		885				39,285
tes     165,367     165,367     165,367     165,367     165,367     165,367     165,367     3,205     3,205     3,205     3,205     3,205     3,205     3,205     3,205     3,205     3,205     3,205     5,000     5,000     1,075	Sales		206,498		3,000		209498		
Inventory     3,205     3,205     3,205     3,205     3,205     3,205     5,000     5,000     5,000     5,000     5,000     1,075	Purchases	165,367				165,367			
ty 1,075	Opening Inventory	3,205				3,205			
ty     1,075     1,	Rent	5,000				5,000			
43,900     43,900     43,900     43,900     43,900     43,900     43,900     43,900     43,900     6,500	Electricity	1,075				1,075			
rable Debts     4,000     2,500     6,000       se     4,485     4,485     750       ce for Doubtful debt adjustments     750     750       Inventory – Statement of Financial Position     3,827     3       Inventory – Statement of profit or loss     3,827     3       the year     10,0	Wages	43,900				43,900			
oubtful debt adjustments     4,000     4,485     4,485     6,500       v – Statement of profit or loss     3,827     3       v – Statement of profit or loss     3,827     3	VAT		13,590		009				14,190
oubtful debt adjustments     4,485     4,485     750       Y – Statement of Financial Position     3,827     3       Y – Statement of profit or loss     3,827     3       Y – Statement of profit or loss     10,	Irrecoverable Debts	4,000		2,500		6,500			
oubtful debt adjustments 750   'Y - Statement of Financial Position 3,827   'Y - Statement of profit or loss 3,827   'Y - Statement of profit or loss 10,	Suspense		4,485	4,485					
'V - Statement of Financial Position 3,827   'V - Statement of profit or loss 3,827	Allowance for Doubtful debt adjustments				750		750		
v – Statement of profit or loss 3.827 1	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	TOTALS	487,547	487,547	11,562	11,562	225,047	225,047	277,299	277,299

## Task 7

(i)

Objective	Tick
Reliability	$\sqrt{}$
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	$\sqrt{}$
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	$\sqrt{}$
VAT on purchase returns	V
VAT on Van's part exchange value	
VAT on an irrecoverable debt	