

**Osborne Books Tutor Zone**

**Foundation  
Certificate  
Synoptic**

**Practice assessment 2**

## Information

The total time for this practice assessment is 2 hours.

The total mark for this practice assessment is 100.

The marks for each sub-task are shown alongside the task.

Read the scenario carefully before attempting the questions.

## Scenario

The tasks are set in a business situation where the following conditions apply:

- You are employed as an Accounts Assistant in the finance function at Bartons Bakery.
- The finance function includes the financial and management accounting teams.
- Bartons Bakery uses a manual bookkeeping system.
- Double entry takes place in the general ledger. Individual accounts of trade receivables and trade payables are kept in the sales and purchases ledger as subsidiary accounts.
- The cash book and petty cash book should be treated as part of the double entry system unless the task instructions state otherwise.
- The VAT rate is 20%.

**Task 1: 12 marks**

You have worked at Bartons Bakery for two months and have been working closely with your manager, Michael to understand the tasks involved in your role.

**(a)** Match the documents to the finance function. (6 marks)

**Documents**

Invoice to a customer

Credit note received from a supplier

Signed contract of employment

Purchase order from a customer

Notification of bank charges

Reimbursement of train ticket to meeting

**Finance function**

Purchase ledger

Sales Ledger

Human resources

Cashier

Payroll

Petty cashier

**(b)** After completing your induction, you are asked to identify from the following list which **three** policies relate to the accounting function. (3 marks)

(a) Whistleblowing	
(b) Quality control in the Production Department	
(c) Health and safety	
(d) Manual handling for lifting heavy packages	
(e) Confidentiality	

The petty cash book has been partly completed. It shows a debit balance of £147.60 and a credit total of £48.30.

(c) What will the balance carried down be? (1 mark)

£

(d) To restore the petty cash back to the imprest value of £200, what entry will need to be made into the petty cash book to show the cash withdrawn from the bank account to restore to the imprest level. (2 marks)

Amount £	Debit	Credit

**Task 2:** 12 marks

You have been working with your supervisor, Michael, looking at the different roles and tasks involved in the Accounting Department.

(a) Which **two** tasks would a Management Accountant carry out? (2 marks)

(a) Process purchase invoices	
(b) Prepare year-end accounts	
(c) Prepare budgets	
(d) Costing analysis of new products	

You have also been discussing ethical principles.

(b) Match the statement to the ethical principle. (4 marks)

**Statement**

Employees are honest and truthful

An employee sticks to the facts

An employee does not bring the profession into disrepute

An employee develops their knowledge and skills

**Ethical principle**

Professional Competence and Due Care

Objectivity

Integrity

Professional Behaviour

(c) Which of the following **three** tasks are required by law? (3 marks)

(a) Final accounts	
(b) Budgets	
(c) Bank reconciliation	
(d) Cash flow forecast	
(e) Tax return	
(f) VAT return	

- (d) Which **three** of the skills/characteristics below demonstrate effective communication skills? (3 marks)

(a) Listening to others	
(b) Taking notes during a meeting and clarifying key points at the end	
(c) Not giving eye contact with the person you are speaking to	
(d) Standing listening with your arms folded	
(e) Nodding occasionally to acknowledge a strong point in the conversation	
(f) Tapping your pen on the desk	

**Task 3:** 12 marks

Your Line Manager gives you the totals from the discount allowed day book

**Discount allowed day book**

Details	Total £	VAT £	Net £
Totals	672	112	560

(a) What will the entries be in the general ledger? (3 marks)

Account name	Amount £	Debit	Credit

One of the customers Bartons Bakery offer discount to, is Newtown Ltd. They were issued a credit note for £90 including VAT.

(b) Record the journal entry to be made into the sales ledger account of Newtown Ltd. (1 mark)

Account name	Amount £	Debit	Credit

It is the policy of Bartons Bakery to check statements of account from credit suppliers against the account held in the purchase ledger.

Here is a statement from TKA Ltd.

**TKA Ltd**

Date 20-X	Details	Amount £	Date 20-X	Details	Amount £
1 July	Credit note SC478	50	1 July	Balance b/f	300
4 July	Bank	250	5 July	Invoice 4150	2,089
7 July	Credit note SC485	34	22 July	Invoice 4302	700

**Statement of account from TKA Ltd**

TKA Ltd 35 Garden Way, Carlton, CF4 5GF

**STATEMENT OF ACCOUNT**TO: Bartons Bakery, Newbury Way, Newtown, NG7 8JH  
31 July 20-X

<b>Date 20-X</b>	<b>Invoice/credit note number</b>	<b>Details</b>	<b>Amount £</b>
1 July		Opening balance	250
1 July		Payment received	250
1 July	SC478	Goods returned	50
5 July	4150	Goods	2,089
7 July	SC485	Goods returned	34
12 July	4167	Goods	2,089
19 July	4204	Goods	147
22 July	4302	Goods	700
29 July	SC501	Goods returned	303
31 July		Balance	4,638

- (c) Enter the credit note and or invoice number of the item not to be paid from the statement of account because they are missing from the supplier's account in the purchase ledger. (6 marks)

<b>Invoice/credit note number</b>	<b>Amount £</b>



The invoice below was received on 25 July from a credit supplier who offers a prompt payment discount.

<b>INVOICE</b>	<b>Light Limited</b> Sneinton Supplies, 247 Sneinton Road Nottingham NS4 5RF  VAT Reg GB 245 0214 07						
invoice to <div style="border: 1px solid black; padding: 5px; margin-top: 5px;">                     Bartons Bakery                      Newbury Way                      Newtown                      NG7 8JH                 </div>	invoice no                      INV458 date/tax point                      25 July 20-X						
<b>Goods for resale total £690.00</b>							
<b>terms of payment</b> 2% discount received if payment received within 7 days of date of invoice Net monthly, Carriage paid, E & OE	<table border="1" style="margin-left: auto; margin-right: auto; border-collapse: collapse;"> <tr> <td style="padding: 2px 5px;"><b>goods total</b></td> <td style="text-align: right; padding: 2px 5px;"><b>690.00</b></td> </tr> <tr> <td style="padding: 2px 5px;"><b>VAT</b></td> <td style="text-align: right; padding: 2px 5px;"><b>138.00</b></td> </tr> <tr> <td style="padding: 2px 5px;"><b>TOTAL</b></td> <td style="text-align: right; padding: 2px 5px;"><b>828.00</b></td> </tr> </table>	<b>goods total</b>	<b>690.00</b>	<b>VAT</b>	<b>138.00</b>	<b>TOTAL</b>	<b>828.00</b>
<b>goods total</b>	<b>690.00</b>						
<b>VAT</b>	<b>138.00</b>						
<b>TOTAL</b>	<b>828.00</b>						

- (d) Show the amount that should be paid if the cash discount is taken and the date it should be paid by. (2 marks)

Amount	Date to be paid by

**Task 4:** 16 marks

Michael provides you with the totals of the cash book at the end of the month.

Cash £	Bank £	VAT £	Cash sales £	Trade receivables £	Cash £	Bank £	VAT £	Cash purchases £	Trade payables £
674	6,900	560	2,800	3,540	674	6,900	16	80	480

(a) Make the entries into the general ledger. (6 marks)

Account name	Amount £	Debit	Credit
VAT			
Sales			
Sales ledger control			
Purchases			
Purchase ledger control			

Michael then tells you that customer Waverley Ltd has ceased trading. Here is Waverley Ltd's account in the sales ledger, all amounts include VAT.

**Waverley Ltd**

Date 20-X	Details	Amount £	Date 20-X	Details	Amount £
1 February	Balance b/f	9,400	12 February	Credit note 40	587
10 February	Invoice 564	6,410	22 February	Credit note 52	98
16 February	Invoice 601	325			

(b) Use the journal to record the entries into the general ledger to write off the net amount and the VAT amount. (3 marks)

**Journal**

Account name	Amount £	Debit	Credit

- (c) Use the journal to record the entry into the sales ledger account to write off the amount on Waverley Ltd's account. (1 mark)

**Journal**

Account name	Amount £	Debit	Credit

Michael informs you that another customer, Nettle Ltd, has invoices to the value of £5,479.00, which are 60 days overdue. He has prepared an email.

- (d) The Finance Manager, Michael Johnson, has left you the following note today 31 March 20-X:

I am concerned that the balance on the account of Nettle Ltd has been overdue for 60 days. We offer strict credit terms of 30 days.

Please can you prepare a letter for me to sign, addressed to Sarah Phillips at Nettle Ltd requesting payment of £5,749.59 in relation to invoice 254 dated 3 January 20-X. There account number is NET001.

Please explain the situation and ask for payment by return. If he has any queries, please ask him to contact me directly.

Thank you

Michael

Prepare an appropriate business letter to Nettle Ltd, making sure all the relevant information is included from the note above. (6 marks)

Sarah Phillips Nettle Ltd Parkdale Drive Newtown NG8 5GF	Barton Bakery Newbury Way Newtown NG7 8JH
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**Task 5:** 12 marks

Michael gave you the CSR policy to read.

- (a) Identify which **three** of the following statements are examples of Corporate Social Responsibility (CSR) initiatives. (3 marks)

(a) Staff and customer fundraising	
(b) Donating profits to charity	
(c) Providing staff training	
(d) Sourcing products from the cheapest suppliers	

An employee is paid £14 an hour and is expected to make 30 units per hour. Where more than 30 units per hour are produced, the employee will be paid a bonus of 20p per unit for the units that have exceeded the target.

- (b) Identify whether the following statements are true or false. (6 marks)

Statement	True/False
(a) During a 36 hour week the employee produces 1,140 units and earns total pay of £504	
(b) During a 34 hour week the employee produces 1,020 units and earns total pay of £476	
(c) During a 34 hour week the employee produces 1,200 units and earns a bonus of £36	
(d) During a 37 hour week the employee produces 1,300 units and earns a bonus of £40	
(e) During a 40 hour week the employee produces 1,400 units and earns a bonus of £40 and total pay of £600	
(f) During a 38 hour week the employee produces 1,100 units and earns a bonus of £8 and total pay of £540	

Your manager informs you that there are different types of pay.

- (c) Match the type of pay to the definition. (3 marks)

Time-rate

Pay based on the number of hours worked

Overtime

Pay based on the number of units produced

Piece rate

Hours worked over the usual contracted working hours

**Task 6:** 24 marks

Michael gives you a journal to complete from when the business moved from manual to computerised accounts.

- (a) Complete the journal by entering debit or credit. (4 marks)

Account name	Amount £	Debit	Credit
Capital	20,000		
Bank (Overdrawn balance)	5,246		
Bank loan	21,200		
Sales ledger control	62,369		

Michael now feels confident that you can work on the sales ledger control account and gives you the information relating to the partially prepared sales ledger control account, as shown below.

**Sales ledger control**

Details	Amount £	Details	Amount £
Balance b/f	54,415	Bank	24,236

You now have the totals of the sales and sales returns day books and must record the appropriate amounts in the sales ledger control account

**Sales day book extract**

Date 20-X	Details	Total £	VAT £	Net £
August	Total	23,580	3,930	19,650

**Sales returns day book extract**

Date 20-X	Details	Total £	VAT £	Net £
August	Total	2,520	420	2,100

- (b) What will the entries be into the sales ledger control account? (4 marks)

Account name	Amount £	Debit	Credit
Entry from the sales day book			
Entry from the sales returns day book			

You have just received a note to say you should also post an irrecoverable debt for two customers totalling £4,100 + VAT.

(c) What will the entry be into the sales ledger control account? (2 marks)

Amount £	Debit	Credit

(d) What is the total of the balances in the purchase ledger on 1 August? (1 mark)

£

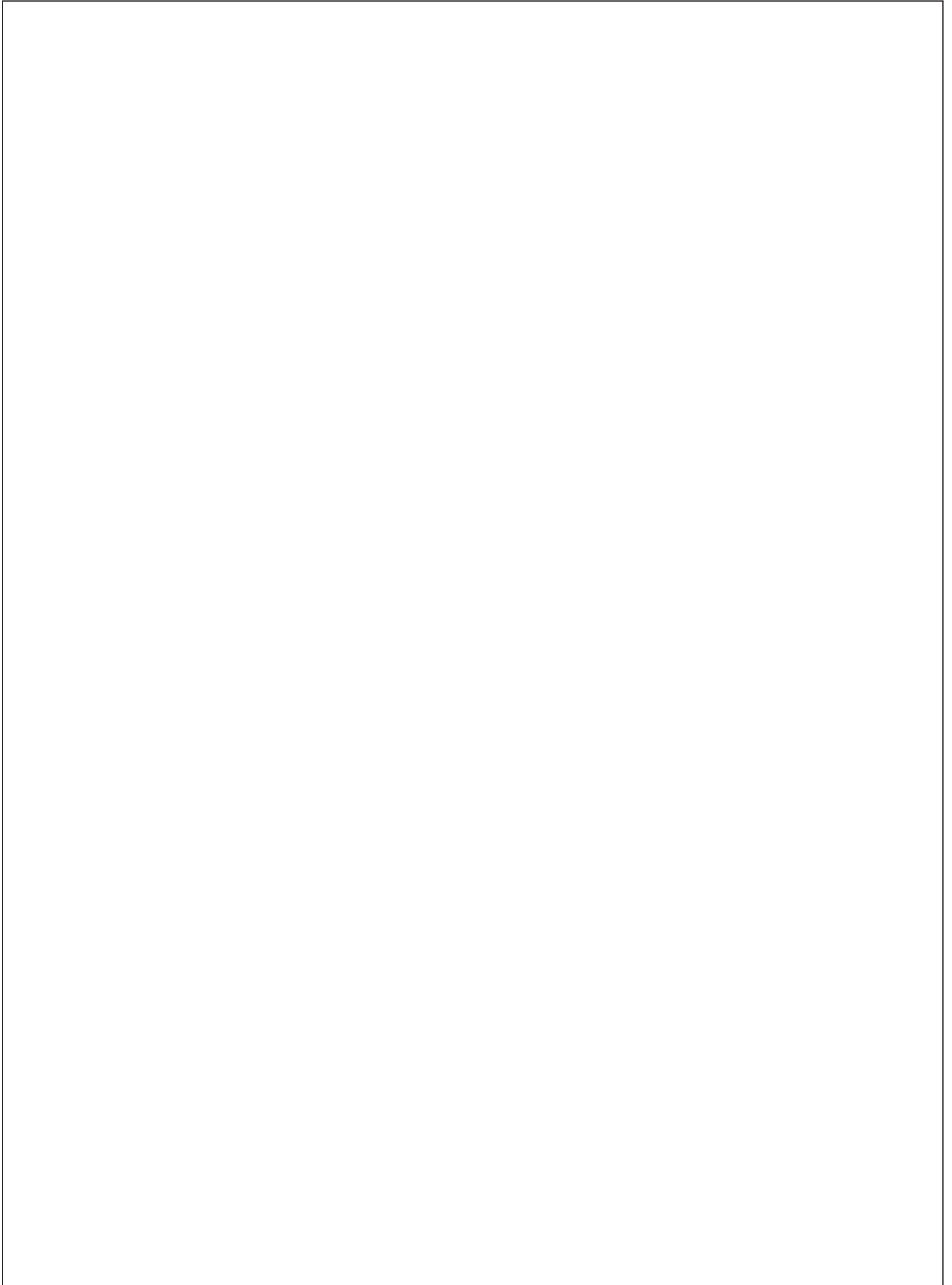
(e) The balance on the purchase ledger control account is £33,900. What is the difference between the balance of the purchase ledger accounts you calculated in (a) and the balance on the purchase ledger control account? (1 mark)

£

(f) In the box on the next page, write a short report for non-finance staff containing: (12 marks)

- A brief introduction outlining the areas you will be covering in the report
- An explanation of two possible reasons why the purchase ledger control account could be higher than the balance of the purchase ledger accounts in relation to purchase invoices and purchase returns.
- An explanation of two possible reasons why the purchase ledger control account could be lower than the balance of the purchase ledger accounts in relation to purchase invoices and purchase returns.
- An explanation as to why it is beneficial to complete control account reconciliations.

Your report must be clear and structured appropriately.



**Task 7:** 12 marks**(a)** Show whether the errors below will cause an imbalance in the trial balance. (5 marks)

	<b>Will cause an imbalance</b>	<b>Will NOT cause an imbalance</b>
<b>(a)</b> A cash purchase of £680 has been recorded in the purchases account only		
<b>(b)</b> The balance on the wages account has been calculated incorrectly		
<b>(c)</b> Rent received of £300 has been debited to rent account and credited to the bank account		
<b>(d)</b> The balance on the sales account has been calculated correctly but transferred to the debit side of the trial balance		
<b>(e)</b> The balance in the sales returns account has been understated by £500 and the balance in the sales account has been overstated by £500		

**(b)** Match the type of error to the transaction. (5 marks)**Transactions:**

A cash payment to a supplier has not been entered into the accounts

A payment by cheque for advertising has been debited in the cash book and credited to the advertising account

Wages account is overcast by £100 and sales account is overcast by £100

The cost of stationery has been debited to office furniture

An invoice to customer T James has been debited to the account of L James

**Type of error:**

Error of omission

Error of principle

Error of commission

Reversal of entries

Compensating error



Your manager asks you to balance the following two accounts in the purchase ledger at 30 September 20-X.

(c) Complete the account by: (2 marks)

- Inserting the balance carried down together with the date and details
- Inserting the totals
- Inserting the balance brought down together with the date and details

**Potter Ltd**

Date 20-X	Details	Amount £	Date 20-X	Details	Amount £
1 Sep	Balance b/f	254.36	15 Sep	Credit note 65	690.60
10 Sep	Invoice 2410	1,980.70	20 Sep	Bank	640.00

**Askham Ltd**

Date 20-X	Details	Amount £	Date 20-X	Details	Amount £
1 Sep	Balance b/f	6,047.20	19 Sep	Credit note 78	1,749.96
15 Sep	Invoice 45892	7,740.36	29 Sep	Bank	6,047.20