AAT

AQ2016

Final Accounts Preparation

EXAM KIT

This Exam Kit supports study for the following AAT qualifications:
AAT Advanced Diploma in Accounting – Level 3
AAT Advanced Certificate in Bookkeeping – Level 3
AAT Advanced Diploma in Accounting at SCQF Level 6

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CONTENTS

Features in this exam kit

In addition to providing a wide ranging bank of real exam style questions, we have also included in this kit:

- unit-specific information and advice on exam technique
- our recommended approach to make your revision for this particular unit as effective as possible.

You will find a wealth of other resources to help you with your studies on the AAT website:

www.aat.org.uk/

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Our Quality Co-ordinator will work with our technical team to verify the error and take action to ensure it is corrected in future editions.

UNIT-SPECIFIC INFORMATION

THE EXAM

FORMAT OF THE ASSESSMENT

The assessment consists of six independent tasks and will be assessed by computer-based assessment.

The assessment will cover:

- the process of preparing financial statements and incomplete records
- producing final accounts for a sole trader
- understanding the accounting requirements for partnerships and preparing financial statements for partnerships.

Task types will include calculations, completion of ledger accounts, completion of pro-forma statements and multiple-choice or similar questions.

In any one assessment, students may not be assessed on all content, or on the full depth or breadth of a piece of content. The content assessed may change over time to ensure validity of assessment, but all assessment criteria will be tested over time.

The learning outcomes for this unit are as follows:

	Learning outcome	Weighting
1	Distinguish between the financial recording and reporting requirements of different types of organisation	10%
2	Explain the need for final accounts and the accounting and ethical principles underlying their preparation	7%
3	Prepare accounting records from incomplete information	27%
4	Produce accounts for sole traders	31%
5	Produce accounts for partnerships	20%
6	Recognise the key differences between preparing accounts for a limited company and a sole trader	5%
	Total	**100%**

Time allowed

2 hours

PASS MARK

The pass mark for all AAT CBAs is 70%.

Always keep your eye on the clock and make sure you attempt all questions!

DETAILED SYLLABUS

The detailed syllabus and study guide written by the AAT can be found at:

www.aat.org.uk/

INDEX TO QUESTIONS AND ANSWERS

EXAM TECHNIQUE

- **Do not skip any of the material** in the syllabus.
- **Read each question** *very* carefully.
- **Double-check your answer** before committing yourself to it.
- Answer **every** question – if you do not know an answer to a multiple choice question or true/false question, you don't lose anything by guessing. Think carefully before you **guess**.
- If you are answering a multiple-choice question, **eliminate first those answers that you know are wrong**. Then choose the most appropriate answer from those that are left.
- **Don't panic** if you realise you've answered a question incorrectly. Getting one question wrong will not mean the difference between passing and failing

Computer-based exams – tips

- Do not attempt a CBA until you have **completed all study material** relating to it.
- On the AAT website there is a CBA demonstration. It is **ESSENTIAL** that you attempt this before your real CBA. You will become familiar with how to move around the CBA screens and the way that questions are formatted, increasing your confidence and speed in the actual exam.
- Be sure you understand how to use the **software** before you start the exam. If in doubt, ask the assessment centre staff to explain it to you.
- Questions are **displayed on the screen** and answers are entered using keyboard and mouse. At the end of the exam, you are given a provisional result.
- In addition to the traditional multiple-choice question type, CBAs will also contain **other types of questions**, such as number entry questions, drag and drop, true/false, pick lists or drop down menus or hybrids of these.
- You need to be sure you **know how to answer questions** of this type before you sit the exam, through practice.

Section 1

PRACTICE QUESTIONS

INCOMPLETE RECORDS AND RECONSTRUCTION OF LEDGER ACCOUNTS

1 A CATERING BUSINESS

You are working on the financial statements of a catering business for the year ended 31 May 20X3. You have the following information:

Day book summaries:	**Goods** £	**VAT** £	**Total** £
Sales	241,000	48,200	289,200
Purchases	94,000	18,800	112,800

Balances as at:	**31 May X2** £	**31 May X3** £
Trade receivables	26,000	12,000
Trade payables	21,500	16,800

Further information:	**Net** £	**VAT** £	**Total** £
Office expenses	8,000	1,600	9,600
Office expenses are not included in the purchases day book			

Bank summary	**Dr** £		**Cr** £
Balance b/d	9,620	Travel expenses	14,000
Trade receivables	294,878	Office expenses	9,600
Interest received	102	Trade payables	115,150
Cash sales (inc VAT)	18,000	HMRC for VAT	27,525
		Drawings	101,000
		Payroll expenses	10,000
		Balance c/d	45,325
	322,600		322,600

(a) **Using the figures given above, prepare the receivables (sales ledger) control account for the year ended 31 May 20X3. Show clearly discounts as the balancing figure.**

Receivables (Sales ledger) control account

(b) **Find the closing balance for VAT by preparing the VAT control account for the year ended 31 May 20X3. Use the figures given above.**

Note*:* The business is not charged VAT on its travel expenses.

VAT control

		Balance b/d	4,300

2 LOCKE TRADING

You are working on the financial statements of Locke Trading for the year ended 30 September 20X9. You have the following information:

Day book summaries:	**Goods** £	**VAT** £	**Total** £
Sales	195,000	39,000	234,000
Purchases	93,600	18,720	112,320

Balances as at:	**30 Sep X8** £	**30 Sep X9** £
Trade receivables	16,500	20,625
Trade payables	8,700	12,130

Further information:	**Net** £	**VAT** £	**Total** £
Admin expenses	37,000	7,400	44,400
Office expenses	6,500	1,300	7,800
Admin and office expenses are not included in the purchases day book			

Bank summary	**Dr** £		**Cr** £
Balance b/d	8,725	Travel expenses	4,650
Trade receivables	225,000	Office expenses	7,800
Interest received	79	Trade payables	105,204
		Admin expenses	44,400
		Rent	1,500
		HMRC for VAT	6,450
		Drawings	25,000
		Payroll expenses	13,600
		Balance c/d	25,200
	233,804		233,804

You have been advised that you need to account for a contra amount of £500 which has been offset against amounts due between Locke Trading and another business which makes both purchases and sales on credit to Locke Trading.

(a) **Using the figures given above, prepare the payables (purchase ledger) control account for the year ended 30 September 20X9. Show clearly discounts as the balancing figure.**

Payables (Purchase ledger) control account

(b) **Using the figures above find the closing balance for VAT by preparing the VAT control account for the year ended 30 September 20X9.**

VAT control

		Balance b/d	2,300