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CBT Practice Assessment model answers

Level 2 End-point Assessment – Accounts/ Finance Assistant

In tray test - Practice assessment 1

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Practice assessment model answers - EPA

Task 1 (4 marks)

(a) Which task should be given priority when planning work activities? (1 mark)

Tasks	
Urgent	✓
Routine	☐
Complex	☐
Simple	☐

(b) Which item is classified as a liability? (1 mark)

Item	
Money owing from credit customers	☐
Cash in the petty cash box	☐
Inventory	☐
Wages owing to employees	✓

(c) Which item is classified as revenue expenditure? (1 mark)

Item	
Purchasing office computers	☐
Paying bank charges	✓
Building an office extension	☐
Renting out office space	☐

(d) Which transaction can be classified as a cash transaction? (1 mark)

Transaction	
Cash paid to a supplier who is offering a prompt payment discount	☐
Faster Payment received from a credit customer	☐
Debit card payment to a supplier whose terms of payment are net monthly	☐
Cheque received from a customer who does not have a credit account	✓

Task 2 (4 marks)

(a) In what circumstances would Baxter Kitchen Appliances issue a goods received note? (1 mark)

Circumstance	
When paying for goods received	☐
When taking delivery of goods	✅
When returning faulty goods	☐
When ordering goods	☐

(b) Which code is alphanumerical? (1 mark)

Code	
Supplier account code B20	✅
Nominal ledger code 510	☐
Customer account code ALLD	☐
Employee code 32	☐

(c) What will be the amount paid to settle an invoice for £150 plus VAT at 20%, and taking a 2% prompt payment discount? (1 mark)

£	
183.00	☐
176.40	✅
177.00	☐
183.60	☐

(d) What is the net amount of an invoice totalling £420.30 and including VAT at 20%? (1 mark)

£	
350.25	✅
336.24	☐
504.36	☐
490.35	☐

Task 3 (4 marks)

(a) In which daybook will credit notes sent to customers for prompt payment discounts be recorded?   (1 mark)

Daybook	
Sales	☐
Sales returns	☐
Discounts allowed	✓
Discounts received	☐

(b) Which transaction will appear on the left side of a two column cash book?   (1 mark)

Transaction	
VAT paid to HM Revenue and Customs	☐
Cheque payment for goods received	☐
Cash withdrawn for petty cash top up	☐
Bank interest received	✓

(c) Which column in the petty cash book will record the net amount paid for repairs to a tap?   (1 mark)

Column	
VAT	☐
Premises expenses	✓
Motor expenses	☐
Office expenses	☐

At the start of the week there was an imprest amount of £80.00 in the petty cash box. Part way through the week there was £42.15 remaining. By the end of the week a further £15.62 had been paid out.

(d) How much is required to restore the imprest amount?   (1 mark)

£	
22.23	☐
26.53	☐
53.47	✓
57.77	☐

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Task 4 (4 marks)

A credit customer has sent a cheque for £172.70. The customer's account has an opening balance of £110.30 and there are three outstanding transactions: invoice 189 for £75.40, invoice 212 for £93.60 and a credit note for £31.20.

(a) How will the receipt from the customer be allocated? (1 mark)

Allocation	
Both invoices and the credit note	☐
Opening balance, both invoices and the credit note	☐
Opening balance, invoice 189 and the credit note	☐
Opening balance, invoice 212 and the credit note	✅

A cash supplier charges £29.30 plus VAT at 20% for a box of 3 units.

(b) How much should the supplier be paid for 180 units? (1 mark)

£	
1,758.00	☐
2,109.60	✅
5,274.00	☐
6,328.80	☐

Employees receive gross wages of £172,800. Their income tax is £14,640 and their national insurance contributions are £12,456. The employer's national insurance contribution is £14,340.

(c) What are the net wages paid to employees? (1 mark)

£	
187,140	☐
143,820	☐
145,704	✅
131,364	☐

Task 4 (continued)

An employer makes national insurance contributions of £5,856 and pension contributions of £3,920. Employees pay income tax of £5,440, and make national insurance contributions of £5,100 and pension contributions of £6,534.

(d) What is the employer's HM Revenue and Customs liability? (1 mark)

£	
26,850	☐
16,396	✅
10,956	☐
10,540	☐

Task 5 (4 marks)

(a) What is the purpose of reconciling a supplier's statement of account with the supplier's account in the accounting records? (1 mark)

Purpose	
To identify any discrepancies	✅
To stop all fraudulent activities	☐
To ensure the supplier is paid on time	☐
To claim prompt payment discounts	☐

(b) Which transaction has been incorrectly recorded? (1 mark)

Transaction	
An invoice from a credit supplier has been recorded in the purchases ledger	☐
Cash received from a credit customer has been recorded in the sales ledger	☐
A credit note for a prompt payment discount taken has been recorded in the purchases ledger	☐
Cash received for goods sold has been recorded in the petty cash book	✅

A credit customer has been invoiced in error for 48 items at £125.95 per item plus VAT at 20%. Only 36 items were delivered.

(c) What is the total amount of the credit note required to correct this error? (1 mark)

£	
7,254.72	☐
5,441.04	☐
1,813.68	✅
1,511.40	☐

Task 5 (continued)

(d) What is the purpose of using an aged trade receivables report?　　　　　　　(1 mark)

Purpose	
To prevent errors in invoices	☐
To highlight overdue customer accounts	✅
To ensure customer payment terms are met	☐
To record the activity on customer accounts	☐

Task 6 (5 marks)

Edmond Baxter ensures there are appropriate bookkeeping controls in place. For example the cash book is reconciled with the bank statement. There are also other controls in place.

(a) Identify TWO internal controls already in place at Baxter Kitchen Appliances. (2 marks)

Edmond wishes to introduce more controls as he is worried about the possible theft of office computer equipment by internal or external sources.

(b) Identify THREE internal controls that could be introduced to help prevent the theft of office computer equipment. (3 marks)

Q	Answer
6a	**1 mark for each correct response; maximum 2 marks (L2EPA)** Kara and Jon check each other's work before any entries are made. Any cheque payment to a supplier that is over £10,000 requires two signatures. All credit notes must be authorised by Wanda before being sent to customers. Accept other understandable wording that conveys the correct message. Do not accept bookkeeping controls e.g. control accounts, reconciliation, and trial balance. Do not penalise spelling or grammar errors, communication is not tested here. Do not accept correct answers to part (b) here.
6b	**1 mark for each correct response; maximum 3 marks (L2EPA)** Install a security system (or examples such as security alarm, security cameras etc.). Restrict access (or examples such as lock the office door, install a card entry system etc). Examples of prevention of removal of equipment e.g. fix equipment to work stations etc). Examples of other deterrents e.g. security tags, indelible marking, recording system for the movement of portable equipment etc. Accept multiple examples of the same type of control providing they are sufficiently different e.g. three examples of restricting access but not all involving locks. Accept other understandable wording that conveys the correct message. Do not penalise spelling or grammar errors, communication is not tested here. Do not accept correct answers to part (a) here.

Task 7 (5 marks)

Wanda has sent her reports to Edmond.

(a) Identify which report is classified as a financial accounting report. (1 mark)

(b) Identify THREE organisations, external to Baxter Kitchen Appliances, that may use the information in Wanda's statement of profit for their own purposes. (3 marks)

(c) State ONE example of how Edmond may use the information in Wanda's report on the repair shop. (1 mark)

Q	Answer
7a	**1 mark for the correct response; maximum 1 mark (L2EPA)** Report 1: A profit statement for the previous year. Accept any understandable wording that clearly indicates the correct report, e.g. Report 1, profit statement, 1 etc. Do not penalise spelling or grammar errors, communication is not tested here.
7b	**1 mark for each correct response; maximum 3 marks (L2EPA)** Banks/The bank. Organisations/individuals other than the bank that have provided a loan. Suppliers. Customers. HM Revenue and Customs/The Government. Accept other understandable wording that conveys the correct message. Do not accept shareholders as Baxter Kitchen Appliances is not a limited company. Do not accept accountants/auditors. Do not penalise spelling or grammar errors, communication is not tested here.
7c	**1 mark for each correct response; maximum 1 mark (L2EPA)** Students should provide an understandable example that is based on the repair shop and relates to future decision making, plans or cost control. Some possible examples may be deciding whether or not to close the repair shop, planning to expand the repair shop or sourcing cheaper suppliers. Do not penalise spelling or grammar errors, communication is not tested here.

Task 8 (5 marks)

Baxter Kitchen Appliances classifies costs in different ways.

(a) Explain what is meant by a semi-variable cost. (2 marks)

(b) Identify ONE semi-variable cost incurred by Baxter Kitchen Appliances. (1 mark)

(c) Identify TWO costs incurred by Baxter Kitchen Appliances that are indirect costs of repair. (2 marks)

Q	Answer
8a	**2 marks for the correct response; maximum 2 marks (L2EPA)** A semi-variable cost is **part fixed** (1) and **part variable** (1). Accept other understandable wording that conveys the correct message. Accept understandable explanations of fixed and variable instead of the exact words, for example, 'A semi variable cost is made up of two parts. Part of the cost remains the same when the activity level changes but the other part of the cost changes with the activity level. Do not penalise spelling or grammar errors, communication is not tested here.
8b	**1 mark for the correct response; maximum 1 mark (L2EPA)** Heating and Lighting. Repair shop wages. Accept Heating and lighting – offices and warehouse. Accept Heating and lighting – repair shop. Do not accept wages alone. Do not penalise spelling or grammar errors, communication is not tested here.
8c	**1 mark for each correct response; maximum 2 marks (L2EPA)** Rent. Repair shop manager's salary. Heating and lighting – repair shop. Do not accept Heating and lighting alone. Do not accept Overheads alone. Do not penalise spelling or grammar errors, communication is not tested here.

Task 9 (12 marks)

Kara has checked the invoice below.

```
                    Allen Industries
                    26 Knight Street
                       Barnwood
                        BJ67 1PL
              VAT registration No 010 1892 04

Invoice 12698                           30 September
20XX

To:  Baxter Kitchen Appliances
     48 North Street
     Barnwood
     BJ69 8LX                              £


25 items ..... Appliance B2 @ £95 each    2,375.00
25 items ...... Appliance B5 @ £55 each    1,375.00
10 items ...... Appliance B0 @ £80 each      800.00
VAT @ 20%                                    910.00
                                         _____
Total                                      5,460.00
                                         _____

       Terms: Net monthly or 5% discount for payment
              within 10 days of date of invoice.
```

(a) Enter the invoice into the computerised accounting system by

- **selecting the appropriate menu option**

- **entering the details of the invoice.**   (6 marks)

Menu option

Credit suppliers - purchase invoices	▼

Date 20XX	Supplier account code	Nominal code	Invoice number	Net amount £	VAT code
30 September	A17	500	12698	4550.00	V1 ▼

You have now entered a credit note for £56 into the computerised accounting system. The credit note relates to an invoice from a credit supplier for stationery. VAT is not applicable.

(b) Show how the entries will appear in the nominal ledger.   (6 marks)

Account name		Amount £	Debit	Credit
Purchases ledger control	▼	56	✔	
Office expenses	▼	56		✔

Task 10 (13 marks)

Kara has added two payments to the credit supplier payment schedule below. You have checked her work and identified errors.

Supplier	Invoice date 20XX	Invoice amount £	Payment to be received by supplier 20XX	Payment amount £
Dando Designs	30 September	1020.00	30 October	1020.00
Galton Ltd	28 September	660.00	28 October	660.00

(a) Redraft the schedule below by inserting:

- the date by which each supplier should receive payment

- the amount each supplier should receive. (4 marks)

Credit supplier payment schedule

Supplier	Invoice date 20XX	Invoice amount £	Payment to be received by supplier 20XX	Payment amount £
Dando Designs	30 September	1020.00	13 October ▼	989.40
Galton Ltd	28 September	660.00	4 October ▼	594.00

You have been given the cheque stubs below relating to cash transactions.

Date: 27 September 20XX

Payee: Caxby Hotels

Hotel accommodation

Amount: £ 390.00
(including VAT @ 20%)

024203

Date: 27 September 20XX

Payee: Mal Pointer

Insurance

Amount: £ 618.00
(Exempt from VAT)

024204

(b) Enter the payments into the computerised accounting system by:

- selecting the appropriate menu option

- entering the details of both payments. (9 marks)

Menu option

Bank - payments ▼

Date 20XX	Nominal code	Cheque number	Details	Net amount £	VAT code
30 September	740	024203	Caxby Hotels	325.00	V1 ▼
30 September	820	024204	Mal Pointer	618.00	V4 ▼

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Task 11 (14 marks)

You have informed Wanda that the VAT control account shows an amount of £8,903 owing to HM Revenue and Customs. You now find that a cash payment of £490 plus VAT at 20% has not been entered into the computerised accounting system.

(a) **What will be the balance brought down in the VAT control account after you have entered this transaction?** (2 marks)

Amount £	Debit/Credit
8805	Credit ▼

Task 11 (continued)

Having made several entries into the computerised accounting system you are checking your work when you notice an error. The cash transaction below has been entered for a net amount of £990 using a nominal code of 760 and the VAT code V1.

```
            JD Accountants
     55 High Street, Barnwood, BJ4 8FG
      VAT registration No 012 7638 65


Receipt No: 563          Date: 29.09.20XX

                              £

Accountancy services      825.00
VAT @ 20%                  165.00
Total                     990.00


Cheque for £990 received with thanks
from Baxter Kitchen Appliances
```

(b) Prepare entries in the journal daybook to:
  - remove the incorrect entries
  - record the correct entries

  Do not enter a zero in unused debit or credit column cells.   (12 marks)

Journal daybook

Account name		Debit £	Credit £
Bank	▼	1188	
VAT Control	▼		198
Accountancy fees	▼		990
Details: Journal to remove the incorrect entries			

Account name		Debit £	Credit £
Accountancy fees	▼	825	
VAT Control	▼	165	
Bank	▼		990
Details: Journal to record the correct entries			

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Task 12 (14 marks)

Kara has started work on the monthly bank reconciliation process. The previous bank reconciliation identified the following unpresented cheques.

Details	Cheque No	Amount £
Penn and Fox	024178	1,309
Alice Tolby	024189	622

Kara has now sent you the note below, the latest bank statement and an extract from the cash book.

Note from Kara

I have checked the bank statement against the cash book, and updated the cash book with the bank charges. As you know bank charges are exempt from VAT.

I have also identified the unpresented cheques to be entered on the bank reconciliation statement; these are numbers 024178, 024200 and 024204.

Kara

Bank statement

Date 20XX	Details	Paid out £	Paid in £	Balance £
01 Sep	Balance b/f			2,123 C ◀
08 Sep	Counter credit		2,600	4,723 C ◀
15 Sep	Cheque 024201	3,065		1,658 C ◀
15 Sep	Counter credit		7,365	9,023 C ◀
18 Sep	Cheque 024189	622		8,401 C ◀
21 Sep	Counter credit		1,474	9,875 C ◀
24 Sep	Cheque 024199	3,757		6,118 C ◀
26 Sep	Counter credit		779	6,897 C ◀
30 Sep	Cheque 024203	390		6,507 C ◀
30 Sep	Bank charges	24		6,483 C ◀
30 Sep	Cheque 024204	618		5,865 C ◀
	D = Debit C = Credit			

Cash book

Date 20XX	Details	Bank £	Date 20XX	Cheque number	Details	Bank £
1 Sep	Balance b/f	192	2 Sep	024199	Logan Ltd	3,757 ◀
8 Sep	Mondo plc	2,600	5 Sep	024200	Elidh Muir	1,229 ◀
15 Sep	Jackson Ltd	7,365	11 Sep	024201	Regis plc	3,065 ◀
21 Sep	Clay and Cox	1,474	19 Sep	024202	Galton Ltd	628 ◀
26 Sep	Ella Jardine	779	27 Sep	024203	Caxby Hotels	390 ◀
			27 Sep	024204	Mal Pointer	618 ◀
			30 Sep		Bank charges	24 ◀

(a) What will be the balance carried down in the cash book?   (2 marks)

Amount £	Debit/Credit
2699.00	Credit ▼

Task 12 (continued)

You have identified an error in Kara's note regarding the unpresented cheques.

(b)   Complete the bank reconciliation statement below.   (8 marks)

Bank reconciliation statement	£
Balance as per bank statement	5865
Unpresented cheques	
Elidh Muir ▼	1229
Galton Ltd ▼	628
Penn and Fox ▼	1309
Balance as per cash book	1363

You must now update the computerised accounting system.

(c)   Enter the bank charges into the computerised accounting system by

-   **selecting the appropriate menu option**

-   **entering the details of the bank charges.**   (4 marks)

Menu option

Bank - payments ▼

Date 20XX	Nominal code	Cheque number	Details	Net amount £	VAT code
30 September	780		Bank charges	24.00	V4 ▼

Task 13 (12 marks)

Wanda has given you the following information relating to the new business, BKA Direct.

Hi Jon

These are the opening transactions for BKA Direct.

Edmond transferred £10,000 from his own personal bank account to the new business's bank account.

He used his own money to put a cash float of £150 into the till.

Wanda

(a) Prepare entries in the journal daybook to record the

- amount paid into the bank
- cash float put into the till

Do not enter a zero in unused debit or credit column cells.   (8 marks)

Journal daybook

Account name		Debit £	Credit £
Bank	▼	10000	
Capital	▼		10000
Details: Journal to record the amount paid into the bank.			

Account name		Debit £	Credit £
Cash in hand	▼	150	
Capital	▼		150
Details: Journal to record the cash float put into the till.			

You have also recorded the purchases below for BKA Direct. Payment terms are 30 days credit.

Delivery van	£3,180
Inventory	£8,715
Furniture and fixtures	£1,925

(b) Using the information from Wanda in (a) and the details above, calculate the amount of BKA Direct's assets, liabilities and capital. Enter all figures as positive values.   (3 marks)

Assets £	Liabilities £	Capital £
23970	13820	10150

Task 13 (continued)

Edmond has given Kara an invoice relating to new carpet fitted in his living room at home. He has asked her to record the invoice in BKA Direct's accounting records. Kara has asked for your advice.

(c) Which accounting principle will you use to advise Kara?   (1 mark)

Accounting principle	
Accounting equation	☐
Business entity	✅
Dual aspect	☐