

Practice assessment model answers

Advanced Diploma Synoptic Assessment (AVSY)

Practice assessment 1 (from February 2018)

Practice assessment model answers – [AVSY]

Task 1.1 (15 marks)

(a) Are these statements true or false?

(2 marks)

Statement	True	False
'I have no duty to act in the public interest provided that I act in the interests of Laleham Ltd and the accountancy profession.'	<input type="checkbox"/>	<input checked="" type="checkbox"/>
'The ethical code provides detailed rules on how I should act in every possible situation that I might encounter at work.'	<input type="checkbox"/>	<input checked="" type="checkbox"/>

(b) Show whether or not the ethical code specifically requires Tara to take each of the following actions in order to act in line with the principle of professional behaviour.

(2 marks)

Action	Required/not required
Comply with all regulations that affect Laleham Ltd.	<input type="text" value="Required"/> ▼
Promote the reputation of the profession at every opportunity.	<input type="text" value="Not required"/> ▼

(c) Which fundamental principle has Tara breached?

(2 marks)

Integrity	<input type="checkbox"/>
Professional competence and due care	<input checked="" type="checkbox"/>
Objectivity	<input type="checkbox"/>

(d) Show whether or not each organisation below may bring disciplinary procedures against Tara for her unethical behaviour.

(3 marks)

AAT ▼ bring disciplinary procedures against Tara.

The National Crime Agency (NCA) ▼ bring disciplinary procedures against Tara.

Laleham Ltd (Tara's employer) ▼ bring disciplinary procedures against Tara.

Task 1.1 (continued)

(e) Show whether the following statements are true or false.

(2 marks)

Statement	True	False
The Chief Executive's policy on employee pay raises doubts about the ethical nature of the leadership and culture of Laleham Ltd.	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Because Laleham Ltd complies with the NMW regulations, it is automatically considered to be behaving ethically in relation to its employees.	<input type="checkbox"/>	<input checked="" type="checkbox"/>

(f) What action must Ian now take?

(2 marks)

Resign.

☐

Advise HMRC of the error without disclosing any information to Hettie or Penton Ltd.

☐

Tell Hettie about the error and recommend that Penton Ltd disclose the error to HMRC.

☒

(g) Complete the following statement.

(2 marks)

Hettie may have a defence against a money laundering charge if she makes
to the relevant authority.

an authorised disclosure



Task 1.2 (15 marks)

- (a) After the journals are processed, what will be the revised balance carried down on the VAT control account?

(2 marks)

£

- (b) Complete the following sentence.

(1 mark)

This balance will appear on the side of the trial balance.

- (c) Applying the conceptual framework from the ethical code, which of the following describes the situation faced by Jed Malone when recording sales to his brother's company? Choose ONE option.

(2 marks)

A self-review threat to professional competence and due care. ☐

A familiarity threat to objectivity. ☒

An intimidation threat to professional behaviour. ☐

- (d) What should be your next action?

(1 mark)

Send a Suspicious Activity Report to the National Crime Agency. ☐

Tell Brian and Lakmani about your concerns. ☒

- (e) Which of the following should be your next action?

(2 marks)

Resign from BLM & Co. ☐

Request that the visit by the VAT officer is postponed. ☒

Agree to deal with the VAT officer in line with your employers' instructions. ☐

Task 1.2 (continued)

- (f) Drag each of the four options below to the appropriate column and enter the totals to reconstruct the sales ledger control account for the three months ended 31 March 20X7.

(2 marks)

Sales ledger control account

	£		£
Balance b/d	492,409	Cash book	934,076
Sales day book	970,370	Sales returns day book	21,177
		Journal (irrecoverable debt)	4,330
		Balance c/d	487,354
Total	1462779	Total	1446937

- (g) Calculate the missing figure in the sales ledger control account.

(1 mark)

£

- (h) Which of the following could the missing figure represent?

(2 marks)

Discounts allowed. ☒

Cheque from customer returned unpaid by the bank. ☐

Cash sales. ☐

- (i) Complete the following statement about irrecoverable debts.

(2 marks)

The amount of an irrecoverable debt

Task 1.3 (15 marks)

(a)

- (i) I am facing familiarity and self-interest threats (1) because the partners of BLM & Co are trying to appeal to my loyalty to colleagues and fear of losing my job (1).
- (ii) I would tell Brian that I can only complete the tasks they have requested if I have additional training/qualified support/supervision to do so (which will take time) (1) **OR** I would tell Brian that I cannot undertake the task competently so it should be given to someone else (1).
- (iii) I do not have the experience / expertise (knowledge and skills) / time to complete the tasks properly (1).

(b) Ensuring sustainability is in the public interest, and accountants have a responsibility to work in the public interest (1)

(c) *An example of 10 mark submission. Students are not expected to raise all the points below for the full 10 marks, but their inclusion here serves to indicate the depth of knowledge required for each item*

To: Lakmani Moore <Lakmani.Moore@BLMCo.co.uk>

Subject: BLM & Co: change in structure

Hello Lakmani

Thank you for your email of 28/2/X8.

(1) A limited company is a business structure which is a separate legal entity distinct from its owners (known as shareholders). It needs to be registered at Companies House. A company's accounts and finances are separate from the personal finances of its owners.

(2) A company is owned by shareholders, who have equity shares in the company. Persons acting as directors are responsible for running the company. A company must have at least one shareholder and at least one director. You and Brian can remain as the only owners if you own all the shares in the company between you; your ownership will be diluted if you include more shareholders. You can continue to run the company, acting as its only directors, or you may appoint additional directors.

Directors may be paid a salary by the company from its pre-tax profits. Shareholders may receive dividends paid from its after-tax profits. Any after-tax profits that are not paid out as dividends are reinvested in the company on the shareholders behalf.

(3) The key advantage of operating as a limited company is that of limited liability for the owners. While you as partners in BLM & Co currently have unlimited liability for all the debts of the business, shareholders' liability for any unpaid debts of the company is limited and they only stand to lose their investment in shares. The company as a separate legal entity remains fully liable for its debts.

The key disadvantage of operating as a limited company is that companies are heavily regulated. There are a number of accounting regulations involved with running a limited company, and the statutory requirements of the Companies Act 2006 apply, as do accounting standards. This means that there is a much greater administrative burden than for a partnership. A company must file accounts each year before a certain date and it must file documents when it is set up. All this extra administration bears a cost.

I hope this is useful to you. Please contact me if you have any questions.

Kind regards

Sam

Task 2.1 (25 marks)

Original Budget worksheet:

	A	B	C	D	E	F	G	H
1		Assessor -this cell should have a formula =(6000-5000)/5000 showing 20.00% or if different formula could show 120.00%		20.00%				
2								
3	BLM & Co: original budget for quarter ended 31 March 20X8							
4	Item		Original Budget £	Flexed Budget £	Actual Results £	Variances £	Assessor this value should be £15,000.00	
5	Revenue		£800,000.00	£960,000.00	£975,000.00	£15,000.00		
6	Materials:	Direct materials 1	£90,000.00	£108,000.00	£105,000.00	£3,000.00		
7	Materials:	Direct materials 2	£110,000.00	£132,000.00	£125,000.00	£7,000.00		
8	Materials:	Direct materials 3	£140,000.00	£168,000.00	£164,700.00	£3,300.00	Assessor - F6:F15 should all be calculated as eg. D6-E6	
9	Direct labour:	Skilled	Assessor - ensure the cells D5:D13 are absolute referenced to D1 (=C5*\$D\$1+C5)		£36,000.00	£1,000.00		
10	Direct labour:	Unskilled			£84,000.00	£2,500.00		
11	Variable overheads:	Supervision			£50,400.00	£1,400.00		
12	Variable overheads:	Quality Control			£72,000.00	£2,000.00		
13	Variable overheads:	Production planning	£55,000.00	£66,000.00	£60,000.00	£6,000.00		
14	Fixed overheads:	Administration	£80,000.00	£80,000.00	£85,000.00	£5,000.00		
15	Fixed overheads:	Selling and distribution	£90,000.00	£90,000.00	£110,000.00	£20,000.00		
16	Operating Profit		£33,000.00	£73,600.00	£89,800.00	£16,200.00		
17								
18			Assessor - this cell should have a formula like =C5-(SUM(C6:C15)) and contain the value £33,000.00			Agreed	Assessor - this cell should show "Agreed" with an IF formula =IF((E16-D16)=F16,"Agreed","Check")	
19			Assessor - ensure the Fixed overheads are not flexed in cells D14 and D15					
20								
21								
22								
23			Assessor - you should not be able to scroll up into Rows 1:15 Or into Columns A or B					
24								
25								
26								
27								

Goal seek worksheet:

	A	B	C	D	E	F	G	H	I
1				20.00%					
2									
3	BLM & Co: original budget for quarter ended 31 March 20X8						Note to candidate: Please ensure you upload this spreadsheet before the end of the assessment. If you do not upload your work, it will not be marked.		
4	Item		Original Budget £	Flexed Budget £	Actual Results £	Variances £			
5	Revenue		£800,000.00	£960,000.00	£975,000.00	£15,000.00	Assessor - this cell should show £159,500.00 if Goal seek correctly applied - check Screen Print		
6	Materials:	Direct materials 1	£90,000.00	£108,000.00	£105,000.00	£3,000.00			
7	Materials:	Direct materials 2	£110,000.00	£132,000.00	£125,000.00	£7,000.00			
8	Materials:	Direct materials 3	£140,000.00	£168,000.00	£159,500.00	£8,500.00			
9	Direct labour:	Skilled	£30,000.00	£36,000.00	£35,000.00	£1,000.00			
10	Direct labour:	Unskilled	£70,000.00	£84,000.00	£81,500.00	£2,500.00	Assessor if Goal Seek is correctly applied this cell should show £95,000.00 check screen print		
11	Variable overheads:	Supervision	£42,000.00	£50,400.00	£49,000.00	£1,400.00			
12	Variable overheads:	Quality Control	£60,000.00	£72,000.00	£70,000.00	£2,000.00			
13	Variable overheads:	Production planning	£55,000.00	£66,000.00	£60,000.00	£6,000.00			
14	Fixed overheads:	Administration	£80,000.00	£80,000.00	£85,000.00	£5,000.00			
15	Fixed overheads:	Selling and distribution	£90,000.00	£90,000.00	£110,000.00	£20,000.00	Agreed		
16	Operating Profit		£33,000.00	£73,600.00	£95,000.00	£21,400.00			
17									
18									
19									
20									
21									
22									
23									
24									
25									
26									

Screen print worksheet:

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S
1	Paste your Goal Seek screen print here																		
2																			
3	Assessor if Goal Seek is correctly applied BEFORE accepting the result you should see this screen print.																		
4																			
5	20.00%																		
6	BLM & Co: original budget for quarter ended 31 March 20X8																		
7	ItemOriginal Budget £Flexed Budget £Actual Results £Variances £																		
8	Revenue£800,000.00£960,000.00£975,000.00£15,000.00																		
9	Materials: Direct materials 1£90,000.00£108,000.00£105,000.00£3,000.00																		
10	Materials: Direct materials 2£110,000.00£132,000.00£125,000.00£7,000.00																		
11	Materials: Direct materials 3£140,000.00£168,000.00£164,700.00£3,300.00																		
12	Direct labour: Skilled£30,000.00£36,000.00£35,000.00£1,000.00																		
13	Direct labour: Unskilled£70,000.00£84,000.00£81,500.00£2,500.00																		
14	Variable overheads: Supervision£42,000.00£50,400.00£49,000.00£1,400.00																		
15	Variable overheads: Quality Control£60,000.00£72,000.00£70,000.00£2,000.00																		
16	Variable overheads: Production planning£55,000.00£66,000.00£60,000.00£6,000.00																		
17	Fixed overheads: Administration£80,000.00£80,000.00£85,000.00-£5,000.00																		
18	Fixed overheads: Selling and distribution£90,000.00£90,000.00£110,000.00-£20,000.00																		
19	Operating Profit£33,000.00£73,600.00£89,800.00£16,200.00																		
20																			
21																			
22																			
23																			
24																			
25																			
26																			
27																			
28																			

Goal Seek Status ? X

Goal Seeking with Cell E16 found a solution.

Target value: 95000

Current value: £95,000.00

Step

Pause

OK

Cancel

Goal Seek ? X

Set cell: E16

To value: 95000

By changing cell: \$E\$8

OK

Cancel

Agreed

If Screen Print taken AFTER
Goal Seek - you should just
see this screen print.

Goal Seek Status
?
X

Goal Seeking with Cell E16
found a solution.
Step
Pause

Target value: 95000
Current value: £95,000.00
OK
Cancel

Goal Seek
?
X

Set cell: E16
To value: 95000
By changing cell: \$E\$8
OK
Cancel

Agreed

Task 2.2 (30 marks)

Invoices worksheet:

	A	B	C	D	E	F	G	H	I	J	K	L	M
1													
2	BLM & Co							VAT	20%	2	Assessors - this cell should show 2 duplicates		
3								Average Gross Invoice Value		£4,951.56	Assessors: this cell should show the formula =AVERAGE(I7:I390)		
4	20X7 sales of sinks for the last 6 months of trading through various outlets												
5													
6	Type	Description	Item No	Quality Sol	When	Where	Invoice N	Net Sale	Gross sales				
7	Jade	1 Bowl & drainer	35698	46	July	Internet	281762	£5,842.00	£7,010.40				
8	Jade	1 Bowl & drainer	35698	47	July	Direct	281763	£5,969.00	£7,162.80				
9	Jade	1 Bowl & drainer	35698	34	July	Jones & Co	281764	£4,318.00	£5,181.60				
10	Jade	1 Bowl & drainer	35698	42	July	Elders	281765	£5,334.00	£6,400.80				
11	Jade	1 Bowl & drainer	35698	11	July	Brinks	281766	£1,397.00	£1,676.40				
12	Jade	1 Bowl & drainer	35698	44	July	Ables	281767	£5,588.00	£6,705.60				
13	Jade	1 Bowl & drainer	35698	39	July	Elways	281768	£4,953.00	£5,943.60				
14	Jade	1 Bowl & drainer	35698	43	July	Zeebras	281769	£5,461.00	£6,553.20				
15	Emerald	1 Bowl reversible drainer	28654	13	July	Internet	281722	£1,612.00	£1,934.40				
16	Emerald	1 Bowl reversible drainer	28654	12	July	Direct	281723	£1,488.00	£1,785.60				
17	Emerald	1 Bowl reversible drainer	28654	6	July	Jones & Co	281724	£744.00	£892.80				
18	Emerald	1 Bowl reversible drainer	28654	49	July	Elders	281725	£6,076.00	£7,291.20				
19	Emerald	1 Bowl reversible drainer	28654	12	July	Brinks	281726	£1,488.00	£1,785.60				
20	Emerald	1 Bowl reversible drainer	28654	11	July	Ables	281727	£1,364.00	£1,636.80				
21	Emerald	1 Bowl reversible drainer	28654	39	July	Elways	281728	£4,836.00	£5,803.20				
22	Emerald	1 Bowl reversible drainer	28654	8	July	Zeebras	281729	£992.00	£1,190.40				
23	Diamond	1 cubic bowl & drainer	28457	37	July	Internet	281730	£6,105.00	£7,326.00				
24	Diamond	1 cubic bowl & drainer	28457	15	July	Direct	281731	£2,475.00	£2,970.00				
25	Diamond	1 cubic bowl & drainer	28457	48	July	Jones & Co	281732	£7,000.00	£8,500.00				

Assessors - check this cell it should show
=D17*(VLOOKUP(C17,list,4,FALSE))

Assessors: ensure this cell contains an
absolute reference formula
e.g. =H17*\$I\$2+H17

Screen print worksheet:

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S
1	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S
2																			
3	BLM & Co										VAT	20%							
4																			
5																			
6																			
7	Type	Description	Item No	Sold	When	Where	Invoice No	Net Sale	Gross sales										
8	Jade	1 Bowl & drainer	35698	46	July	Internet	281762	£5,842.00	£7,010.40										
9	Jade	1 Bowl & drainer	35698	47	July	Direct	281763	£5,969.00	£7,162.80										
10	Jade		3569					£4,318.00	£5,181.60										
11	Jade		3569					£5,334.00	£6,400.80										
12	Jade		3569					£1,397.00	£1,676.40										
13	Jade		3569					£5,588.00	£6,705.60										
14	Jade		3569					£4,953.00	£5,943.60										
15	Jade	1 Bowl & drainer	3569					£5,461.00	£6,553.20										
16	Emerald	1 Bowl reversible drainer	2865					£1,612.00	£1,934.40										
17	Emerald	1 Bowl reversible drainer	2865					£1,488.00	£1,785.60										
18	Emerald	1 Bowl reversible drainer	2865					£744.00	£892.80										
19	Emerald	1 Bowl reversible drainer	2865					£5,076.00	£7,291.20										
20	Emerald	1 Bowl reversible drainer	2865					£1,488.00	£1,785.60										
21	Emerald	1 Bowl reversible drainer	2865					£1,364.00	£1,636.80										
22	Emerald	1 Bowl reversible drainer	2865					£1,836.00	£5,803.20										
23	Emerald	1 Bowl reversible drainer	2865					£992.00	£1,190.40										
24	Diamond	1 cubic bowl & drainer	28457	37	July	Internet	281730	£6,105.00	£7,326.00										
25	Diamond	1 cubic bowl & drainer	28457	15	July	Direct	281731	£2,475.00	£2,970.00										
26	Diamond	1 cubic bowl & drainer	28457	48	July	Jones & Co	281732	£7,920.00	£9,504.00										
27	Diamond	1 cubic bowl & drainer	28457	24	July	Elders	281733	£3,060.00	£4,752.00										

Assessors this should show the "Select all" box highlighted

Remove Duplicates

?

×

To delete duplicate values, select one or more columns that contain duplicates.

Select All

Unselect All

☒ My data has headers

Columns

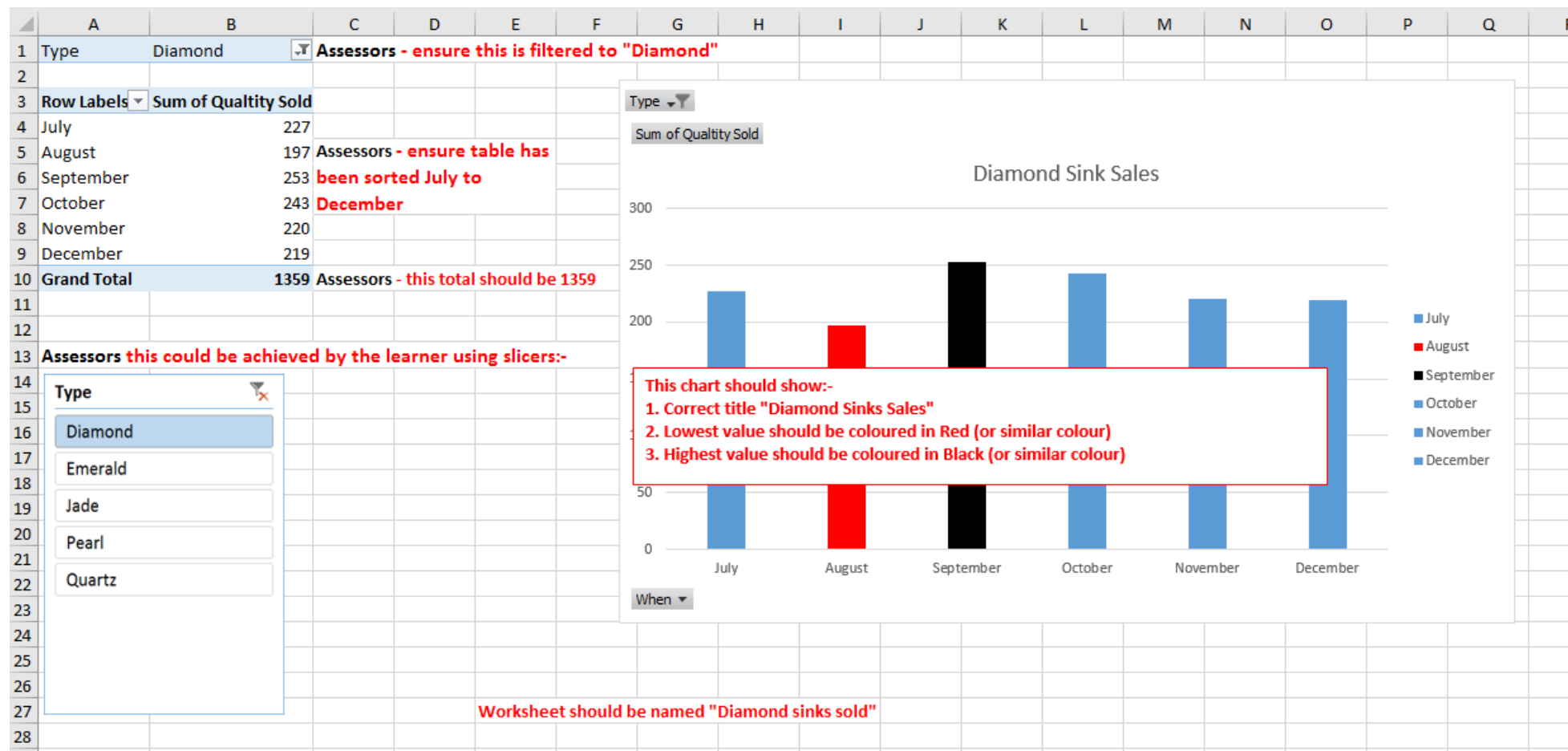
☒ Type
 ☒ Description
 ☒ Item No
 ☒ Sold
 ☒ When

OK

Cancel

Assessor - this should show all columns selected and the use of the "Remove Duplicates" dialogue box.

Diamonds sink sold worksheet:



BLM 1 worksheet:

	A	B	C	D	E	F	G
1							
2							
3							
4	Partnership appropriation statement for year ended 31 December 20X7						
5		Brian	Lakmani	Total			
6	Profit for the year			£250,000			
7	Salary		£25,000	£25,000			
8	Interest on drawings	£300	£180	£480			
9	Commission	£8,586	£8,500	£17,086			
10	Residual profit available for appropriation			£208,394			
11	Profit share	£125,036	£83,358	£208,394			
12	Total amount distributed to each partner	£133,322	£116,678	£250,000			
13							
14							
15	Partnership current accounts for year ended 31 December 20X7						
16		Brian	Lakmani	Brian	Lakmani		
17		Debit	Debit	Credit	Credit		
18	Balance brought down			£1,200	£3,200		
19	Salary				£25,000		
20	Drawings	£91,200	£84,800				
21	Interest on drawings	£300	£180				
22	Commission			£8,586	£8,500		
23	Profit share			£125,036	£83,358		
24	Balance carried down	£43,322	£35,078				
25		£134,822	£120,058	£134,822	£120,058		
26							
27							
28							

Assessors: check that formulas have been used to provide totals.

Assessors: check formula has been used for balancing figures