
NATIONAL
QUALIFICATIONS
2010

ACCOUNTING AND FINANCE
STANDARD GRADE
PROJECT
Foundation Level

TITLE: Keep Well plc

Instructions to Candidates

1. This project is part of your assessment for Accounting and Finance.

The solution to the project **must** be your own work.

You are allowed to look at books and at work you have done before. You may also ask your teacher questions. However, the more of the project you are able to do correctly on your own, the greater your chance of a better award.

2. You **must not** take any project work or material out of school.
3. Before you begin work on your project, please check that you have a Candidate's Workbook.
4. The project should take approximately 15 hours.
5. Try the answers to the tasks on paper first, before recording them in your Workbook. The answers in your Workbook must be in ink.
6. The task marked * **must** be done on a computer. Take a printout of the completed work, mark it clearly with your name and school and attach it securely in your Workbook. If you wish, you may do all of the tasks on the computer.
7. The task marked * **must** be attempted and evidence provided. If evidence is not provided, **no grade** may be awarded to the project and **no overall grade** may be awarded for Accounting and Finance.
8. It is important that your work is neat and tidy.

Candidates are reminded that work undertaken outwith the examination room which is submitted in fulfilment of the requirements of the examination must be the sole work of the candidate concerned. Where it is established that work submitted by a candidate has been done in whole or in part by another person, SQA may cancel the candidate's presentation in any or all of the subjects of presentation.

Background

Keep Well plc is a company which promotes health in the workplace.

You have just joined the company as an Accounts Assistant.

ISSUED SHARE CAPITAL

240,000 Ordinary Shares of £1	£240,000
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40,000 5% Preference Shares of £1	£40,000
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The Accounts

The accounts have already been prepared for the first 11 months. The following is the Trial Balance on 30 September 2009.

	DR	CR
	£	£
Premises	255,000	
Stock	5,400	
Rates	12,500	
Insurance	7,040	
Bank	22,250	
Health Equipment	20,000	
Fixtures and Fittings	39,000	
Wages	27,250	
Water 4 U Supplies		3,200
Quality Fruit Deliveries		650
Sales		175,175
Amberglow Ltd	3,000	
Purchases	72,815	
Ordinary Share Capital		240,000
5% Preference Share Capital		40,000
Unappropriated Profits		20,000
VAT		6,720
Heat and Light	6,490	
Advertising	15,000	
	£485,745	£485,745

Task 1

Enter the balances at 1 October 2009 in the appropriate ledger accounts on pages 2–8 of your Workbook.

An Error has been Found

When checking the accounts you discover that the purchase of staff lockers costing £1,000 has been entered into the Purchases Account in error.

Task 2

Correct the above error in the ledger accounts on 2 October 2009.

Fixtures and Fittings and **Purchases**

Transactions for October 2009

On 3 October 2009 we pay £900 by cheque to Water 4 U Supplies. We receive a discount of £40.

Task 3

- (a) Prepare and sign the cheque on page 9 of your Workbook.
- (b) Record the transaction in the ledger accounts:

Bank, Discount Received and **Water 4 U Supplies**

INVOICE

No 234

Keep Well plc

12 Archerfield Road
GIFFORD
EH38 2MM



www.keepwell@texta.co.uk
Tel 07708123456

To: Office Recruitment
Victoria Suite
PENCAITLAND
EH38 0TT

5 October 2009

Quantity	Description	Unit Cost	Total Amount
		£	£
2	Staff Yoga Sessions	100.00	200.00
2	Health In The Workplace Sessions	50.00	100.00
2	Pilates Sessions	150.00	300.00
			600.00
	Less 20% Trade Discount		120.00
	Net Goods Value		480.00
	VAT @ 17.5%		84.00
	Amount Due		£ 564.00

Task 4

Record the above transaction in the ledger accounts:

Sales, VAT and Office Recruitment

INVOICE

No 235

Keep Well plc

12 Archerfield Road
GIFFORD
EH38 2MM



www.keepwell@texta.co.uk
Tel 07708123456

To: Amberglow Ltd
18 St Luke Street
PORT SETON
EH32 5MM

9 October 2009

Quantity	Description	Unit Cost	Total Amount
		£	£
10	Assorted Fruit Salad Trays	15.50	155.00
5	Finger Buffet (Meat Selection)	35.00	175.00
2	Vegetarian Platters	35.00	70.00
			400.00
	Net Goods Value		400.00
	VAT @ 17.5%		70.00
	Amount Due		£470.00

Task 5

Record the above transaction in the ledger accounts:

Sales, VAT and Amberglow Ltd

Invoice No: 767

INVOICE

QUALITY FRUIT DELIVERIES

22 Farm Road
DREM
EH22 7RR

Tel No: 01375 656560



To: Keep Well plc
12 Archerfield Road
GIFFORD
EH38 2MM

Date: 11 October 2009

Quantity	Description	Unit Cost	Total Amount
		£	£
4 boxes	Red Eating Apples	15.00	60.00
3 trays	First Class Strawberries	22.00	66.00
1 pack	Caribbean Selection	34.00	34.00
	All fruit prepared as requested		160.00
	VAT @ 17.5%		28.00
	Amount Due		£ 188.00

Task 6

Record the above transaction in the ledger accounts:

Purchases, VAT and Quality Fruit Deliveries

INVOICE

Water 4 U Supplies



55 Vale Drive
MUSSELBURGH
East Lothian
EH21 1RR



Tel No: 01875 813456

To: Keep Well plc
12 Archerfield Road
GIFFORD
EH38 2MM

Date: 14 October 2009

Quantity	Description	Unit Price	Total
		£	£
20	Packaged Ice	12.00	240.00
50	Boxes of 20 flavoured water	4.00	200.00
			440.00
	VAT @ 17.5%		77.00
	Amount Due		£517.00

Task 7

Record the above transaction in the ledger accounts:

Purchases, VAT and Water 4 U Supplies

On 19 October 2009 you pay Quality Fruit Deliveries the amount due at the beginning of the month.



Task 8

Record the above transaction in the ledger accounts:

Quality Fruit Deliveries and **Bank**

CREDIT NOTE

Water 4 U Supplies



55 Vale Drive
MUSSELBURGH
East Lothian
EH21 1RR



Tel No: 01875 813456

To: Keep Well plc
12 Archerfield Road
GIFFORD
EH38 2MM

Date: 20 October 2009



Quantity	Description	Unit Price	Total
10	Packs of Ice (Seal Damaged)	£ 12.00	£ 120.00
			120.00
	VAT @ 17.5%		21.00
			£ 141.00

Task 9

Record the above transaction in the ledger accounts:

Purchases Returns, VAT and Water 4 U Supplies

On 25 October 2009, sales from a health exhibition were paid into the bank.


Pay-in Acknowledgement
<u>25 October</u> 20 <u>09</u>
<u>A/c No 2170862</u>
Sales £6,000
VAT £1,050
<u>Total £7,050</u>
Teller's Date Stamp and Initials
28-32-45


Task 10

Record the above transaction in the ledger accounts:

Sales, VAT and Bank

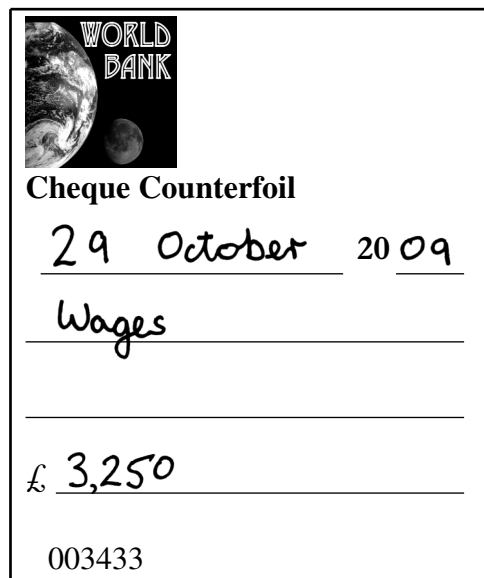
On 26 October 2009 we received a cheque from Office Recruitment for £200.

Task 11

Record the above transaction in the ledger accounts:

Office Recruitment and **Bank**

On 29 October 2009 a cheque was made out for part-time wages.



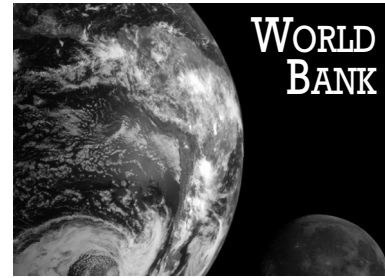
Task 12

Record the above transaction in the ledger accounts:

Wages and **Bank**

The Bank Statement arrives.

WORLD BANK
 45 Solar Park Drive
 Edinburgh
 EH30 3EE



Account No: 2170862

Sort Code: 28-32-45

Customer: Keep Well plc
 12 Archerfield Road
 GIFFORD
 EH38 2MM

Date: 30 October 2009

Date		Dr	Cr	Balance
2009		£	£	£
1 October	Balance		22,250.00	22,250.00
8 October	003431	900.00		21,350.00
15 October	Rates S/O	500.00		20,850.00
25 October	Deposit		7,050.00	27,900.00
26 October	003432	650.00		27,250.00
29 October	Electricity D/D	1,000.00		26,250.00

Abbreviations: DD – Direct Debit SO – Standing Order DR – Overdraft

You note from the Bank Statement that Rates of £500 for the month of October and Electricity of £1,000 have not been recorded in the ledger accounts.

Task 13

(a) Record the transaction for Rates in the ledger accounts:

Bank and Rates

(b) Record the transaction for Electricity in the ledger accounts:

Bank and Heat and Light

When checking the Bank Account in the ledger you notice the following:

- the £3,250 cheque for Wages has not yet been presented to the bank for payment
- the cheque from Office Recruitment for £200 which we paid into the bank is not shown on the Bank Statement.

Task 14

Complete the Bank Reconciliation Statement on page 10 of your Workbook.

It is now time to check the accuracy of your ledger accounts.

Task 15

Prepare the Trial Balance as at 31 October 2009 on page 11 of your Workbook.

The Final Accounts

It is now time to prepare the Trading, Profit and Loss and Appropriation Accounts and a Balance Sheet.

The Accountant has given you the following additional information:

- Closing Stock is valued at £6,350
- Depreciation on Fixtures and Fittings is to be £4,000
- Depreciation on Health Equipment is to be £5,000
- Rates prepaid are £2,000
- The Preference Dividend of £4,000 is to be paid
- Ordinary Dividend amounting to £19,200 is to be paid

Task 16

Complete the Trading, Profit and Loss and Appropriation Accounts for the year ending 31 October 2009 on page 12 of your Workbook.

Task 17

Complete the Balance Sheet as at 31 October 2009 on page 13 of your Workbook.

Has the Business Performed Well this Year?

You have been asked to calculate some ratios for the Accountant.

Task 18

- (a) Calculate the following ratios (to 1 decimal place) on page 14 of your Workbook.
- (i) Gross Profit Ratio
 - (ii) Net Profit Ratio
 - (iii) Average Stock
 - (iv) Rate of Stock Turnover
 - (v) Current Ratio
- (b) Complete your report on the ratios for the Accountant on page 15 of your Workbook.

Special Offer

Keep Well plc would like to offer special monthly memberships to firms to allow employees to use certain sports/health facilities.

- A Gold Pass will cost £400 a month
- A Silver Pass will cost £250 a month
- A Bronze Pass will cost £150 a month

Research shows that the number of firms buying passes will be:

Type of Pass	January	February	March
Gold	10	15	12
Silver	15	15	20
Bronze	10	10	10

To run this service, Keep Well plc will have the following extra costs:

Additional Expenses	January	February	March
Staff Wages	£2,500	£2,000	£3,000
Heat and Light	£500	£450	£500
Laundry	£500	£500	£500
Administration	£300	£300	£300
Catering	£600	£600	£600
Advertising	£150	£150	£150

It is estimated that our opening balance on 1 January 2010 will be £15,000.

Task 19*

- (a) Using your computer, open the file “FOUND1”.
- Complete the Cash Budget for the 3 months January – March 2010
 - Print a copy of your Cash Budget and attach it to page 16 of your Workbook.
- (b) Complete your report on the Special Offer on page 17 of your Workbook.

[END OF PROJECT]