
NATIONAL
QUALIFICATIONS
2010

ACCOUNTING AND FINANCE
STANDARD GRADE
PROJECT
General Level

TITLE: Premier Fitness 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 of the project work or material out of school.
3. The project should take approximately 15 hours.
4. Your solution to the project **must** be in ink.
5. 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 other solutions. If you wish, you may do all of the tasks on the computer.
6. 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.
7. 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

You are employed as an Accounts Assistant by Premier Fitness plc—a health promoting business selling sports and leisure wear.

Authorised Capital

200,000 Ordinary Shares of £1
 50,000 10% Preference Shares of £1
 100,000 8% Debentures (2020)

Trial Balance of Premier Fitness plc as at 31 August 2009

	£	£
Ordinary Share Capital		200,000
10% Preference Share Capital		50,000
8% Debentures (2020)		100,000
Administration Expenses	11,260	
Purchases	177,980	
Sales		291,295
Purchases Returns		4,150
Sales Returns	4,025	
Debenture Interest	4,000	
Bank	22,350	
Cash	8,935	
VAT		8,040
Heating and Lighting	8,660	
Land and Buildings	252,850	
Machinery and Equipment	92,700	
Wages and Salaries	27,000	
Stock	36,595	
Bad Debts	4,200	
Figure Flattering Fashion plc		5,830
Wellness plc		4,740
Leisureworld plc	8,000	
Bags Galore plc	5,500	
	£664,055	£664,055

Task 1

Using the Trial Balance, open all the ledger accounts on 1 September 2009.

Correcting Errors

The Finance Manager has discovered 3 errors in the ledger accounts.

- 1 A cheque received from Leisureworld plc for £352 had been completely omitted.
- 2 Equipment costing £6,500 had been entered as Purchases.
- 3 A salary cheque for £570 had been entered in both the Bank Account and Wages and Salaries Account as £750.

Task 2

Correct the ledger accounts on 1 September 2009 using the above information.

Recording Transactions for the month of September

Task 3

Using the documents on pages 5 to 13, record the transactions for the month of September in the appropriate ledger accounts.

NEB North East Bank

Cheque Counterfoil

1 September 20 09

Figure Flattering Fashion plc
(Paid in full)

£ 5,538.50

008550

NEB North East Bank

Cheque Counterfoil

5 September 20 09

Wellness plc

£ 4,740

008551

NEB North East Bank

Cheque Counterfoil

7 September 20 09

Heating and Lighting

£ 940

008552

NEB North East Bank

Cheque Counterfoil

27 September 20 09

Customs & Excise
(VAT)

£ 3,308

008553

NEB North East Bank

Cheque Counterfoil

29 September 20 09

Figure Flattering Fashion plc

£ 6,073 (on account)

008554

NEB North East Bank

Cheque Counterfoil

30 September 20 09

Wages & Salaries

£ 2,816


008555

NEB North East Bank

Pay-in Acknowledgement
6 September 20 09
Leisureworld plc

£ 6,000 (on account)

Teller's Date Stamp
 and Initials




NEB North East Bank

Pay-in Acknowledgement
21 September 20 09
Bags falove plc

£ 5,500

Teller's Date Stamp
 and Initials



CASH RECEIPT

Date 29 September 2009

Sales £1,120

VAT £196

With Thanks

CASH RECEIPT

Date 9 September 2009

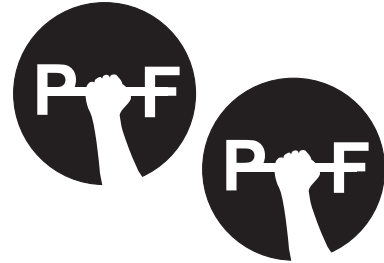
Sales £3,290

VAT £575.75

With Thanks

I N V O I C E

Premier Fitness plc
46 Great Northern Road
ABERDEEN
AB24 3PT



Tel No: 01224 594687
VAT Reg No: 5823

To: Leisureworld plc
 75 Victoria Street
 DYCE
 AB21 7AX

Invoice No: 1236
Date: 3 September 2009
Terms: Strictly Net

Quantity	Description	Unit Price	Total Price
		£	£
300	Woman's Sleeveless Top	22.00	6,600.00
200	Zip T-Shirt	30.00	6,000.00
			12,600.00
	VAT @ 17.5%		2,205.00
	Total		£14,805.00

Invoice No: 356

INVOICE

FIGURE FLATTERING FASHION plc
9 Bon Accord Crescent
ABERDEEN
AB11 6DN



Tel No: 01224 895007
VAT Reg No: 4984

To: Premier Fitness plc
46 Great Northern Road
ABERDEEN
AB24 3PT

Date: 7 September 2009

Terms: 5% one month

Quantity	Description	Unit Price	Total
		£	£
250 pairs	Classic square cut shorts – navy	16.00	4,000.00
150 pairs	Response split shorts	15.00	2,250.00
			6,250.00
	VAT @ 17.5%		1,039.06
	TOTAL		£7,289.06

INVOICE



WELLNESS plc

6 High Street
INVERURIE
AB51 3XQ



Tel No: 01467 276003
VAT Reg No: 7951

To: Premier Fitness plc
46 Great Northern Road
ABERDEEN
AB24 3PT

Invoice No: 8933

Date: 16 September 2009

Quantity	Description	Unit Price	Total Price
75 pairs	Air Zoom Trainers	£ 80.00	£ 6,000.00
30 pairs	Woman's Lunar Trainers	85.00	2,550.00
			8,550.00
	VAT @ 17.5%		1,496.25
	Total to pay		£ 10,046.25

CREDIT NOTE

Premier Fitness plc
46 Great Northern Road
ABERDEEN
AB24 3PT



Tel No: 01224 594687

VAT Reg No: 5823

To: Leisureworld plc
 75 Victoria Street
 DYCE
 AB21 7AX

Credit Note No: 182

Date: 14 September 2009

Terms: Strictly Net

Quantity	Description	Unit Price	Total Price
15	Zip T-Shirt Zip broken	£ 30.00	£ 450.00
	VAT @ 17.5%		78.75
	Total		£ 528.75

Credit Note No: 3309

CREDIT NOTE

FIGURE FLATTERING FASHION plc
9 Bon Accord Crescent
ABERDEEN
AB11 6DN



Tel No: 01224 895007
VAT Reg No: 4984

To: Premier Fitness plc
46 Great Northern Road
ABERDEEN
AB24 3PT

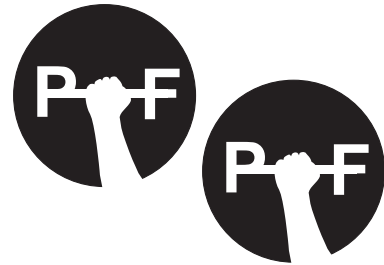
Date: 17 September 2009

Terms: 5% one month

Quantity	Description	Unit Price	Total
5 pairs	Classic square cut shorts – navy (Faulty seams) VAT @ 17.5% TOTAL	£	£
		16.00	80.00
			80.00
			13.30
			£ 93.30

INVOICE

Premier Fitness plc
46 Great Northern Road
ABERDEEN
AB24 3PT



Tel No: 01224 594687
VAT Reg No: 5823

To: Bags Galore plc
4 Justice Mill Lane
ABERDEEN
AB11 6EQ

Invoice No: 585
Date: 26 September 2009
Terms: Net Monthly

Quantity	Description	Unit Price	Total Price
		£	£
25	Classic Clubhouse Bag	15.00	375.00
50	Sports Holdalls	11.50	575.00
100	Small Sports Bag	7.50	750.00
			1,700.00
	VAT @ 17.5%		297.50
	Total		£ 1,997.50

RECEIPT

Cutting Edge IT Services
19 Craig Gardens
ALTENS
AB12 3WH

Tel: 01224 626529

NEB North East Bank

Cheque Counterfoil

30 September 20 09

Cutting Edge IT Services

(Administration Expenses)

£1,480 (no VAT applies)

008556

Invoice to: *Premier Fitness plc*
46 Great Northern Road
ABERDEEN
AB24 3PT

Date: *28 September 2009*

Account Paid

IT Services **£1,480**

On 30 September 2009, all the transactions have been recorded in the ledger accounts and you decide to prepare a Trial Balance.

Task 4

Draw up a Trial Balance as at 30 September 2009.

End of the Financial Year

Prepare the final accounts of the company at 30 September 2009, taking into account the following information.

- 1 Stock at 30 September 2009 is valued at £53,250
- 2 Machinery and Equipment is to be depreciated by 10% per annum
- 3 Debenture interest of £4,000 is owing
- 4 The dividend of £5,000 to the Preference Shareholders is to be paid
- 5 It is proposed to pay a dividend of £7,000 to the Ordinary Shareholders

Task 5

Using the Trial Balance as at 30 September 2009 and the additional information above, prepare the Trading, Profit and Loss and Appropriation Accounts for the year ended 30 September 2009.

Task 6

Prepare a Balance Sheet as at 30 September 2009.

Planning Ahead

To aid future planning, calculate the ratios for the business.

Task 7

Calculate the following ratios

- (a) Gross Profit Percentage
- (b) Net Profit Percentage
- (c) Rate of Stock Turnover
- (d) Working Capital Ratio

Business Comparison

To provide more information about ratios, you compare the ratios of Premier Fitness plc with those of our nearest competitor.

Nearest Competitor

Gross Profit Percentage	40%
Net Profit Percentage	17%
Rate of Stock Turnover	3 times
Working Capital Ratio	1.5 : 1

Task 8

Using the above information, compare Premier Fitness plc's ratios with those of our nearest competitor and give a reason for any differences.

Use the layout given below.

Ratio	Premier Fitness plc	Competitor
Gross Profit Percentage		
Comparison		
Reason for difference		

Planned Expansion

The Directors are planning to build a new social arena to reflect an active lifestyle. The Finance Director has given you the necessary information to enable you to prepare a Cash Budget.

- Cash and Bank at the end of October is estimated to be £40,300
- Sales—November £36,200; December £38,700 and January £41,400
- Purchases—November £22,400; December £24,500 and January £26,700
- Heating and Lighting—£580 in November and £875 in both December and January
- Wages and Salaries—£2,250 in November and £3,375 in both December and January
- Building work of £56,000 is to be paid in November
- New Furniture and Fittings are to be paid for in December—£27,500
- An interim dividend of £10,000 will be paid to ordinary shareholders in December

Task 9*

- (a) Using a computer, load the file GEN1.
- Prepare a Cash Budget for November, December 2009 and January 2010
 - Print out one copy of the Cash Budget
- (b) Recommend **2** ways of raising finance for this expansion.

[END OF PROJECT]