
AAT LEVEL 2

Certificate in Accounting

Introduction to Bookkeeping (ITBK)

Task Bank and Mocks

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First Intuition

AAT LEVEL 2

Certificate in Accounting Introduction to Bookkeeping (ITBK)

Task Bank

Revision Examples

Once you have completed your learning phase for this subject you need to start practising plenty of tasks similar to those that you will see in your assessment.

These Revision Examples are written in a similar style to the actual assessment that you will face for this unit. They are broken down into examples for each of the 11 tasks that you will see in the ITBK assessment with short reminders of the basic technical knowledge required. The AAT are constantly writing new tasks so you may come across slightly different formats in your assessment, but rest assured they will be assessing the same knowledge and abilities so just apply what you know.

It is important you dedicate time to working through this section in full before your final assessment preparation.

First Intuition

Mark allocation

The AAT specifies how many marks are available for each task in the assessment which is useful for helping to decide how long you can spend on each task.

Task	Details	Maximum marks available
1	How to set up bookkeeping systems	10
2	How to set up bookkeeping systems	10
3	Process customer transactions	10
4	Process customer transactions	10
5	Process supplier transactions	10
6	Process supplier transactions	10
7	Process receipts and payments	8
8	Process receipts and payments	6
9	Process receipts and payments in a digital bookkeeping system	6
10	Transfer data from books of prime entry	10
11	Totalling and balancing ledger accounts	10

In total there are 100 marks available in this assessment. Since you have one and half hours (90 minutes) to complete the assessment this gives 0.9 minutes per mark to attempt each task.

Assessment instructions

When your assessment begins, you must ensure that you **read the assessment instructions carefully**. These instructions will give you important details such as the level of rounding of numbers and how to display negative numbers.

Read every task **carefully** and ensure that you do precisely what is asked for in the task. Remember that this is a practical skills exam and if you were given instructions in the workplace, you would be expected to follow them, checking that you are doing the correct thing throughout the task.

You **MUST** ensure that you complete all tasks in your assessment, using the correct formats required. If you are unsure of a task, you can **'flag'** it to return to later in your assessment. As you work through tasks, there is an indicator of the tasks completed and you can see your time remaining and percentage of the assessment complete. Ensure that you manage your time effectively and that you allow yourself enough time to attempt all tasks.

Task-specific instructions are often given. Make sure that you read, in full, all instructions given for each individual task. There may be format instructions for dates and numbers and these will override general instructions given at the start of the assessment.

Practice examples on each task you will see in the assessment

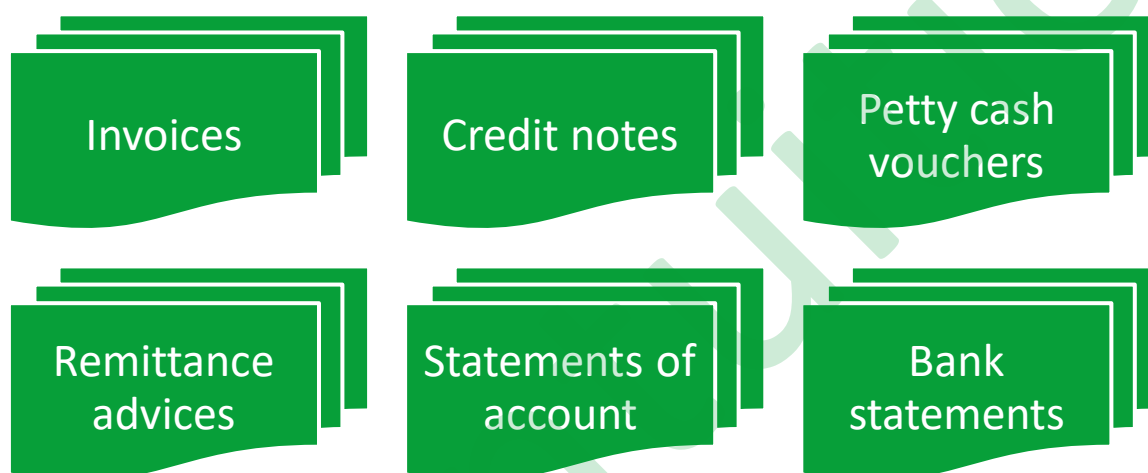
Task 1

Task 1 deals with understanding how to set up bookkeeping systems. This will include the purpose of business documents, the process of recording bookkeeping transactions and creating and using coding systems. This task is worth 10 marks which gives you 9 minutes to complete it.

Task briefing

The purpose of business documents

You need to be familiar with the following:



The process of recording bookkeeping transactions

You may be tested on the roles of the books of prime entry:



Ledgers

You need to be aware of the role of these three ledgers:

- ▶ **General ledger** – contains the T-accounts (sometimes referred to as the nominal or main ledger).
- ▶ **Receivables ledger** – contains individual customer accounts.
- ▶ **Payables ledger** – contains individual supplier accounts.

These have an important role to play during the reconciliation process.

The purpose of financial statements

The ultimate aim of the accounting system of a business is to produce a set of Financial Statements at the end of the year. These will be produced from the year end trial balance.

- ▶ **Trial balance** - At the end of the accounting period, the Trial Balance lists the balances from each of the accounts from the General Ledger. The Trial Balance (or TB) is a check on whether it looks like all of the transactions have been correctly entered into the accounting system.
- ▶ **The Statement of Financial Position** - shows the financial position of a business, by which we mean the assets that the business owns and the liabilities that the business owes. The SFP can be thought of as a snapshot of the business at a point in time as it is completed on a specific date (typically the last day of the accounting year)
- ▶ **The Statement of Profit or Loss** - shows the financial performance of the business. This involves showing the income that the business has generated and all of the expenses that it has incurred. The difference is profit that the business has made (or loss if the expenses are greater than the income). The Statement of Profit or Loss covers the entire accounting period, typically a year.

Digital bookkeeping systems

These have become popular because they are able to automate a lot of the processes that bookkeepers traditionally did manually. One of the benefits of digital systems is that they save time. Instead of manually entering hundreds of transactions, they can import these transactions in a matter of minutes. You may be tested on the benefits and drawbacks of digital bookkeeping systems, so it is worth reviewing these from your course notes.

Data can be imported from:

- ▶ Bank records, by linking your bookkeeping system to your online banking
- ▶ Spreadsheets or csv files (Excel)
- ▶ Third party software, if you use multiple systems

Coding transactions

You may be asked to create account codes for customers or suppliers. Carefully read the instructions in the task and look at any examples of account codes you are given to ensure that you are happy with how they are created. There should be a pattern that you can pick up on.

TASK 1 – REVISION EXAMPLE 1

You are the financial accountant at Ezee-eyes Ltd and you are responsible for running the internal training for the trainee accountants. The trainees have recently returned from an external training course and you are interested to know what they have learnt.

How would you expect them to answer the following questions?

(a) Link the definitions in the boxes on the left with the statement in which they would appear in the financial statements.

Assets

Expenses

Liability

Capital

The Statement of Financial Position

The Statement of Profit or Loss

(b) Link the Books of Prime Entry in the boxes on the left with the appropriate descriptions of the transactions that they deal with.

Cash book receipts

Discounts allowed day book

Sales day book

Purchases returns day book

A list of all credit sales made by the business

A list of all receipts into the business bank account

A list of all credit purchases returned by the business

Prompt payment discounts that customers have taken advantage of

You have requested that a trainee sets up the account codes for three new customers: Chestnut Ltd, Douglas Ltd and Hornbeam Ltd. The codes are made up of the first three letters of the customer's name, followed by the number of the ledger page allocated to each customer in that alphabetical group.

(c) Insert the relevant account code in the coding list below for each of the three new customers.

Customer name	Customer account code
Aspen Ltd	ASP01
Birch plc	BIR01
Bramble Ltd	BRA02
Chestnut Ltd	
Damsel Ltd	DAM01
Dogwood Ltd	DOG02
Douglas Ltd	
Hawthorn plc	HAW01
Hornbeam Ltd	

TASK 1 – REVISION EXAMPLE 2

(a) Identify which document would be used for each of the purposes described.

Select your answer from the picklist:

Purpose	Document
An internally generated document that contains detail of the amount of cash being claimed (including any input VAT that can be reclaimed)	
A document that lists all transactions with the supplier and amounts that have been paid	
A list from a third party stating all monies received and paid from the business bank account for the month	
A document that details what has been supplied to the business, quantity and amount for the business as a credit customer	

Picklist: Bank statement, Statement of account, Credit note, Invoice, Petty cash voucher, Remittance advice

(b) Identify if the following statements are true or false:

Statement	True ✓	False ✓
A digital bookkeeping system can automatically create a trial balance from the general ledger accounts		
A digital bookkeeping system can import transactions from bank records		
A digital bookkeeping system cannot process recurring entries		

All of Gabriel Ltd's customers have a customer account code. The codes are made up of the first three letters of the customer's name, followed by the number of the ledger page allocated to each customer in that alphabetical group.

Gabriel Ltd now has three new customers, Cardamom Ltd, Duncan Ltd and Franklin Ltd.

(c) Insert the relevant account code in the coding list below for each of the three new customers.

Customer name	Customer account code
Andes Ltd	AND01
Atlas plc	ATL02
Cederberg Ltd	CED01
Cardamom Ltd	
Dawson Ltd	DAW01
Dickson and Co	DIC02
Duncan Ltd	
Everett Ltd	EVE01
Franklin Ltd	

TASK 1 – REVISION EXAMPLE 3

(a) Identify whether the following statements regarding bookkeeping systems are true or false.

	True ✓	False ✓
A digital bookkeeping system will always ensure your transactions are posted accurately.		
A digital bookkeeping system is always more efficient for small businesses		
A digital bookkeeping system can import transactions from third party software		
A digital bookkeeping system saves time and therefore money		
A digital bookkeeping system automatically completes the transfer of data from the books of prime entry to the ledgers		

(b) Identify the book of prime entry that is being described in each case below:

Description	Book of prime entry
A daybook detailing all sales made on credit	
A daybook listing all prompt payment discounts taken up from suppliers	
A daybook detailing all purchases made on credit	

Picklist: Sales day book, Purchase day book, Discount received day book

(c) Match the following statements to their descriptions below:

Trial Balance

The assets that the business owns and the liabilities that the business owes

Statement of Financial Position

Lists the balances from each of the accounts from the General Ledger

Statement of Profit or Loss

Shows the income that the business has generated and all the expenses that have been incurred

TASK 1 – REVISION EXAMPLE 4

All of Step Ltd's suppliers have a supplier account code. The codes are made up of the first two letters of the supplier's name, followed by the number of the ledger page allocated to each supplier in that alphabetical group.

Step Ltd now has two new suppliers, Bretford Supplies Ltd and Eamon Ltd.

(a) Insert the relevant account code in the coding list below for each of the two new suppliers.

Supplier name	Customer account code
Andes Ltd	AN101
Ampule plc	AM102
Bampton Ltd	BA101
Bretford Supplies Ltd	
Dawson Ltd	DA101
Dewsbury Ltd	DE102
Eamon Ltd	
Fornham Ltd	FO101

(b) How would you describe Step Ltd's coding system? Select one of the below:

- ☐ Alphabetical
- ☐ Numerical
- ☐ Alphanumeric

(c) Where would the supplier codes of Step Ltd be used? Select two correct answers below:

✓ (2)	
Purchase Daybook	
Sales Daybook	
Payables ledger	
Receivables ledger	

Step Ltd's supplier, Eamon Ltd, is a longstanding supplier. Step are in the process of digitalising their bookkeeping and want to reduce the amount of paper within the company. Step have spoken to Eamon and requested that they import supplier transactions from Eamon's software (third party software). Eamon has stated "Accounting software is advanced, but not that advanced, it is not currently possible."

(d) Select the correct answer below:

- ☐ Eamon is incorrect
- ☐ Eamon is correct

(e) In the Statement of Financial Position where would you find amounts owing to Eamon Ltd?

Picklist: *Trade Receivables, Trade Payables, Cash, Accruals, Bank, Capital, Profit*

Step Ltd regularly settle their balance with Eamon by cheque.

(f) Is the following statement true or false?

Amounts paid by cheque will be recorded in the petty cash book

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Task Bank

Revision Examples - solutions

For each Revision Example we have provided a model answer with detailed explanations and workings of how the solution was arrived at.

Take the time to work through each of these answers making sure that you are comfortable with how they work. You can refer back to your Course Notes and the online lectures if you need to revisit technical material. Make sure that you contact your course tutor if you need any further help with any of the tasks.

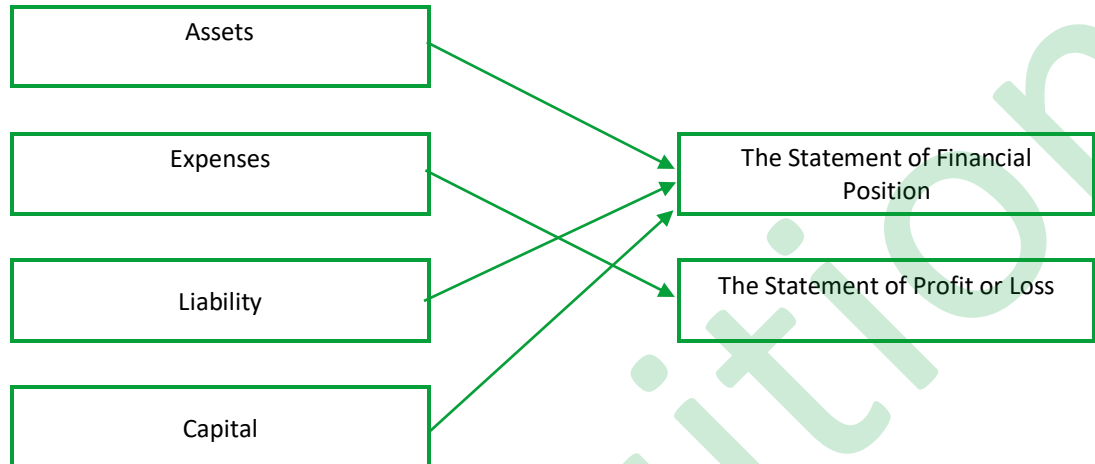
Remember, these tasks will be good preparation for what you may see in your real assessment so work hard to understand them all.

First Intuition

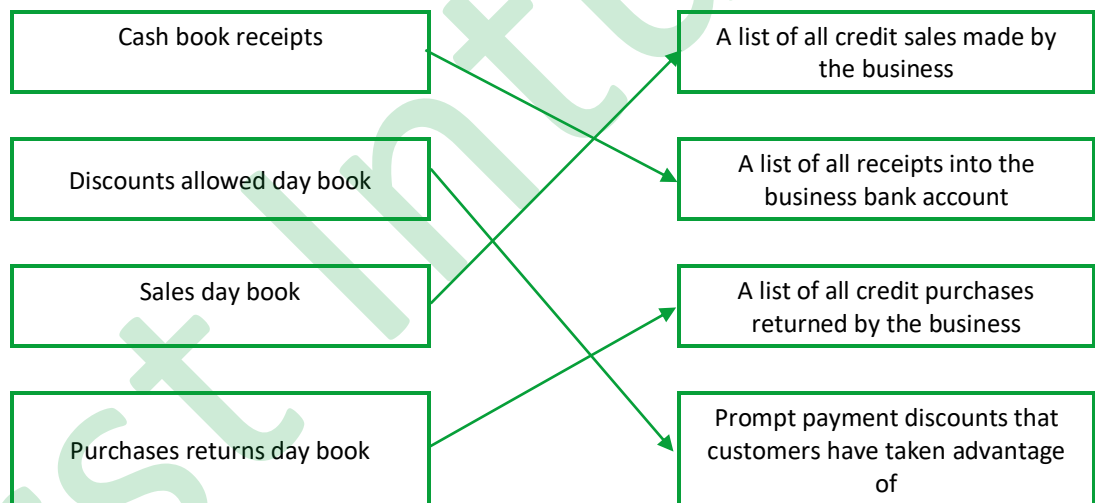
Task 1

Task 1 revision example 1

(a) Link the definitions in the boxes on the left with the statement in which they would appear in the financial statements.



(b) Link the Books of Prime Entry in the boxes on the left with the appropriate descriptions of the transactions that they deal with.



(c) If you look at the logic of the first few customer account codes:

- ▶ Aspen Ltd has the code ASP01, the first three letters of their name plus the digits 01 as they are the first (and only) customer in the alphabetic group 'A'.
- ▶ Birch plc have the code BIR01, the first three letters of their name plus the digits 01 as they are the first customer in the alphabetic group 'B'.
- ▶ Bramble Ltd have the code BRA02, the first three letters of their name plus the digits 02 as they are the second customer in the alphabetic group 'B' (Birch plc are already in this group).

Following this logic to the three new clients:

- ▶ Chestnut Ltd is the first customer in the alphabetic group 'C' so their account code will be the first three letters of their name and the digits 01; CHE01.

- ▶ Douglas Ltd is the third customer in the alphabetic group 'D' so their account code will be DOU03.
- ▶ Hornbeam Ltd is the second client in the alphabetic group 'H' so their account code will be HOR02.

Customer name	Customer account code
Aspen Ltd	ASP01
Birch plc	BIR01
Bramble Ltd	BRA02
Chestnut Ltd	CHE01
Damsel Ltd	DAM01
Dogwood Ltd	DOG02
Douglas Ltd	DOU03
Hawthorn plc	HAW01
Hornbeam Ltd	HOR02

Task 1 revision example 2

(a) Identify which document would be used for each of the purposes described.

Select your answer from the picklist:

Purpose	Document
An internally generated document that contains detail of the amount of cash being claimed (including any input VAT that can be reclaimed)	Petty cash voucher
A document that lists all transactions with the supplier and amounts that have been paid	Remittance advice
A list from a third party stating all monies received and paid from the business bank account for the month	Bank statement
A document that details what has been supplied to the business, quantity and amount for the business as a credit customer	Invoice

(b) Identify if the following statements are true or false:

Statement	True ✓	False ✓
A digital bookkeeping system can automatically create a trial balance from the general ledger accounts	✓	
A digital bookkeeping system can import transactions from bank records	✓	
A digital bookkeeping system cannot process recurring entries		✓

(c)

If you look at the logic of the first few customer account codes:

- ▶ Andes Ltd has the code AND01, the first three letters of their name plus the digits 01 as they are the first customer in the alphabetic group 'A'.
- ▶ Atlas plc have the code ATL02, the first three letters of their name plus the digits 02 as they are the second customer in the alphabetic group 'A'.
- ▶ Cederberg Ltd have the code CED01, the first three letters of their name plus the digits 01 as they are the first customer in the alphabetic group 'C'.

Following this logic to the three new clients:

- ▶ Cardamom Ltd is the second customer in the alphabetic group 'C' so their account code will be the first three letters of their name and the digits 02; CAR02.
- ▶ Duncan Ltd is the third customer in the alphabetic group 'D' so their account code will be DUN03.
- ▶ Franklin Ltd is the first client in the alphabetic group 'F' so their account code will be FRA01.

Customer name	Customer account code
Andes Ltd	AND01
Atlas plc	ATL02
Cederberg Ltd	CED01
Cardamom Ltd	CAR02
Dawson Ltd	DAW01
Dickson and Co	DIC02
Duncan Ltd	DUN03
Everett Ltd	EVE01
Franklin Ltd	FRA01

Task 1 revision example 3

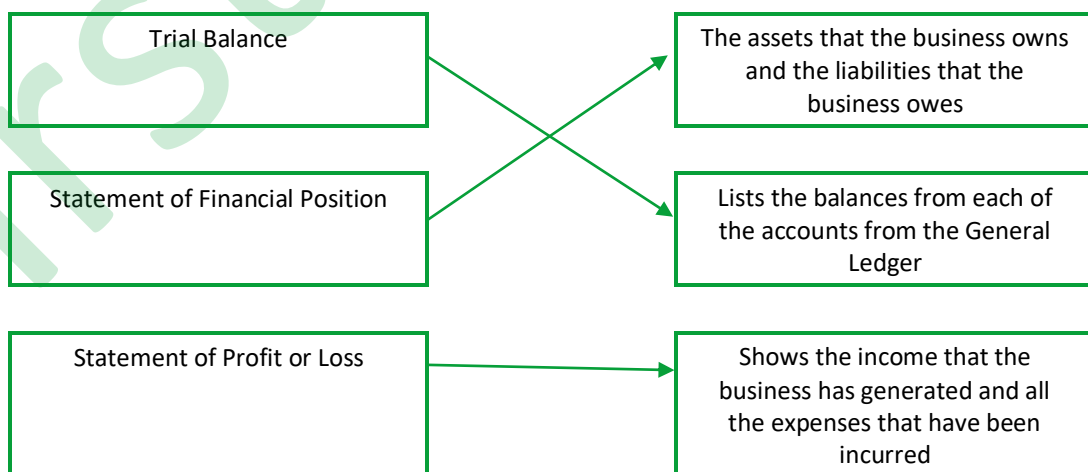
(a) Identify whether the following statements regarding bookkeeping systems are true or false.

	True ✓	False ✓
A digital bookkeeping system will always ensure your transactions are posted accurately. False, a digital bookkeeping system processes what is input, hence if there is human error these will feed through the system		✓
A digital bookkeeping system is always more efficient for small businesses False, it may not be worth investing in a digital bookkeeping system if it is a very small business with very few transactions		✓
A digital bookkeeping system can import transactions from third party software	✓	
A digital bookkeeping system saves time and therefore money	✓	
A digital bookkeeping system automatically completes the transfer of data from the books of prime entry to the ledgers	✓	

(b) Identify the book of prime entry that is being described in each case below:

Description	Book of prime entry
A daybook detailing all sales made on credit	Sales daybook
A daybook listing all prompt payment discounts taken up from suppliers	Discount received daybook
A daybook detailing all purchases made on credit	Purchase daybook

(c) Match the following statements to their descriptions below:



Task 1 revision example 4

(a) Insert the relevant account code in the coding list below for each of the two new suppliers.

Supplier name	Customer account code
Andes Ltd	AN101
Ampule plc	AM102
Bampton Ltd	BA101
Bretford Supplies Ltd	BR102
Dawson Ltd	DA101
Dewsbury Ltd	DE102
Eamon Ltd	EA101
Fornham Ltd	FO101

(b) How would you describe Step Ltd's coding system? Select one of the below:

- ☐ Alphabetical
☐ Numerical
☒ Alphanumeric – It uses both the alphabet and numbers in the coding

(c) Where would the supplier codes of Step Ltd be used? Select two correct answers below:

✓ (2)	
Purchase Daybook	✓ They are a credit supplier
Sales Daybook	
Payables ledger	✓ They are a supplier and we owe them money
Receivables ledger	

(d) Select the correct answer below:

- ☒ Eamon is incorrect - Digital systems can import transactions from third party software
☐ Eamon is correct

(e) In the Statement of Financial Position where would you find amounts owing to Eamon Ltd?

Trade Payables

(f) Is the following statement true or false?

Amounts paid by cheque will be recorded in the petty cash book.

FALSE

They will be recorded in the cash book.