

## AAT LEVEL 2

### Certificate in Accounting Introduction to Bookkeeping (ITBK)

#### Mock assessment 1

##### Guided mock

In this guided mock we will give you a briefing before each task to tell you what you are going to be assessed on in that task. This briefing will remind you of some of the key points that you should have seen in your studies and help you to have a confident attempt at the example task.

Time allowed: In the real assessment you will have a total of 1.5 hours to complete all eleven tasks. For this guided mock do not worry if you take longer than that as your speed will improve with practice.

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 1.5 hours (90 minutes) to complete the assessment this gives 0.9 minute 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.

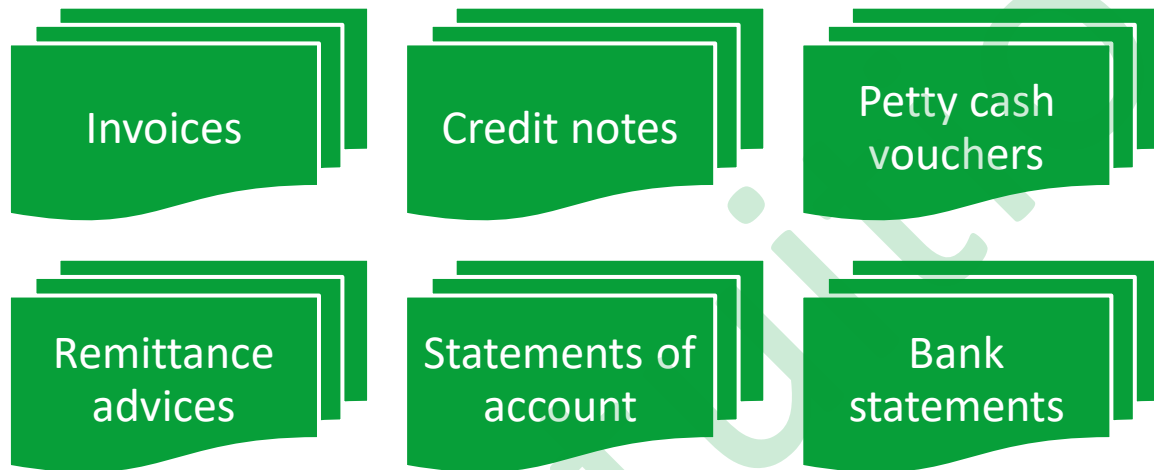
## Task 1

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.

## Here's an example task to practise

All of Equation 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.

Equation Ltd now has three new customers, Hurried Ltd, Prompt Ltd and Suddenly Ltd.

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

Customer name	Customer account code
Abrupt Ltd	ABR01
Fast plc	FAS01
Frantic Ltd	FRA02
Hurried Ltd	
Panic Ltd	PAN01
Pressured and Co	PRE02
Prompt Ltd	
Rapidly plc	RAP01
Suddenly Ltd	

Equation have now started to sell more than one product and they must now adapt their coding system to incorporate the product type, this will make the accounting system more robust and flexible for any future developments. You are on the project team and are establishing the new alphanumeric coding.

The new codes will be 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, followed by the product type 2 digit code as follows:

Screw SC, Bolt BO, Hinges HI and Handles HA

**(b) Complete the table below:**

Customer name	Customer account code
Abrupt Ltd (buys handles)	ABR01HA
Fast plc (buys screws)	FAS01SC
Frantic Ltd (buys screws)	FRA02SC
Hurried Ltd (buys bolts)	
Panic Ltd (buys Handles)	PAN01HA
Pressured and Co (buys bolts)	PRE02BO
Prompt Ltd (buys screws)	
Rapidly plc (buys screws)	RAP01SC
Suddenly Ltd (buys handles)	

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

Amounts owed by customers

Sales in the statement of profit and loss

Income from the sale of screws, bolts, hinges, and handles

Trade Receivables in the statement of financial position

Physical cash received and banked

Bank under current asset in the statement of financial position

(d) Identify the book of prime entry being described in the statement below:

A daybook detailing the items returned to suppliers

Book of prime entry	✓
Purchase daybook	
Sales daybook	
Purchase returns daybook	
Sales returns daybook	

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##### Solutions

Take the time to work through this set of solutions carefully comparing your answers to the correct version.

For any tasks where you did not get the correct answer you can go back to the original syllabus material using your Course Notes and the online lectures to improve your understanding. Alternatively, you can always contact your tutor to go through anything that you are finding hard to get to grips with.

First Intuition

## Task 1

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

- ▶ Abrupt Ltd has the code ABR01, the first three letters of their name plus the digits 01 as they are the first (and only) customer in the alphabetic group 'A'.
- ▶ Fast plc have the code FAS01, the first three letters of their name plus the digits 01 as they are the first customer in the alphabetic group 'F'.
- ▶ Frantic Ltd have the code FRA02, the first three letters of their name plus the digits 02 as Frantic Ltd are the second customer in the alphabetic group 'F' (Fast plc are already in this group).

Following this logic to the three new clients:

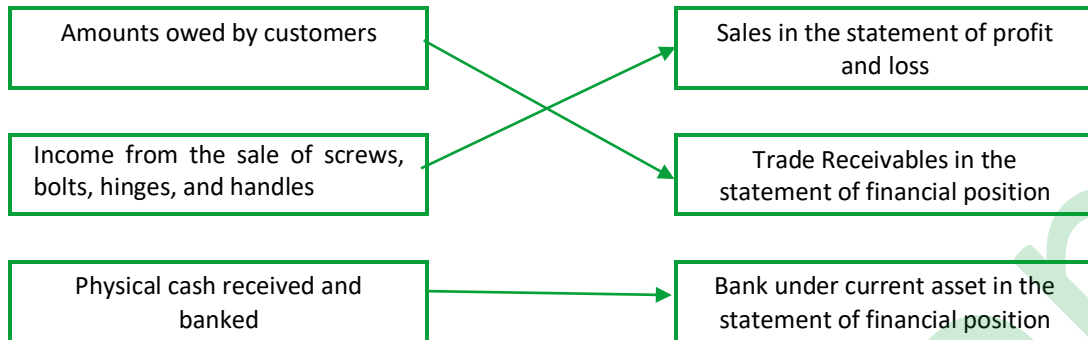
- ▶ Hurried Ltd is the first customer in the alphabetic group 'H' so their account code will be the first three letters of their name and the digits 01; HUR01.
- ▶ Prompt Ltd is the third customer in the alphabetic group 'P' so their account code will be PRO03.
- ▶ Suddenly Ltd is the first client in the alphabetic group 'S' so their account code will be SUD01.

Customer name	Customer account code
Abrupt Ltd	ABR01
Fast plc	FAS01
Frantic Ltd	FRA02
Hurried Ltd	<b>HUR01</b>
Panic Ltd	PAN01
Pressured and Co	PRE02
Prompt Ltd	<b>PRO03</b>
Rapidly plc	RAP01
Suddenly Ltd	<b>SUD01</b>

(b) Complete the table below:

Customer name	Customer account code
Abrupt Ltd (buys handles)	ABR01HA
Fast plc (buys screws)	FAS01SC
Frantic Ltd (buys screws)	FRA02SC
Hurried Ltd (buys bolts)	<b>HUR01BO</b>
Panic Ltd (buys Handles)	PAN01HA
Pressured and Co (buys bolts)	PRE02BO
Prompt Ltd (buys screws)	<b>PRO03SC</b>
Rapidly plc (buys screws)	RAP01SC
Suddenly Ltd (buys handles)	SUD01HA

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



(d) Identify the book of prime entry being described in the statement below:

A daybook detailing the items returned to suppliers

Book of prime entry ✓	
Purchase daybook	
Sales daybook	
Purchase returns daybook ✓	
Sales returns daybook	