

**aat**

**AQ2016**

---

# **Bookkeeping Transactions**

---

## **QUESTION BANK QUESTIONS**

**KAPLAN**  
PUBLISHING

We are grateful to the Association of Accounting Technicians for permission to reproduce past assessment materials. The solutions have been prepared by Kaplan Publishing.

Published by

Kaplan Publishing UK  
Unit 2 The Business Centre  
Molly Millars Lane  
Wokingham  
RG41 2QZ

The text in this material and any others made available by any Kaplan Group company does not amount to advice on a particular matter and should not be taken as such. No reliance should be placed on the content as the basis for any investment or other decision or in connection with any advice given to third parties. Please consult your appropriate professional adviser as necessary. Kaplan Publishing Limited and all other Kaplan group companies expressly disclaim all liability to any person in respect of any losses or other claims, whether direct, indirect, incidental, consequential or otherwise arising in relation to the use of such materials.

All rights reserved. No part of this publication may be reproduced, stored in a retrieval system, or transmitted, in any form or by any means, electronic, mechanical, photocopying, recording or otherwise, other than for the sole purpose of making this publication available to the students of the college, to whom this publication has been sent by Kaplan Publishing, who have purchased the relevant Kaplan Publishing Textbook/Workbook for this unit.

© Kaplan Financial Limited, 2020

# INTRODUCTION

This question bank is designed for use by Kaplan colleges and external colleges who have adopted Kaplan Publishing's study material for this assessment.

We respectfully draw your attention to the copyright page of this publication and would remind you that you should take every reasonable care to observe the restrictions placed on you and your students' use of this material.

The contents page lists the topics which this question bank covers.

These topics broadly correspond with the order of the topics in the text book.

## INDEX TO QUESTIONS AND ANSWERS

		Question page	Answer page
Chapter 1	Business documents	2	106
Chapter 2	Books of prime entry	14	116
Chapter 3	Double entry bookkeeping – introduction	20	122
Chapter 4	Ledger accounting	27	129
Chapter 5	Accounting for credit sales, VAT and discounts	34	136
Chapter 6	Accounting for credit purchases, VAT and discounts	47	146
Chapter 7	Control accounts and subsidiary ledgers	54	152
Chapter 8	Payments and receipts	75	171

The bank contains questions graded into two types:

- some are designed to help learners struggling with a topic, and
- others (marked \*\*) are designed to challenge the more able learner.



---

# QUESTIONS

---

## CHAPTER 1

### BUSINESS DOCUMENTS

#### 1 LITTLE MISS MUFFINS CAKE SHOP

A supply of cake boxes has been delivered to the Little Miss Muffins Cake Shop by Avril's Catering Supplies. The purchase order sent from the Little Miss Muffin Cake Shop and the invoice from Avril's Catering Supplies are shown below:

	<p>Little Miss Muffin Cake Shop 1 Baker Street London WC1 8QT</p> <p>Purchase Order no. 1067</p>
<p>To: Avril's Catering Supplies</p> <p>Date: 7 June 2012</p> <p>Please supply 50 cake boxes product code 195223.</p> <p>Purchase Price: £70 per 50 plus VAT</p>	

Avril's Catering Supplies Unit 4 James Industrial Estate Lanford Road Middlesex TW1 7PS  Invoice Number 3324	
	25 June 2012
50 cake boxes product code 195232	£70.00
VAT	£21.00
	_____
Gross	<b>£91.00</b>
Terms: 30 days net	

Check the invoice against the purchase order and note the errors/omissions below.

## 2 BALOTELLI

Balotelli Supplies have sent a purchase order to Ferguson Training. You are required to prepare the invoice from Ferguson Training to Balotelli Supplies based on the information provided on the purchase order.

<p>Balotelli Supplies 11 Main Road Manchester M1 2PW</p> <p>Purchase Order no. 40</p>
<p>To: Ferguson Training</p> <p>Date: 30 June 2012</p> <p>Please supply 1,000 footballs product code MC2012.</p> <p>Purchase Price: £1 each plus VAT</p>

Ferguson Training Unit 1 Old Trafford Road Champion Park Manchester M11 3HU VAT reg no: 618 2201 63		To: Balotelli Supplies 11 Main Road Manchester M1 2PW	
Invoice Number 123		10 July 2012	
_____ footballs product code _____			
VAT			
Gross			
Terms: 30 days net			

**Workings:**

**3 MULTI CHOICE**

**Which of the following documents is not associated with the sales records of a company?**

- A Delivery note
- B Quotation
- C Petty cash claim
- D Invoice

**Which of the following are used in a coding system for accounting transactions?**

- A Department code
- B Nominal ledger code
- C Product code
- D All of the above

**Which of the following information is not likely to be included on a sales invoice?**

- A Customer name
  - B Description of goods
  - C Date
  - D Receivables ledger control account number
-

**4 DOCUMENTS**

What are the names of the following documents?

- (a) A document from the seller to the customer confirming that the customer's order has been accepted and that the goods will be supplied in due course.
  - (b) A document sent from the seller to the customer detailing the price at which the required goods can be supplied, if the customer wishes to proceed.
  - (c) An internal document produced by the seller of goods to record the details of goods returned from a customer.
-

**5 MEANING OF TERMS**

What is the meaning of the following terms that might be seen on invoices or other accounting documents?

- (a) E & OE
  - (b) Ex works
  - (c) COD
-

**6 PHIL INN**

Fill in the missing word(s):

A \_\_\_\_\_ code is used to identify the account in which the purchases of goods are recorded

A \_\_\_\_\_ code is used to identify the organisation in which the goods were purchased from

A \_\_\_\_\_ is used to identify the types of products purchased

---

**7 DOCUMENT FILES**

What is an appropriate way to file the following documents?

Bank statements –

Insurance documents –

Sales Invoices –

---

**8 PURCHASE INVOICES**

In many purchases systems, all purchase invoices are stamped with a grid stamp on receipt. What are the typical details entered on such a grid stamp?

---

**9 PURCHASE TRANSACTION**

In a purchase transaction, which party sends the following documents to which party?

- (a) Purchase order
  - (b) Delivery note
  - (c) Credit note
-

**10 DELIVERY NOTE**

A delivery note typically has three copies. What is the role of each of these copies?

---

## CHAPTER 2

### BOOKS OF PRIME ENTRY

#### 11 MEANINGS

Explain briefly the meaning of the following terms:

- (a) Book of prime entry
  - (b) Sales day book
  - (c) Sales returns day book
-

**12 ANALYSED SALES DAY BOOK**

What is the advantage of maintaining an analysed sales day book?

---

**13 SALES DAY BOOK**

What are the column headings in a typical (non-analysed) sales day book?

---

**14 PURCHASES DAY BOOK**

What are the typical column headings in a (non-analysed) purchases day book?

---

**15 TWO COLUMN CASH BOOK**

What are the typical column headings for a two-column analysed cash receipts book of a business that is registered for VAT?

---

**16 JUNIORS\*\***

Juniors Ltd is a successful toy shop. Its purchases are analysed into pre-school toys, board games and other toys. A separate purchases returns day book is not kept, so any credit notes received are recorded as negative amounts in the purchases day book.

Today's date is 8 May 20X4 and the purchase invoices and credit notes listed below have just been received.

The company's policy is to assign a unique number to each purchase invoice and credit note as they are received. The last numbers used were 00147 for invoices and CN0076 for credit notes.

<i>Purchase invoices received</i>	<i>Description of toys received</i>	<i>Amount net of VAT</i> £	<i>VAT amount</i> £
Supplier			
Renfree Ltd	Babies' rattles	146.20	29.24
Goldspink Ltd	Computer games	403.17	80.63
Evans Ltd	Monopoly board games	84.60	16.92
Sandford Ltd	Teenagers' golf clubs	213.44	42.68
Richings Ltd	Teenagers' tennis racquets	309.62	61.92
Asforis Ltd	Babies' teddy bears	216.85	43.37
Wiseman Ltd	Cluedo board games	61.87	12.37
McClellan Ltd	Scrabble board games	70.60	14.12
<i>Credit notes</i>	<i>Description of toys returned</i>	<i>Amount net of VAT</i> £	<i>VAT amount</i> £
Supplier			
Aaron Ltd	Damaged board games	42.00	8.40
Calvin Ltd	Surplus computer games	73.16	14.63

You are required to:

- (a) Set up the columns for the analysed purchases day book.
- (b) Enter each of the above invoices and credit notes into the purchases day book.
- (c) Total each of the columns in the purchases day book.

## CHAPTER 3

### DOUBLE ENTRY BOOKKEEPING – INTRODUCTION

#### 17 ACCOUNTING EQUATION

State the 'accounting equation' and explain the meaning of each of the terms used in the equation.

---

**18 CAPITAL AND REVENUE EXPENDITURE**

State whether each of the following qualify as capital expenditure or revenue expenditure:

- Annual rental on a machine used in the factory.
  - Purchase of new car for a sales representative.
  - Purchase of goods for resale.
  - Cost of new factory.
  - Finance director's salary.
-

**19 ACCOUNTING ENTRY**

Which of the following changes could not occur as a result of an entry in the bookkeeping records?

- A Increase asset and increase liability
  - B Increase asset and increase capital
  - C Increase capital and increase liability
  - D Increase capital and decrease liability
-

**20 KAPIL DEV**

State which of the following items are shown under the wrong classification for Kapil Dev's business.

Assets

Loan from A Lamb

Motor vehicles

Premises

Goodwill

Machinery

Cash in hand

Capital

Cash at bank

Liabilities

Receivables

Money owing to bank

Inventories

Loan from Riffle

Money owing to A Little

Fixtures

Payables

Buildings

---

**21 MISSING FIGURES\*\***

Identify the missing figures for each of the following examples.

	<i>Assets</i>	<i>Liabilities</i>	<i>Capital</i>
	£	£	£
(i)	50,000	7,200	?
(ii)	112,000	19,600	?
(iii)	67,200	?	50,000
(iv)	96,400	?	65,800
(v)	?	25,200	76,800
(vi)	?	50,600	159,000

Fill in the blanks (?) in the table above.

---

**22 CLASSIFICATION\*\***

Classify the following into Assets and Liabilities.

- |                             |                         |
|-----------------------------|-------------------------|
| (i) Bank balance (in funds) | (vii) Premises          |
| (ii) We owe for goods       | (viii) Trade payable    |
| (iii) Motor vehicle         | (ix) Loan from D Randle |
| (iv) Fixture and fittings   | (x) Cash in hand        |
| (v) Loan from Pringle       | (xi) Owing to bank      |
| (vi) Office machinery       | (xii) Receivables       |
-

**23 MARK WAUGH\*\***

Mark Waugh starts in business. Before any sales, he has purchased fixtures £12,000, motor vehicle £30,000 and inventories £21,000. Although he has paid in full for the fixtures and motor vehicle, he still owes £8,400 for some of the inventory. His brother Steve has lent him £18,000. Mark, after the above, has £16,800 in the business bank account and £600 cash in hand. Calculate Mark's capital?

---

## CHAPTER 4

### LEDGER ACCOUNTING

#### 24 CHANGES

Tick the correct boxes for the following:

	<i>Debit</i>	<i>Credit</i>
(i) Increase in assets		
(ii) Increase in capital		
(iii) Decrease in capital		
(iv) Increase in liabilities		
(v) Decrease in assets		
(vi) Decrease in liabilities		
(vii) Increase in expenses		
(viii) Decrease in revenue		
(ix) Decrease in expenses		
(x) Increase in revenue		

---

**25 ABIGAIL**

Abigail started a new business on 1 January 20X2. During January the following transactions occurred:

- 1 Introduced £5,000 cash as opening capital.
- 2 Purchased a machine for £1,500 cash.
- 3 Purchased goods on credit for £500.
- 4 Sold half these goods for £600 cash.
- 5 Withdrew £200 cash for her own personal expenses.
- 6 Paid electricity bill for £30 in cash.
- 7 Sold the remaining goods on credit for £800.
- 8 Paid the £500 due to the payable.

**Required:**

Write up the ledger accounts necessary to record the transactions for the month. You are not required to balance the accounts at the end of the month.

---

**26 BASHIR\*\***

Bashir started a new business on 1 November 20X6. During the first two weeks the following transactions occurred:

- 1 Introduced £2,000 cash as opening capital.
- 2 Purchased a van for £400 cash.
- 3 Purchased goods for £700 cash.
- 4 Sold half these goods for £500 on credit.
- 5 Paid rent of £80 in cash.
- 6 Withdrew £100 in cash to settle a personal debt.
- 7 Sold the remaining goods for £400 cash.
- 8 Received in cash half the debt due from the receivables.

**Required:**

Record the above transactions in the books of Bashir by means of ledger accounts. You are required to balance each account at the end of the two week period showing clearly the balances carried down at the end of the period.

---

## 27 SAMUELS

The following are the balances on the accounts of Samuels at 31 December 20X2.

	£
Sales	47,140
Purchases	26,500
Receivables	7,640
Payables	4,320
General expenses	9,430
Loan from father	5,000
Plant and machinery	10,500
Motor van	4,600
Drawings	7,500
Rent and rates	6,450
Insurance	1,560
Bank overdraft	2,570
Capital	15,150

You are required to draw up a trial balance as at 31 December 20X2.

---

**28 DEFINITION**

What is the definition of a trial balance?

---

**29 HASTINGS PLC\*\***

You are the assistant accountant at Hastings plc, a small business that is registered for VAT.

Detailed below is a list of balances on the accounts in the general ledger on 30 June 20X1 for the company. You are required to prepare an initial trial balance and to total the columns of the trial balance. Please use the form provided overleaf to set out your answer.

	£
Administration overheads	5,743.90
Irrecoverable debt	575.33
Bank account (in funds)	9,116.61
Capital	48,281.35
Non-current assets	62,432.00
PAYE/NIC liability	5,222.38
Petty cash control	156.96
Purchases	165,819.41
Purchases ledger control	28,233.49
Purchases returns	7,242.96
Sales	372,238.56
Sales ledger control	70,098.61
Sales returns	10,387.54
Selling and distribution overheads	7,806.45
Inventory	39,012.25
Sundry expenses	1,898.43
VAT control (credit balance)	16,713.76
Wages/salaries expense	104,885.01



## CHAPTER 5

### ACCOUNTING FOR CREDIT SALES, VAT AND DISCOUNTS

#### 30 AB LTD

AB Ltd sells goods that are standard-rated for VAT at 20%. How much VAT will be charged on the following transactions?

- (a) Sale of goods for £2,000 (before VAT).
  - (b) Sale of goods for £480 (before VAT).
  - (c) Sale of goods for £4,800 (inclusive of VAT).
  - (d) Sale of goods for £1,000 (before VAT) on which a 3% prompt payment discount is offered.
-

**31 RECORD**

Record the following sale.

Mr B sells goods for £960 inclusive of VAT (20%) to Mr C on credit.

Receivables					
Date	Detail	£	Date	Detail	£

Sales					
Date	Detail	£	Date	Detail	£

VAT					
Date	Detail	£	Date	Detail	£

**32 SALES**

You are selling 100 items at £35 each excluding VAT.

A 5% trade discount is applied and a 3% discount is offered for settlement within 5 days.

- (a) Calculate the net, VAT and gross amounts to appear on an invoice.
  - (b) Calculate the amount payable if paid within 5 days.
-

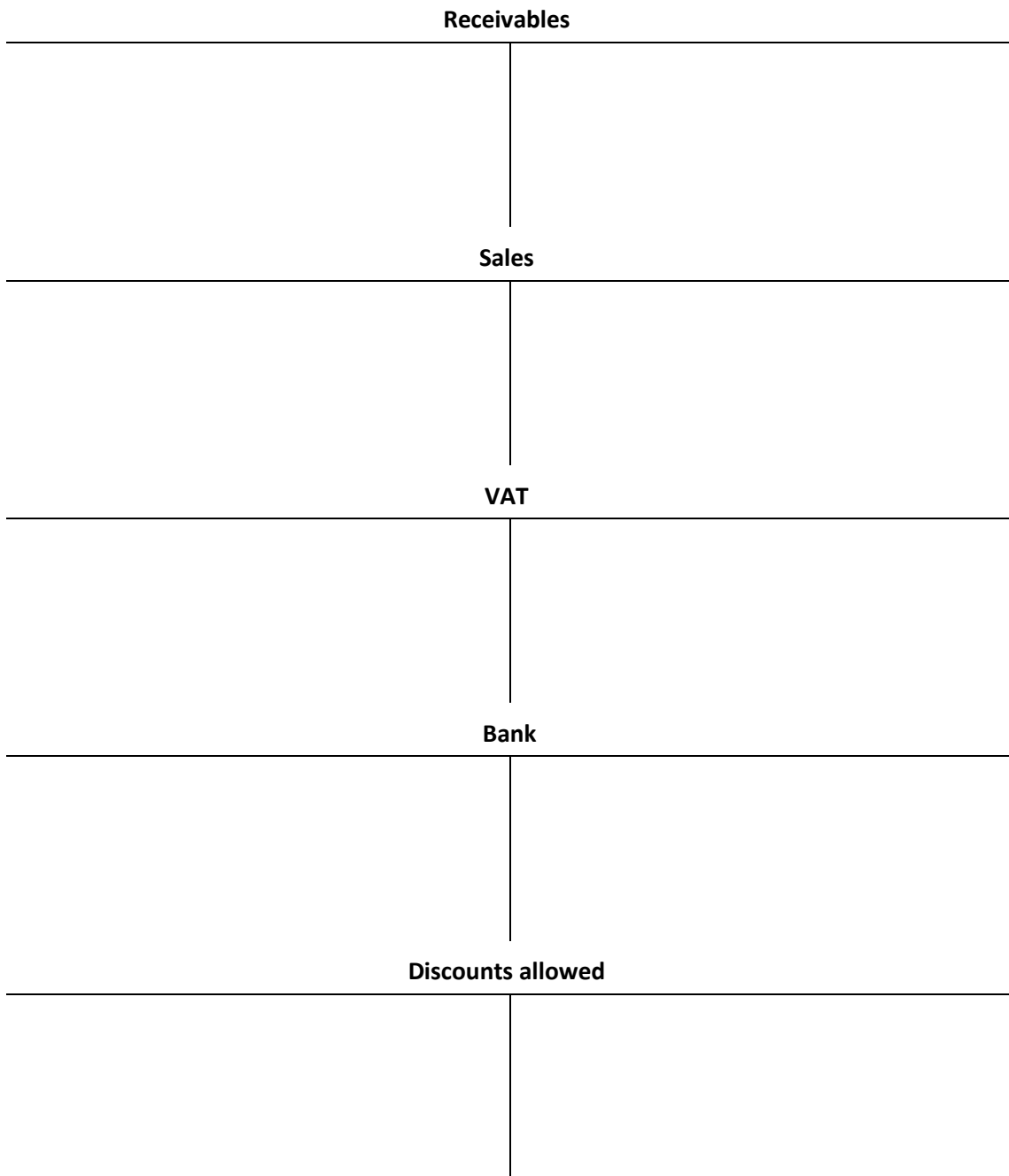
**33 MORE SALES**

A sale of goods worth £240 (net of VAT at 20%) was made and a 5% discount was offered for settlement within 20 days. What would the amounts be:

- (a) On the invoice
- (b) If the customer paid within 20 days.

Record the following transactions in the ledger accounts below:

- 1 The sales invoice.
- 2 The payment received from the customer on day 15.
- 3 The prompt payment discount allowed to the customer.



**34 MINICORP\*\***

You work as the accounts assistant at Minicorp Ltd, a supplier of general goods, all of which are standard rated for VAT at 20%. Given below are the details of three sales which are to be delivered today (28 July 20X3).

<i>Customer</i>	<i>Items sold</i>	<i>Unit selling price (before VAT and discounts)</i>
Ahmed Trading	10 Alphas	£200
Bertie Ltd	6 Betas	£120
Charlie Ltd	2 Alphas, 4 Betas	As above

You extract the following details from the customer master file:

<i>Customer</i>	<i>Address</i>	<i>Trade discount</i>	<i>PPD</i>
Ahmed Trading	4 The High Street Stevenage, Herts	10%	–
Bertie Ltd	31 The Mall Cheltenham, Glos	10%	5% if paid within 21 days
Charlie Ltd	7 The Esplanade Clacton, Essex	20%	5% if paid within 21 days

For those customers who are offered a prompt payment discount (PPD) you should advise them of this offer at the bottom of their invoice and also state the amount payable if they pay within the required time to qualify for the PPD.

The last invoice sent out was number 1744. Normal credit terms are 30 days.

**Required:**

Prepare invoices to send to the three customers above, using the blank invoices supplied.

**INVOICE**

To:

Minicorp Ltd  
 22 The Square  
 Wolverhampton  
 WV2 4DD  
 Tel: 01902 44556

Invoice no:

Tax point:

VAT reg no: 234 1116 92

<i>Description</i>	<i>Quantity</i>	<i>VAT rate</i>	<i>Unit price</i>	<i>Amount ex VAT</i>
		%	£	£

Trade discount

\_\_\_\_\_

VAT at 20%

\_\_\_\_\_

Total amount payable

\_\_\_\_\_

**INVOICE**

To:

Minicorp Ltd  
 22 The Square  
 Wolverhampton  
 WV2 4DD  
 Tel: 01902 44556

Invoice no:

Tax point:

VAT reg no: 234 1116 92

<i>Description</i>	<i>Quantity</i>	<i>VAT rate</i>	<i>Unit price</i>	<i>Amount ex VAT</i>
		%	£	£

Trade discount

\_\_\_\_\_

VAT at 20%

\_\_\_\_\_

Total amount payable

\_\_\_\_\_

**INVOICE**

To:

Minicorp Ltd  
 22 The Square  
 Wolverhampton  
 WV2 4DD  
 Tel: 01902 44556

Invoice no:

Tax point:

VAT reg no: 234 1116 92

<i>Description</i>	<i>Quantity</i>	<i>VAT rate</i>	<i>Unit price</i>	<i>Amount ex VAT</i>
		%	£	£

Trade discount

\_\_\_\_\_

VAT at 20%

\_\_\_\_\_

Total amount payable

\_\_\_\_\_

**35 MINICORP II\*\***

You work as the accounts assistant at Minicorp Ltd, a supplier of general goods, all of which are standard rated for VAT at 20%. Given below are the details of two returns of goods to the company which have been received today (29 July 20X3). Each return has been checked and authorised and you are now to prepare the credit notes.

<i>Customer</i>	<i>Items returned</i>	<i>Unit selling price (before VAT and discounts)</i>
Ahmed Trading	3 Gammas	£100
Bertie Ltd	4 Deltas	£160

You extract the following details from the customer master file:

<i>Customer</i>	<i>Address</i>	<i>Trade discount</i>
Ahmed Trading	4 The High Street Stevenage, Herts	10%
Bertie Ltd	31 The Mall Cheltenham, Glos	10%

The last credit note to have been issued was number CN143.

**Required:**

Prepare credit notes to send to the two customers above, using the blank credit notes supplied.

<b>CREDIT NOTE</b>																			
<div style="border: 1px solid black; height: 70px; width: 100%; margin-bottom: 10px;"></div> <p>To:</p>	Minicorp Ltd 22 The Square Wolverhampton WV2 4DD Tel: 01902 44556																		
Credit note no:																			
Tax point:																			
VAT reg no:    234 1116 92																			
<table border="1" style="width: 100%; border-collapse: collapse; text-align: center;"> <thead> <tr> <th style="width: 30%;"><i>Description</i></th> <th style="width: 15%;"><i>Quantity</i></th> <th style="width: 15%;"><i>VAT rate</i></th> <th style="width: 15%;"><i>Unit price</i></th> <th style="width: 25%;"><i>Amount ex VAT</i></th> </tr> <tr> <td></td> <td></td> <td>%</td> <td>£</td> <td>£</td> </tr> </thead> <tbody> <tr> <td style="height: 40px;"> </td> <td> </td> <td> </td> <td> </td> <td> </td> </tr> </tbody> </table>					<i>Description</i>	<i>Quantity</i>	<i>VAT rate</i>	<i>Unit price</i>	<i>Amount ex VAT</i>			%	£	£					
<i>Description</i>	<i>Quantity</i>	<i>VAT rate</i>	<i>Unit price</i>	<i>Amount ex VAT</i>															
		%	£	£															
Trade discount			_____																
VAT at 20%			_____																
Total amount			_____																

**CREDIT NOTE**

To:

Minicorp Ltd  
 22 The Square  
 Wolverhampton  
 WV2 4DD  
 Tel: 01902 44556

Credit note no:

Tax point:

VAT reg no: 234 1116 92

<i>Description</i>	<i>Quantity</i>	<i>VAT rate</i>	<i>Unit price</i>	<i>Amount ex VAT</i>
		%	£	£

Trade discount

\_\_\_\_\_

VAT at 20%

\_\_\_\_\_

Total amount

\_\_\_\_\_

**36 CHUNG TRADING\*\***

You work as an accounts assistant for Chung Trading, a supplier of building materials. Today (14 March 20X1) your business has issued three invoices, reproduced below. Your task is to write up these invoices in the blank sales day book provided.

Sales are analysed into three categories: wood products, plumbing products and roofing products. Product codes start with W, P or R respectively depending on their category.

**Required:**

Write up the analysed sales day book and total each of the columns.

<b>INVOICE</b>					
Invoice to: Abacus Ltd 3 Dingle Dell Leeds LS7 1FG			Chung Trading Moor Park Estate Leeds LS18 2BN Tel: 0113 255 3604		
Invoice no:	14243				
Date/tax point:	14 March 20X1				
VAT reg no:	461 1047 22				
<i>Product code</i>	<i>Description</i>	<i>Quantity</i>	<i>VAT rate</i>	<i>Unit price</i>	<i>Total ex VAT</i>
			%	£	£
P257	Brass taps	8	20	42.00	336.00
P604	Shower head	2	20	36.00	72.00
R048	Red tiles	200	20	0.60	120.00
R119	Lead flashing	3	20	15.20	45.60
W206	Fence post	8	20	12.00	96.00
					669.60
Trade discount (10%)					(66.96)
					602.64
VAT at 20%					120.52
					723.16
Terms: 30 days					

**INVOICE**

Invoice to:  
 Baltic Ltd  
 72 East Side  
 Leeds LS4 2FE

Chung Trading  
 Moor Park Estate  
 Leeds  
 LS18 2BN  
 Tel: 0113 255 3604

Invoice no: 14244  
 Date/tax point: 14 March 20X1  
 VAT reg no: 461 1047 22

<i>Product code</i>	<i>Description</i>	<i>Quantity</i>	<i>VAT rate</i>	<i>Unit price ex VAT</i>	<i>Total</i>
			%	£	£
R049	Black tiles	250	20	0.50	125.00
W171	Plywood sheet	12	20	15.00	180.00
					305.00
Trade discount					—
					305.00
VAT at 20%					61.00
Total payable					366.00

Terms: 3% discount offered if paid within 14 days.

**INVOICE**

Invoice to:  
 Chittenden Ltd  
 12 Upper Lane  
 Milton Keynes MK10 4BA

Chung Trading  
 Moor Park Estate  
 Leeds  
 LS18 2BN  
 Tel: 0113 255 3604

Invoice no: 14245  
 Date/tax point: 14 March 20X1  
 VAT reg no: 461 1047 22

<i>Product code</i>	<i>Description</i>	<i>Quantity</i>	<i>VAT rate</i>	<i>Unit price</i>	<i>Total ex VAT</i>
			%	£	£
W244	Teak door	1	20	195.00	195.00
R280	Chimney pot	2	20	85.00	170.00
P257	Brass taps	2	20	42.00	84.00
R048	Red tiles	100	20	0.60	60.00

	509.00
Trade discount (5%)	(25.45)
	-----
	483.55
VAT at 20%	96.71
	-----
Total payable	580.26
	-----

Terms: 30 days

**SALES DAY BOOK**

<b>Date</b>	<b>Invoice no</b>	<b>Customer name</b>	<b>Total £</b>	<b>VAT £</b>	<b>Wood £</b>	<b>Plumbing £</b>	<b>Roofing £</b>

**CHAPTER 6****ACCOUNTING FOR CREDIT PURCHASES, VAT AND DISCOUNTS****37 PURCHASER**

A purchaser buys a machine with a list price of £1,000 exclusive of VAT. The purchaser is granted a trade discount of 5% and is offered a prompt payment discount of 3% if the debt is paid within 21 days. VAT is charged at a standard 20%.

- (a) How much should the purchase invoice total be for this machine?
  - (b) What would be the amount paid if paid after 21 days?
  - (c) What would be the amount paid if paid within 21 days?
-

**38 THREE REASONS**

State three reasons why goods received from a supplier might be returned to the supplier.

---

**39 PROMPT PAYMENT DISCOUNTS**

It is your company's policy to take all prompt payment discounts that are offered. A purchase invoice is received for £2,000 plus VAT at 20% from a company that offers a 2% discount if the invoice is paid within two weeks. How much should be paid to this payable to settle the bill?

---

**40 MR P**

Mr P purchases goods for £550 net of VAT (20%) and the supplier offers a prompt payment discount of 4% if it is paid in 30 days.

**Required:**

- 1 Calculate the invoice amount and record the transaction in the accounts when goods are purchased.
- 2 Record the transactions on the basis that the discount is taken (amount paid and discount received).

**Workings**

<b>Payables</b>	
<hr/>	
<b>Purchases</b>	
<hr/>	
<b>VAT</b>	
<hr/>	

**Bank**

---

**Discounts received**

---

**41 HAUSER LTD\*\***

You work as an accounts assistant at Hauser Ltd. You have been given the purchase order, delivery note and purchase invoice in respect of a recent purchase of goods from PC Traders Ltd.

**Required:**

- (a) Check each document carefully and note any discrepancies.
- (b) Write a memo to Rosemary Smith, your supervisor, summarising your findings and recommending any required action to be taken.

<b>PURCHASE ORDER</b>			
HAUSER LTD Denzil House Longford Road Liverpool L2 1BE Tel: 0151 243864 Date: 26 July 20X7 Purchase order no: 2177	To: PC Traders Ltd 4 Dockside Road Liverpool L3 4FF		
Code	Quantity	Description	Unit price (exclusive of VAT) £
ATI346	15	Graphics cards	40.00
GIG144	8	Motherboards	85.00
AMD712	6	Processors	62.00

<b>DELIVERY NOTE</b>		
	PC Traders Ltd 4 Dockside Road Liverpool L3 4FF Tel: 0151 310998 Delivery note no: 2144 Date: 2 August 20X7	
Code	Description	Quantity
ATI348	ATI R9000 graphics card	15
GIG144	Gigabyte 4XP motherboard	8
AMD712	AMD 2000+ processor	5
Goods received in good condition:      Print name .....		
Signature .....		
Date .....		

**INVOICE**

Invoice to:  
 Hauser Ltd  
 Denzil House, Longford Road  
 Liverpool L2 1BE

PC TRADERS LTD  
 4 Dockside Road  
 Liverpool  
 L3 4FF  
 Tel: 0151 310998  
 Invoice no: 8106

Date/tax point: 4 August 20X7

VAT reg no: 234 1116 92  
 Purchase order no: 2177

<i>Code</i>	<i>Description</i>	<i>Quantity</i>	<i>VAT rate</i>	<i>Unit price</i>	<i>Amt ex VAT</i>
			%	£	£
ATI348	ATI R9000 graphics card	15	20	48.00	720.00
GIG144	Gigabyte 4XP motherboard	8	20	85.00	680.00
AMD712	AMD 2000+ Processor	6	20	62.00	372.00

1,772.00

VAT at 20%

354.40

Total payable

2,126.40

## CHAPTER 7

### CONTROL ACCOUNTS AND SUBSIDIARY LEDGERS

#### 42 MISSING CELLS

Complete the missing cells from the sales day book. There is no settlement discount offered to customers. VAT is at 20%.

Post the sales day book to the general and subsidiary ledgers, indicating whether the entries should be debits or credits.

Sales day book					
Date	Invoice No.	Customer name	Total £	VAT £	Net £
1/4/12		Henderson & Sons Building			550.00
1/4/12		Armstrong Carpentry	360.00	60.00	
1/4/12		Mullen's Roofing	216.00		
1/4/12		Keady's Ceilings	1,680.00		
		Total			

#### Postings to the general ledger

Account	Amount	Dr or Cr

#### Postings to sales ledger

Account	Amount	Dr or Cr

**43 WILLIAMS WHOLESALE**

The following transactions all took place on 31 July 2012 and have been entered into the sales day book of Williams Wholesale as shown below. No entries have yet been made into the ledger system.

Date 2012	Details	Invoice number	Total £	VAT £	Net £
31 July	Brown's	800	2,040	340	1,700
31 July	Raith & Son	801	10,500	1,750	8,750
31 July	Drogba	802	14,376	2,396	11,980
31 July	Bertrand	803	3,168	528	2,640
	Totals		30,084	5,014	25,070

What will be the entries in the sales ledger?

Account name	Amount £	Debit ✓	Credit ✓

Picklist: Bertrand, Brown's, Drogba, Purchases, Raith & Son, Sales ledger control, Purchases returns, Sales, Purchases ledger control, Sales returns, VAT

What will be the entries in the general ledger?

Account name	Amount £	Debit ✓	Credit ✓

Picklist: Bertrand, Brown's, Drogba, Purchases, Raith & Son, Sales ledger control, Purchases returns, Sales, Purchases ledger control, Sales returns, VAT

#### 44 CREDIT TRANSACTIONS

The following credit transactions all took place on 31 July 2012 and have been entered into the sales returns day-book AVB as shown below. No entries have yet been made in the ledgers.

Date 2012	Details	Credit note number	Total £	VAT £	Net £
31 July	Friedel	CN378	5,280	880	4,400
31 July	Naughton	CN379	10,680	1,780	8,900
	<b>Totals</b>		15,960	2,660	13,300

What will be the entries in the sales ledger?

##### Sales ledger

Account name	Amount £	Debit ✓	Credit ✓

Picklist: Friedel, Naughton, Net, Purchases, Purchases ledger control, Purchases returns, Sales, Sales ledger control, Sales returns, Total, VAT

What will be the entries in the general ledger?

##### General ledger

Account name	Amount £	Debit ✓	Credit ✓

Picklist: Friedel, Naughton, Net, Purchases, Purchases ledger control, Purchases returns, Sales, Sales ledger control, Sales returns, Total, VAT

---

**45 FELIX & FALL**

- Felix & Fall have both trade and retail sales.
- Trade sales have a credit term of 14 days.
- Felix & Fall offer a 3% prompt payment discount to all customers for settlement within 5 working days.
- You are employed by the business as a bookkeeper.
- The business uses a manual accounting system.
- Double entry takes place in the general ledger. Individual accounts for receivables are kept in a subsidiary ledger as memorandum accounts.
- The following transactions have taken place today, 15 October 2012 with trade customers, and require recording in the sales day book.

	Invoice No	Net £
Space Creators	245	190.00
Moon Motors	246	102.00
Hot Rod's	247	345.00
King of Cool	248	620.00

Sales day book					
Date	Invoice No.	Customer name	Total £	VAT £	Net £

Show how the sales day book will be posted to the general and subsidiary sales ledger.

**Postings to the general ledger**

Account	Amount	Dr or Cr

**Posting to sales ledger**

<b>Account</b>	<b>Amount</b>	<b>Dr or Cr</b>

---

**46 EMMA**

The following transactions all took place on 30 June and have been entered into the purchases day book of Emma as shown below. No entries have yet been made into the ledger system.

<b>Date 2012</b>	<b>Details</b>	<b>Invoice number</b>	<b>Total £</b>	<b>VAT £</b>	<b>Net £</b>
30 June	Benny's	158	2,520	420	2,100
30 June	Tots Tumbles	2981	1,320	220	1,100
30 June	Susy Snoop	1094	3,894	649	3,245
30 June	Freddie Frog	101	1,680	280	1,400
	<b>Totals</b>		<b>9,414</b>	<b>1,569</b>	<b>7,845</b>

What will be the entries in the purchases ledger?

<b>Account name</b>	<b>Amount £</b>	<b>Debit ✓</b>	<b>Credit ✓</b>

Picklist: Benny's, Freddie Frog, Purchases, Sales ledger control, Purchases returns, Sales, Purchases ledger control, Sales returns, Susy Snoop, Tots Tumbles, VAT

What will be the entries in the general ledger?

<b>Account name</b>	<b>Amount £</b>	<b>Debit ✓</b>	<b>Credit ✓</b>

Picklist: Benny's, Freddie Frog, Purchases, Sales ledger control, Purchases returns, Sales, Purchases ledger control, Sales returns, Susy Snoop, Tots Tumbles, VAT

**47 JACOB**

The following credit transactions all took place on 31 July 2012 and have been entered into the purchases returns day-book of Jacob as shown below. No entries have yet been made in the ledgers.

Date 2012	Details	Credit note number	Total £	VAT £	Net £
31 July	Delta	CN101	360	60	300
31 July	Romeo	CN102	120	20	100
	<b>Totals</b>		480	80	400

What will be the entries in the purchases ledger?

**Purchases ledger**

Account name	Amount £	Debit ✓	Credit ✓

Picklist: Delta, Net, Purchases, Purchases ledger control, Purchases returns, Romeo, Sales, Sales ledger control, Sales returns, VAT, Total

What will be the entries in the general ledger?

**General ledger**

Account name	Amount £	Debit ✓	Credit ✓

Picklist: Delta, Net, Purchases, Purchases ledger control, Purchases returns, Romeo, Sales, Sales ledger control, Sales returns, VAT, Total

---

**48 GERRARD**

- Gerrard makes purchases by cash and on credit.
- Gerrard’s credit suppliers offer him a 3% discount for payment within 14 days.
- You are employed by the business as a bookkeeper.
- The business uses a manual accounting system.
- Double entry takes place in the general ledger. Individual accounts for payables are kept in a subsidiary ledger as memorandum accounts.
- The following transactions have taken place today, 31 December 2012, and require recording in the purchases day book.

	<b>Net £</b>
Ferguson Florals	100.00
Ollie & Co	200.00
Suarez	150.00
Manchester MOTs	230.00

<b>Purchases day book</b>					
<b>Date</b>	<b>Invoice No.</b>	<b>Supplier name</b>	<b>Total £</b>	<b>VAT £</b>	<b>Net £</b>

Show how the transactions will be recorded in the general and the subsidiary purchases ledger.

**Postings to the general ledger**

<b>Account</b>	<b>Amount</b>	<b>Dr or Cr</b>

**Posting to purchases ledger**

Account	Amount	Dr or Cr

---

**49 SLCA AND SALES LEDGER**

Explain the difference between the sales ledger control account in the general ledger and the subsidiary (sales) ledger.

---

**50 STATEMENTS**

Consider the following statements:

- (i) The sales day book and the receivables ledger are where the double entries for credit sales are made.
- (ii) In double entry bookkeeping total debit entries must always equal total credit entries.

Are the statements true or false?

	<i>Statement (i)</i>	<i>Statement (ii)</i>
A	True	True
B	True	False
C	False	True
D	False	False

---

**51 SALES DAY BOOK**

The totals of the columns in the sales day book for a month are:

	£
Total sales	12,000
VAT	2,000
Net sales	10,000

What are the required accounting entries in the general ledger?

---

**52 SALES RETURNS**

The totals of the columns in the sales returns day book for a month are:

	£
Total sales returns	1,200
VAT	200
Net sales returns	1,000

What are the required accounting entries in the general ledger?

---

**53 SALES REVENUE**

The sales revenue account is:

- A credited with the total of sales made, including VAT
  - B credited with the total of sales made, excluding VAT
  - C debited with the total of sales made, including VAT
  - D debited with the total of sales made, excluding VAT
-

**54 DESCRIPTION**

Which of the following best describes the entries that are made using the sales day book totals at the end of each month?

- A Debit sales revenue with total net sales, credit receivables ledger control with total gross sales and credit VAT with total VAT
  - B Debit sales revenue with total gross sales, credit receivables ledger control with total net sales and credit VAT with total VAT
  - C Debit receivables ledger control with total net sales, debit VAT with total VAT and credit sales revenue with total gross sales
  - D Debit receivables ledger control with total gross sales, credit sales revenue with total net sales and credit VAT with total VAT
-

**55 TOM**

Tom's account is shown below:

Tom							
			£				£
1 January	Bal b/d		500	17 January	Returns out		100
12 January	Sales		2,000	28 January	Bank		1,600
23 January	Sales		1,000				
			_____				_____
			_____				_____

What is the balance on Tom's account as at 31 January?

- A Debit £500
- B Debit £3,500
- C Debit £1,800
- D Credit £1,800

**56 DOUBLE ENTRY**

What is the double entry in the general ledger for a business that makes a purchase on credit for £1,000 plus £200 VAT?

---

**57 DOUBLE ENTRY II**

What is the double entry in the general ledger for the return of goods to the supplier that were previously purchased on credit for £200 plus £40 VAT, and which have not yet been paid for?

---

**58 PQ LTD\*\***

PQ Ltd operates an accounting system using a purchases day book to record purchases made on credit, a subsidiary purchases ledger to record the amount due to each credit supplier, and a purchases ledger control account in the general ledger. The purchases day book is totalled and posted at the end of each day.

On 6 March 20X5 two purchases on credit were made and the purchase invoices received, as follows:

<i>Supplier</i>	<i>Purchases ledger code</i>	<i>Total of invoice £</i>	<i>VAT £</i>	<i>Purchases £</i>
X Ltd	PL23	480	80	400
Y Ltd	PL27	240	40	200

Describe the postings that will be made to the accounting records at the end of the day.

---

**59 SALES RETURNS DAY BOOK\*\***

Given below is a completed sales returns day book for the week ending 11 November 20X4. At the start of the week Haig Ltd owed £400 to your company.

**Required:**

- (a) Total the columns of the sales returns day book.
- (b) Post the totals of the sales returns day book to the relevant general ledger accounts.
- (c) Post each individual credit note in the sales returns day book to the relevant account in the subsidiary (sales) ledger.

<b>SALES RETURNS DAY BOOK</b>					
Date	Credit note no	Customer name	Total £	VAT £	Net £
5.11.X4	CN255	Roberts Ltd	283.20	47.20	236.00
6.11.X4	CN256	Kitchener Ltd	85.80	14.30	71.50
8.11.X4	CN257	Haig Ltd	96.00	16.00	80.00
8.11.X4	CN258	Jellicoe Ltd	185.76	30.96	154.80
9.11.X4	CN259	Kitchener Ltd	367.20	61.20	306.00
11.11.X4	CN260	Anglesey Ltd	112.80	18.80	94.00
11.11.X4	CN261	Roberts Ltd	27.12	4.52	22.60

**General ledger accounts**

**Sales returns account**

£	£
---	---

**VAT account**

£	£
---	---

**Sales ledger control account**

£	£
---	---

**Subsidiary (sales) ledger accounts**

**Roberts Ltd**

---

£	£
---	---

---

**Kitchener Ltd**

---

£	£
---	---

---

**Haig Ltd**

---

£	£
---	---

---

**Jellicoe Ltd**

---

£	£
---	---

---

**Anglesey Ltd**

---

£	£
---	---

---

## CHAPTER 8

### PAYMENTS AND RECEIPTS

#### 60 NYAH'S FLORIST

The account shown below is in the sales ledger of Nyah's Florists. A cheque for £1,927 has been received from the customer on 30 June 2012 without a remittance advice.

Date	Details	Amount (£)	Date	Details	Amount (£)
1/5/12	Balance b/d	3,525	2/6/12	Bank	3,525
20/5/12	Invoice 355	1,180	26/6/12	CN 110	1,128
30/6/12	Invoice 413	3,055			

Which item has not been included in the payment?

**61 NYAH CONTINUED**

- Nyah maintains a cash receipts book that does not form part of the double entry bookkeeping system.
- Nyah agrees and banks the cheques she receives every two weeks.
- Cash is banked as and when required.
- Nyah has received, and banked, the following on 15 June 2012.
- VAT on cash sales is at 20%.

<b>CASH RECEIPTS BOOK</b>					
<b>Date</b>	<b>Narrative</b>	<b>Total £</b>	<b>VAT £</b>	<b>SLCA £</b>	<b>Cash sales £</b>
15/6/2012	Cooper's Corporation	77.15		77.15	
15/6/2012	Kingdon Building	63.00		63.00	
15/6/2012	Ryan's Coffee Express	94.00		94.00	
15/6/2012	Smith's Salon	160.85		160.85	
15/6/2012	Cash sale	72.00	12.00		60.00
	<b>TOTAL</b>	<b>467.00</b>	<b>12.00</b>	<b>395.00</b>	<b>60.00</b>

**Postings to the general ledger**

<b>Account</b>	<b>Amount</b>	<b>Dr or Cr</b>

**Posting to subsidiary ledger**

<b>Account</b>	<b>Amount</b>	<b>Dr or Cr</b>

**62 VICTOR**

- Victor maintains a cash payments book that does not form part of the double entry bookkeeping system.
- Victor pays his payables at the end of every week.
- Victor paid the following on 15 June 2012.
- VAT on cash purchases is at 20%.

<b>CASH PAYMENTS BOOK</b>					
<b>Date</b>	<b>Narrative</b>	<b>Total £</b>	<b>VAT £</b>	<b>PLCA £</b>	<b>Cash purchases £</b>
15/6/12	Will's Exhausts	692.07		692.07	
15/6/12	Bumble Tyres	167.43		167.43	
15/6/12	Paddy's Parts	41.58		41.58	
15/6/12	Mosshill Motors	312.55		312.55	
15/6/12	Cash	51.32	8.55		42.77
	<b>Total</b>	<b>1,264.95</b>	<b>8.55</b>	<b>1,213.63</b>	<b>42.77</b>

**Postings to the general ledger**

<b>Account</b>	<b>Amount</b>	<b>Dr or Cr</b>

**Postings to purchases ledger**

<b>Account</b>	<b>Amount</b>	<b>Dr or Cr</b>

**63 PETTY CASH**

The petty cash imprest is restored to £100 at the end of each week. The following amounts are paid out of petty cash during week 23:

Stationery	£14.10
Travelling costs	£25.50
Office refreshments	£12.90
Sundry payables	£28.20

The amount required to restore the imprest to £100 is:

- A £19.30
  - B £25.60
  - C £74.40
  - D £80.70
-

64 DODD LTD\*\*

You work in the accounts department of Dodd Ltd and the business has received the following cheques in the week ended 20 September 20X4. Today is 20 September 20X4.

**Required:**

- (a) Review each cheque carefully to assess whether it is valid and make a note of any problems that you find.
- (b) Write a brief note to Danny Hanso, your assistant, summarising the matters that you should check on cheques received.

<b>PURPLE BANK PLC</b>		20 – 12 – 41
41 High Street Hitchin SG5 2BB		Date <u>12 September 20X4</u>
Pay <u>Dodd Ltd</u>	Account Payee	Only
<u>Twelve pounds and 35p only</u>		<div style="border: 1px solid black; padding: 2px; display: inline-block;">£ 12.45</div> <b>A B SANCHEZ</b> <u>A B Sanchez</u>
104012	20 – 12 – 41	10162254

<b>ORANGE BANK PLC</b>		19 – 14 – 72
2 Upper Road Ealing W5 1HT		Date <u>14 September 20X3</u>
Pay <u>Dodd Ltd</u>	Account Payee	Only
<u>Fifty pounds only</u>		<div style="border: 1px solid black; padding: 2px; display: inline-block;">£ 50.00</div> <b>R RODRIGUEZ</b> <u>R Rodriguez</u>
101147	19 – 14 – 72	31415927

<b>AUBURN BANK PLC</b>		41 – 17 – 60
9 Ford Road Taunton Somerset		Date <u>24 September 20X4</u>
Pay <u>Dodd Ltd</u>	Account Payee	Only
<u>Fifty one pounds and sixty three pence only</u>		£ <span style="border: 1px solid black; padding: 2px 5px;">51.63</span>
		J E SMITH
		<u>J E Smith</u>
213144	41 – 17 – 60	2171828

<b>RED BANK PLC</b>		64 – 70 – 25
16 Mill View Bow E3 2AT		Date <u>10 August 20X4</u>
Pay <u>Dodd Ltd</u>	Account Payee	Only
<u>One thousand and four pounds only</u>		£ <span style="border: 1px solid black; padding: 2px 5px;">1,004.00</span>
		P MENDES
		_____
141302	64 – 70 – 25	30451026

**NOTE**

**To:**

**From:**

**Date:**

**Subject:**

**65 WRIGHTY**

Wrighty maintains a petty cash book as a book of prime entry. It is not part of the double entry accounting system.

Receipts										
Date	Narrative	Total £	Date	Narrative	Voucher No	Total £	Postage £	Staff welfare £	Travel £	VAT £
11/3/12	Bal B/d	100.00	14/3/12	Post	0123	12.85	12.85			
11/3/12	Bank	50.00	14/3/12	Welfare	0124	12.00		12.00		
			14/3/12	Taxi	0125	26.40			22.00	4.40
			14/3/12	Welfare	0126	10.00		10.00		
			14/3/12	Postage	0127	19.81	19.81			
			14/3/12	Rail fare	0128	5.40			5.40	
			14/3/12	Taxi	0129	18.00			15.00	3.00
			14/3/12	Bal c/d		45.54				
		150.00				150.00	32.66	22.00	42.40	7.40
15/3/12	Bal b/d	45.54								

What will be the postings to the general ledger?

Account	Amount	Dr or Cr

**66 THE RIVERBANK**

The Riverbank maintains a petty cash book as a book of prime entry and it forms part of the double entry accounting system.

Receipts			Date	Narrative	Voucher No	Total £	Postage £	Tea and Coffee £	Travel £	VAT £
18/6/12	Bal b/d	55.00	19/6/12	Post	03987	1.54	1.54			
18/6/12	Bank	45.00	19/6/12	Tea	03988	12.21		12.21		
			20/6/12	Petrol	03989	38.40			32.00	6.40
			21/6/12	Coffee	03990	2.86		2.86		
			21/6/12	Postage	03991	9.12	9.12			
			21/6/12	Rail fare	03992	5.55			5.55	
			23/6/12	Petrol	03993	15.85			13.21	2.64
			24/6/12	Bal c/d		14.47				
		100.00				100.00	10.66	15.07	50.76	9.04
25/6/12	Bal b/d	14.47								

What will be the postings to the general ledger?

Account	Amount	Dr or Cr

**67 JEFFERSON**

Jefferson's maintains a petty cash book as a book of prime entry and forms part of the double entry accounting system.

Receipts			Date	Narrative	Voucher No	Total £	Postage £	Tea and Coffee £	Travel £	VAT £
25/6/12	Bal b/d	140.00	25/6/12	Tea	01044	15.06		15.06		
25/6/12	Bank	10.00	26/6/12	Coffee	01045	12.11		12.11		
			26/6/12	Petrol	01046	17.04			14.20	2.84
			26/6/12	Petrol	01047	25.92			21.60	4.32
			28/6/12	Postage	01048	1.87	1.87			
			29/6/12	Coffee	01049	12.12		12.12		
			30/6/12	Petrol	01050	25.20			21.00	4.20
			01/7/12	Bal c/d		40.68				
		150.00				150.00	1.87	39.29	56.80	11.36
02/7/12	Bal b/d	40.68								

What will be the postings to the general ledger?

Account	Amount	Dr or Cr

**68 VAT REGISTERED**

A business which is registered for VAT has two receipts on 2 June 20X6:

- Receipt of £12,000 in respect of a credit sale made some days previously.
- Receipt of £1,200 in respect of a cash sale made that day.

Explain how these two receipts will be shown in the cash receipts book.

---

**69 CASH RECEIPTS**

The totals of the columns in the cash receipts book for a week are:

	£
Rent received	500
Received from receivables	2,000
Cash sales	1,000
VAT	200
	_____
Total receipts	3,700
	_____

Assuming that the cash receipts book is not part of the general ledger, state the entries in the general ledger that are required at the end of the week.

---

**70 DOCUMENTS**

What is the purpose of the following documents?

- (a) Receivables' statement
  - (b) Aged debt analysis
  - (c) Sales invoice
-

**71 BB LTD**

BB Ltd prepares an aged debt analysis as at 31 March 20X5. About which receivable should the company be most concerned?

<b>Customer</b>	<b>Total due</b> £	<b>&lt; 30 days</b> £	<b>30 – 60 days</b> £	<b>&gt; 60 days</b> £
A Smith	1,000	900	100	–
B Jones	2,000	1,200	800	–
C White	1,500	–	1,100	400

**72 PROBLEM RECEIVABLE**

What action would you recommend to deal with any problem receivable that you identify after drawing up an aged debt analysis?

---

**73 ENTERPRISE\*\***

You are the accounts assistant at Enterprise Ltd. Reproduced below are the subsidiary sales ledger accounts for two credit customers for the month of March 20X8.

**Archer Ltd**

	£		£
1/3 Bal b/d	149.07	4/3 CN027	24.62
3/3 Inv 147	231.44	19/3 CRB	355.89
6/3 Inv 152	416.75		
12/3 Inv 164	802.24		
22/3 Inv 181	373.11		

**Forest Ltd**

	£		£
1/3 Bal b/d	206.75	16/3 CRB	304.15
7/3 Inv 154	331.02	16/3 DAB (discount allowed)	26.87
12/3 Inv 163	917.00		
24/3 Inv 190	442.35		

**Required:**

- (a) Prepare statements using the blank proformas below to send to each of these customers at the end of March.
- (b) Write a brief note identifying any problems there appear to be in respect of collections from these receivables.

STATEMENT OF ACCOUNT				
To:	ENTERPRISE LTD 21 Kirk Lane Leeds LS1 4AB			
Statement date:	Tel: 0113 201407			
Date	Transaction	Debit	Credit	Balance
		£	£	£

**STATEMENT OF ACCOUNT**

To: ENTERPRISE LTD  
21 Kirk Lane  
Leeds LS1 4AB  
Statement date: Tel: 0113 201407

---

<b>Date</b>	<b>Transaction</b>	<b>Debit</b>	<b>Credit</b>	<b>Balance</b>
		£	£	£

**74 BIGGS\*\***

You are a trainee accounting technician employed at Biggs Ltd. Shown below is the subsidiary sales ledger account for Brazil Ltd, one of the company's major credit customers.

Brazil Ltd			
	£		£
2/2 Inv 2430	206.92	30/3 CRB	301.00
13/3 Inv 2461	308.44	30/3 Discounts allowed (DAB)	7.44
20/3 Inv 2472	179.16		
7/4 Inv 2499	448.74		
10/5 Inv 2516	91.22		
22/5 Inv 2529	307.14		
6/6 Inv 2544	269.87		
17/6 Inv 2558	406.10		

Your computer accounting system has generated the following aged debt analysis for this account at 30 June 20X5:

Customer	Total due	< 30 days	30 – 60 days	> 60 days
	£	£	£	£
Brazil Ltd	1,909.15	675.97	398.36	834.82

The company's normal credit terms are 60 days.

**Required:**

- (a) Prepare a statement to send to Brazil Ltd at 30 June 20X5, using the blank statement below.
- (b) Write a memorandum to Zebedee Zidane, your supervisor, expressing any concerns you may have concerning this account.

**STATEMENT OF ACCOUNT**

To: BIGGS LTD  
18 Green Lane  
Livingston EH54 6BT  
Statement date: Tel: 0144 716029

---

<b>Date</b>	<b>Transaction</b>	<b>Debit</b>	<b>Credit</b>	<b>Balance</b>
		£	£	£

---

**75 HEADINGS**

State the typical column headings of a (non-analysed) cash payments book.

---

**76 DISCOUNTS RECEIVED**

How are discounts received recorded?

---

**77 PARIS**

Payment is made to Paris Ltd of £1,950 after having deducted a prompt payment discount available of £50. This clears the debt due to Paris Ltd. Show the opening balance and entries to be made in Paris Ltd's ledger account in the subsidiary purchases ledger after payment is made.

Paris Ltd	
£	£
_____	_____
_____	_____

**78 PETTY CASH**

Which system imposes better control over petty cash: an imprest system or a non-imprest system?

---

**79 PETTY CASH COUNT**

Internal audit is carrying out a surprise petty cash count which is supposed to operate on an imprest system with a float of £200. Inside the box is:

- notes totalling £65.
- coins totalling £14.
- paid vouchers totalling £111.

What should the auditor deduce?

---

**80 PETTY CASH FLOAT**

An imprest system of petty cash has a float of £100. At the end of week 21 there are paid vouchers totalling £56 and £44 of cash in the box. How much cash should be requisitioned to restore the petty cash to its imprest level?

---

**81 SQUAD LTD\*\***

You are the cashier's assistant at Squad Ltd. The company makes sales on both credit terms and cash terms. Receivables pay their amounts due by cheque after 30 days; all sales are standard rated for VAT at 20%.

Today's date is 4 September 20X5. Cash sales today were £120 (inclusive of VAT). The following cheques have been received today from receivables:

	£
A Strider	247.25
M Kenzie	104.62
D Mello	349.20 (after taking £10.80 gross PPD)
B Thomas	427.26
B Rock	126.10 (after taking £3.90 gross PPD)
M Frick	307.14

**Required:**

- (a) Write up the cash receipts book and discounts allowed book given below. Total each of the columns and demonstrate that the totals cross-cast where appropriate.
- (b) Assuming that the cash book is part of the general ledger, state the further accounting entries required to the general ledger for both day books.

CASH RECEIPTS BOOK					
Date	Narrative	Total £	VAT £	Receivables £	Cash sales £

DISCOUNTS ALLOWED BOOK				
Date	Narrative	Total £	VAT £	Net £

---

**82 ALPHA\*\***

Alpha received a statement of account from a supplier Beta, showing a balance to be paid of £8,950. Alpha's purchases ledger account for Beta shows a balance due to Beta of £4,140.

Investigation reveals the following:

- 1 Cash paid to Beta £4,080 has not been allowed for by Beta.
- 2 Alpha's ledger account has not been adjusted for £40 of prompt payment discount disallowed by Beta.
- 3 Goods returned by Alpha £380 have not been recorded by Beta.

What discrepancy remains between Alpha's and Beta's records after allowing for these items?

- A £9,310
  - B £390
  - C £310
  - D £1,070
-

