

**Osborne Books Tutor Zone**

# **Bookkeeping Transactions**

**Practice assessment 2**

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Complete all 10 tasks.

Each task is independent. You will not need to refer to your answers in previous tasks.

The tasks are set in a business situation where the following apply:

- You are employed by Craft Supplies, as a bookkeeper.
- Craft Supplies uses a manual bookkeeping system.
- Double-entry takes place in the general ledger. Individual accounts of trade receivables and trade payables are kept in the sales and purchases ledgers as subsidiary accounts.
- The cash book and petty cash book should be treated as part of the double-entry system unless the task instructions state otherwise.
- The VAT rate is 20%.

### Task 1

On 9 July Craft Supplies delivered the following goods to a credit customer, Creative Crafts. The delivery note is shown below.

<b>Craft Supplies</b> 29 Constitution Street Mereford, MR11 4GT	
Delivery note No. 21765	Date: 9 July 20-4
Creative Crafts 20 Penarth Road Bow Street Ceredigion, SY56 2AW	Customer account code: C001
10 x Pro-24 brush set, product code PD124. Purchase order number: 44144.	

The list price of the brush set is £56 plus VAT at 20%. Creative Crafts are to be given a 20% trade discount and a 5% prompt payment (within 7 days) discount.

(a) Complete the **nine** boxes in the sales invoice shown below.

<p><b>Craft Supplies</b>                  29 Constitution Street                  Mereford, MR11 4GT                  VAT Registration No. 298 3827 04</p>					
To: Creative Crafts 20 Penarth Road Bow Street Ceredigion, SY56 2AW			Invoice No: 1298 Customer account code: <span style="border: 1px solid black; padding: 2px;">C001</span> Purchase order number: 44144 Date: 9 July 20-4		
Quantity	Product code	Price each £	Total £	Trade discount £	Goods £
10	PD124	56.00	560.00	112.00	448.00
Terms: 5% prompt payment discount for payment within 7 days				VAT	89.60
				Total	537.60

(b) What would be the amount payable on this invoice if the prompt payment discount was taken by Creative Crafts?

WORKING:

£ 510.72       $£537.60 \times 5\% = £26.88$   
 $£537.60 - £26.88 = £510.72$

(c) What action (if any) should be taken if Creative Crafts takes the settlement discount? Choose **one**.

(a) No action required	
(b) Issue an adjusted invoice for the amount paid	
(c) Issue a credit note for the amount paid	
(d) Issue a credit note for the discount amount	✓

$$£1,962 - £662 = £1,300$$

- (d) The account shown below is in the sales ledger of Craft Supplies. A cheque for £1,300 was received from this customer, Perran Trading, on 2 July.

Perran Trading					
Date 20-4	Details	Amount £	Date 20-4	Details	Amount £
1 June	Balance b/f	✓ 4,620	2 June	Bank	✓ 4,620
22 June	Sales invoice 1201	✓ 1,962	26 June	Sales returns credit note 295	✓ 662
30 June	Sales invoice 1262	2,850			

- (1) Which item has not been included in the payment?

Select the correct option from the following list: Balance b/f, Sales invoice 1201, Sales invoice 1262, Bank, Sales returns credit note 295.

SALES INVOICE 1262

- (2) A further sales invoice was issued to Perran Trading for £2,340 on 2 July. What was the amount outstanding on the account on 3 July? No further payments had been received or other transactions made since 30 June.

£ 5,190

WORKING:

$$£2,850 + £2,340 = £5,190$$

**Task 2**

- (a) Sales invoices and sales credit notes have been received and partially entered in the day books, as shown below.

Complete the entries in the sales day book and the sales returns day book by:

- inserting the appropriate figures to complete the entries
- entering totals for 30 June

**Sales day book**

Date 20-4	Details	Invoice number	Total £	VAT £	Net £	Sales type 1 £	Sales type 2 £
30 Jun	Golden Gifts	1350	900	150	750	400	350
30 Jun	Creative Crafts	1351	1,464	244	1220		1,220
30 Jun	Perran Trading	1352	3,168	528	2,640	2,640	
30 Jun	Harbour Lights	1353	2,304	384	1,920	820	1,100
	Totals		7,836	1,306	6,530	3,860	2,670

**Sales returns day book**

Date 20-4	Details	Credit note number	Total £	VAT £	Net £	Sales type 1 £	Sales type 2 £
30 Jun	Wood Supplies	451	78	13	65		65
30 Jun	Beads & Bangles	452	162	27	135	135	
	Totals		240	40	200	135	65

- (b) A supply of art paper has been delivered to Craft Supplies by PaperStore Ltd. The purchase order sent from Craft Supplies and the invoice from PaperStore Ltd are shown below.

<b>Craft Supplies</b> 29 Constitution Street Mereford, MR11 4GT
Purchase Order No. ST1872 To: PaperStore Ltd  Date: 9 July 20-4  Please supply 200 packs of A3 Art paper product code 6543 Purchase price: £5 per pack, plus VAT Discount: less 25% trade discount, as agreed.

<b>INVOICE</b>	<b>PaperStore Ltd</b> Unit 16 Varsity Estate, Spirefield SP6 3DF VAT Registration No. 118 3822 39
Invoice No. 2363 Craft Supplies 29 Constitution Street Mereford, MR11 4GT	Order ref: ST1872
12 July 20-4	
200 Packs A3 Art paper Ref 6543 @ £5.00 per pack less trade discount	£800.00
VAT @ 20%	<u>£160.00</u>
Total	<u>£960.00</u>
Terms: 30 days net	

Check the invoice against the purchase order and answer the following questions.

Has the correct purchase price of the <u>batteries</u> been charged? Yes or No?	Yes
Has the correct discount been applied? Yes or No?	No
What would be the VAT amount charged if the invoice was correct?	£150
What would be the total amount charged if the invoice was correct?	£900

WORKING:  $200 \times £5 = £1,000$ . 25% TRADE DISCOUNT = £250  
 NET PRICE =  $£1,000 - £250 = £750$ . VAT =  $£750 \times 20\% = £150$   
 TOTAL AMOUNT CHARGED =  $£750 + £150 = £900$

**Task 3**

- (a) Shown below is a statement of account received from G French & Co, a credit supplier, and the supplier's account as shown in the purchases ledger of Craft Supplies.

G French & Co					
17 Highfield Grove, West Mereford, MR2 7GH					
To: Craft Supplies					
29 Constitution Street					
Mereford, MR11 4GT					
STATEMENT OF ACCOUNT					
Date 20-4	Invoice Number	Details	Invoice Amount £	Cheque Amount £	Balance £
1 June	1685	Goods	8,000 ✓		8,000
2 June	1687	Goods	2,600 ✓		10,600
8 June	1696	Goods	700 ✓		11,300
26 June	1752	Goods	1,500		12,800
1 July	-	Cheque		✓ 8,000	4,800

G French & Co					
Date 20-4	Details	Amount £	Date 20-4	Details	Amount £
1 July	Bank	✓ 8,000	1 June	Purchases	8,000 ✓
25 July	Bank	3,300	7 June	Purchases	2,600 ✓
			10 June	Purchases	700 ✓

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- (1) Which item is missing from the statement of account from G French & Co?

Select your answer from the following list: Invoice 1685, Invoice 1687, Invoice 1696, Invoice 1752, Cheque for £8,000, Cheque for £3,300.

CHEQUE FOR £3,300

- (2) Which item is missing from the supplier account in Craft Supplies' purchases ledger?

Select your answer from the following list: Invoice 1685, Invoice 1687, Invoice 1696, Invoice 1752, Cheque for £8,000, Cheque for £3,300.

INVOICE 1752

- (b) Assuming any differences between the statement of account from G French & Co and the supplier account in Craft Supplies' purchases ledger are simply due to omission errors, what is the amount owing to G French & Co?

£ 1,500

WORKING: £2,600 + £700 + £1,500 - £3,300

**Task 4**

The following receipts are to be entered in the debit side of Craft Supplies' cash book on one day.

- Cash received from cash sales: £396 including VAT at 20%.
- Cheque received for £895 from Crolla & Co in payment of their account.
- Bank receipt for £594 from Wilson Ltd in payment of their account.

(a) Make entries in the relevant columns of the debit side of the cash book shown below, and total each column.

Select your entries for the Details column from the following list: Bank, Cash, Cash sales, Crolla & Co, Trade receivables, Wilson Ltd, VAT.

**Cash book – debit side**

Details	Cash £	Bank £	VAT £	Trade receivables £	Cash sales £
Balance b/f	174				
CASH SALES	396		66		330
CROLLA AND CO		895		895	
WILSON LTD		594		594	
<b>Totals</b>	<b>570</b>	<b>1,489</b>	<b>66</b>	<b>1,489</b>	<b>330</b>

(b) The credit side of the cash book shows total cash paid out of £296 on the same day.

Using your answers above, calculate the cash balance at the end of the day.

£  WORKING: £570 - £296 = £274

(c) The credit side of the cash book shows an overdraft brought forward at the beginning of the day of £397 and other bank payments on the day of £1,045.

Using your answers above, calculate the bank balance. If your calculations show that the bank account is overdrawn, your answer should start with a minus sign, for example -123.

£  WORKING:

BALANCE B/F	(£397)
BANK PAYMENTS	(£1,045)
BANK RECEIPTS	£1,489
	<u>£47</u>

## Task 5

## INTEGRATED PETTY CASH BOOK

Craft Supplies maintains a petty cash book as both a book of prime entry and part of the double-entry accounting system. The following transactions all took place on 30 June and have been entered in the petty cash book as shown below. No entries have yet been made in the general ledger.

- (a) Total the analysis columns and insert the balance carried down.

## Petty cash book

Date	Details	Amount	Date	Details	Amount	VAT	Postage	Travel expenses	Office expenses
20-4		£	20-4		£	£	£	£	£
30 Jun	Balance b/f	45.00	30 Jun	Post office	12.50		12.50		
30 Jun	Bank	80.00	30 Jun	Stationery	10.08	1.68			8.40
			30 Jun	Taxi fare	12.24	2.04		10.20	
			30 Jun	Post office	6.20		6.20		
				Balance c/d	93.98				
		125.00			125.00	3.72	18.70	10.20	8.40

- (b) What will be the five entries in the general ledger?

Select your account names from the following list: Balance b/f, Balance c/d, Bank, Office expenses, Petty cash book, Postage, Post office, Printer supplies, Stationery, Taxi fare, Travel expenses, VAT.

Enter the names and amounts and tick the appropriate debit or credit column.

## General ledger

Account name	Amount £	Debit	Credit
VALUE ADDED TAX	3.72	✓	
POSTAGE	18.70	✓	
TRAVEL EXPENSES	10.20	✓	
OFFICE EXPENSES	8.40	✓	
BANK	80.00		✓

(c) Complete the following statements about petty cash. Choose one of the options in the boxes below to fill each gap.

credit	bank manager	non-imprest system	manager of person making the claim
amount of cash in the petty cash tin	petty cashier	debit	imprest system

1. Petty cash vouchers are authorised for payment by the

2. The balance of the petty cash book should be checked regularly against the

3. Payments are recorded on the  side of petty cash book.

4. Under the  the petty cash float is restored to the same amount for the beginning of each week or month.

**Task 6**

The following credit transactions have been entered into the purchases day book as shown below. No entries have yet been made into the ledgers.

**Purchases day book**

Date 20-4	Details	Invoice number	Total £	VAT £	Net £
30 Jun	Durning & Co	1736	1,254	209	1,045
30 Jun	Zelah Supplies	847	864	144	720
	Totals		2,118	353	1,765

(a) What will be the entries in the subsidiary purchases ledger?

Select your account names from the following list: Durning & Co, Purchases, Purchases ledger control, Purchases returns, Sales, Sales ledger control, Sales returns, VAT, Zelah Supplies.

Enter the names and amounts and tick the appropriate debit or credit column.

**Purchases ledger**

Account name	Amount £	Debit	Credit
DURNING AND CO.	1,254		✓
ZELAH SUPPLIES	864		✓

(b) What will be the entries in the general ledger?

Select your account names from the following list: Durning & Co, Purchases, Purchases ledger control, Purchases returns, Sales, Sales ledger control, Sales returns, VAT, Zelah Supplies.

Enter the names and amounts and tick the appropriate debit or credit column.

**General ledger**

Account name	Amount £	Debit	Credit
PURCHASES	1,765	✓	
VAT	353	✓	
PURCHASES LEDGER CONTROL	2,118		✓

**Task 7**

**INTEGRATED CASH BOOK**

Craft Supplies' cash book is both a book of prime entry and part of the double-entry bookkeeping system. These are the totals of the columns in the credit side of the cash book at the end of the month.

**Cash book – credit side**

Details	Cash £	Bank £	VAT £	Trade payables £	Cash purchases £	Office expenses £
Totals	2,268	7,468	378	7,468	1,038	852

(a) What will be the **four** entries in the general ledger?

Select your account names from the following list: Bank, Cash, Cash purchases, Office expenses, Purchases ledger control, Sales ledger control, Trade payables, VAT.

Enter the names and amounts and select the appropriate debit or credit column.

**General ledger**

Account name	Amount £	Debit	Credit
VAT	378	✓	
PURCHASES LEDGER CONTROL	7,468	✓	
CASH PURCHASES	1,038	✓	
OFFICE EXPENSES	852	✓	

(b) One of the bank payments to trade payables was to Mumtaz Ltd for £432.

What will be the entry in the purchases ledger?

Select your account name from the following list: Bank, Craft Supplies, Mumtaz Ltd, Purchases, Purchases ledger, Purchases ledger control, Sales, Sales ledger, Sales ledger control, Trade payables.

Enter the name and amount and tick the appropriate debit or credit column.

**Purchases ledger**

Account name	Amount £	Debit	Credit
MUMTAZ LTD	432	✓	

**Task 8**

The following two accounts are in the general ledger on 31 May.

**Discounts allowed**

Date	Details	Amount £	Date	Details	Amount £
1 May	Balance b/d	450	31 MAY	BALANCE c/d	562
31 May	Discounts allowed day book	112			
		562			562

**Purchases ledger control**

Date	Details	Amount £	Date	Details	Amount £
31 May	Purchases returns day book	270	1 May	Balance b/d	6,712
31 May	Discounts received day book	149	31 May	Purchases day book	8,390
31 May	Bank	6,712			
31 MAY	BALANCE c/d	7,971			
		15,102			15,102

- (a) What will be the balance brought down at 1 June on each account?

Account	Balance b/d at 1 June £	Debit	Credit
Discounts allowed	562	✓	
Purchases ledger control	7,971		✓

(b) The following customer account is in the sales ledger at the close of business on 30 June.

Complete the account by:

- Inserting the balance carried down together with the date and details.
- Inserting the totals.
- Inserting the balance brought down together with the date and details.

<b>Golden Gifts</b>					
<b>Date 20-4</b>	<b>Details</b>	<b>Amount £</b>	<b>Date 20-4</b>	<b>Details</b>	<b>Amount £</b>
1 June	Balance b/d	530	21 June	Credit note 285	125
10 June	Invoice 1459	450	30 June	Bank	405
12 June	Invoice 1470	1,210	30 JUNE	BALANCE c/d	2,380
27 June	Invoice 1500	720			
		2,910			2,910
1 JULY	BALANCE b/d	2,380			

**Task 9**

Below and on the next page are two general ledger accounts and a partially completed trial balance as at 30 June.

Complete the trial balance by:

- Transferring the balances of the two general ledger accounts to the amount column
- Entering the amounts shown for each account into the debit or credit columns
- Totalling the trial balance

**Sales returns**

Date	Details	Amount £	Date	Details	Amount £
1 Jun	Balance b/d	1,810	30 Jun	Balance c/d	2,173
30 Jun	Sales returns day book	363			
		2,173			2,173

**Loan from bank**

Date	Details	Amount £	Date	Details	Amount £
30 Jun	Bank	500	1 Jun	Balance b/d	6,000
30 Jun	Balance c/d	5,500			
		6,000			6,000

## Trial balance as at 30 June

Account name	Amount £	Debit £	Credit £
Fixtures and fittings	10,500	10,500	
Bank (overdraft)	2,250		2,250
Petty cash	120	120	
Inventory	6,385	6,385	
Capital	20,000		20,000
Drawings	12,685	12,685	
VAT owing to HM Revenue & Customs	2,502		2,502
Loan from bank	5,500		5,500
Purchases	89,384	89,384	
Sales ledger control	29,321	29,321	
Purchases returns	1,347		1,347
Sales	134,892		134,892
Purchases ledger control	10,068		10,068
Sales returns	2,173	2,173	
Discounts received	894		894
Discounts allowed	675	675	
Administration expenses	10,081	10,081	
Advertising	3,627	3,627	
Bank interest paid	1,796	1,796	
Hotel expenses	1,054	1,054	
Heating and lighting	2,077	2,077	
Rent and rates	4,968	4,968	
Travel expenses	1,345	1,345	
Miscellaneous expenses	1,262	1,262	
Totals	-	177,453	177,453

Shown below is an invoice received by Craft Supplies from a supplier.

<b>INVOICE</b>	<b>PaperStore Ltd</b>	
	Unit 16 Varsity Estate, Spirefield SP6 3DF	
	VAT Registration No. 118 3822 39	
<p>Invoice No. 2370                  Craft Supplies                  29 Constitution Street                  Mereford, MR11 4GT</p>		
<p>22 July 20-4</p>		
50	Reams cream A4 paper @ £2.40 each less trade discount	£90.00
	VAT @ 20%	£ 18.00
	Total	£108.00

(1) What is the supplier account code for this invoice?

PAPER

(2) What is the general ledger account code for this invoice?

CIL380

(c) Supplier account codes are made up of the first five letters of the supplier name. Where a code is already in use, the code is the first five letters plus a number. What codes would be allocated to the following new suppliers?

(1) Mears and Jacks

MEARS

(2) Paper Creator Ltd

PAPER1

**Task 10**

(a) Financial accounting is based upon the accounting equation.

(1) Indicate whether the following statements are true or false.

Statement	True	False
Assets equals capital plus liabilities	✓	
Capital equals assets plus liabilities		✓
Assets minus liabilities equals capital	✓	

(2) Classify each of the following items as an asset or a liability.

Item	Asset	Liability
Bank overdraft		✓
Office equipment	✓	
Money owing to payables		✓

(b) Craft Supplies codes all purchase invoices with a supplier code and a general ledger code. A selection of the codes used is given below.

Supplier	Supplier account code
Delta Ltd	DELTA
Delta Marketing	DELTA2
Elemox & Co	ELEMO
Expo Products	EXPOP
PaperStore Ltd	PAPER

Item	General ledger code
Paper	GL380
Brushes	GL385
Frames	GL390
Paint	GL395
Other goods	GL400

(d) Income and expenditure classifications are shown on the left below. Link each transaction example shown on the right to its correct classification by joining the boxes.

