

**Osborne Books Tutor Zone**

# **Bookkeeping Transactions**

**Practice assessment 1**

## 2 bookkeeping transactions tutor zone

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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 Durning Supplies, as a bookkeeper.
- Durning 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

- (a) On 14 July Durning Supplies received the following purchase order from Russell Ltd. The goods were delivered the following day. The customer has been offered a 10% trade discount and a 2% prompt payment discount for payment with 7 days.

<b>PURCHASE ORDER</b> Russell Ltd The Old Station, Torton, TR3 8TT	No 908 Date 14 07 20-4
To: Durning Supplies Please supply 250 units of product code B477 Purchase price: £5 each, plus VAT @ 20% Discount: less 10% trade discount, as agreed	

Complete the ten boxes in the sales invoice shown on the next page.

<b>Durning Supplies</b> 8 Beeching Road Durning KN7 1RR					
Date: 15 July 20-4			Sales invoice no. 66068		
To: Russell Ltd			Purchase order no. <span style="border: 1px solid black; padding: 2px;">908</span>		
Quantity	Product code	Price each £	Total £	Trade discount £	Goods £
250	B477	5.00	1,250.00	125.00	1,125.00
Terms: 2% prompt payment discount for payment within 7 days				VAT	225.00
				Total	1,350.00

(b) What will be the amount Russell Ltd will pay if they pay within 7 days?

£ 1,323.00

WORKING:  
 $£1,350 \times 2\% = £27$   
 $£1,350 - £27 = £1,323$

(c) Durning Supplies has received a payment of £4,116 from a credit customer, Whitlock Ltd, in payment of an invoice for £4,200 less 2% prompt payment discount.

A credit note for the discount has been raised. The entry in the day books of Durning Supplies will be. Choose **one**.

(a) Discount received day book: Net £84; VAT £16.80; Total £50.40	
(b) Discount allowed day book: Net £84; VAT £16.80; Total £50.40	
(c) Discount received day book: Net £70; VAT £14; Total £84	
(d) Discount allowed day book: Net £70; VAT £14; Total £84	✓

WORKING: INVOICE £4,200  
 LESS PAYMENT (£4,116)  
 £ 84

£84 (GROSS) ÷ 6 = VAT £14 ∴ NET £70

$$1,590 - 174 = 1,416$$

$$420 + 810 + 1,260 = 2,490$$

#### 4 bookkeeping transactions tutor zone

Durning Supplies has received another payment from a credit customer, Kalna Ltd, for £2,070. Kalna Ltd has not sent details of which transactions are included in the payment.

(d) This is the account of Kalna Ltd in the sales ledger of Durning Supplies.

Kalna Ltd					
Date	Details	Amount £	Date	Details	Amount £
1 June	Balance b/d	1,590	1 June	Bank	1,416
5 June	Invoice 523	420	5 June	Cr note 72	174
18 June	Invoice 559	810			
22 June	Invoice 602	1,260			

Complete the following statements by ticking the correct word option in each case:

The payment from Kalna Ltd for £2,070 has resulted in an:

Under-payment	<input checked="" type="checkbox"/>
Over-payment	<input type="checkbox"/>

WE ARE OWED £2,490  
 WE WERE PAID (£2,070)  
 DIFFERENCE £420

This probably relates to:

Balance b/d	<input type="checkbox"/>
Invoice 523	<input checked="" type="checkbox"/>
Invoice 559	<input type="checkbox"/>
Invoice 602	<input type="checkbox"/>
Credit note 72	<input type="checkbox"/>
Bank payment 1 June	<input type="checkbox"/>

In order to resolve the problem Durning Supplies should:

Request a remittance advice	<input type="checkbox"/>
Request a credit note	<input type="checkbox"/>
Request further payment	<input checked="" type="checkbox"/>

from Kalna Ltd for:

£810	<input type="checkbox"/>
£420	<input checked="" type="checkbox"/>
£174	<input type="checkbox"/>

which will clear the outstanding balance.

**Task 2**

Purchase invoices and purchase credit notes have been received and partially entered in the day books, as shown below.

- (a) Complete the entries in the purchases day book and the purchases returns day book by inserting the appropriate figures to complete the entries

**Purchases day book**

Date 20-4	Details	Invoice number	Total £	VAT £	Net £	Purchases A £	Purchases B £
30 Jun	Cromwell Ltd	846	288	48	240	240	
30 Jun	More & Co	1532	2,256	376	1,880	680	1,200
30 Jun	Cranmers	4591	1,068	178	890		890

**Purchases returns day book**

Date 20-4	Details	Credit note number	Total £	VAT £	Net £	Purchases A £	Purchases B £
30 Jun	Cleeves plc	7511	768	128	640		640
30 Jun	Fitzroy Ltd	10697	492	82	410	220	190

- (b) On 15 July Durning Supplies received an invoice from Boleyn plc. The invoice is shown below together with the delivery note.

<b>Boleyn plc</b> 22 Royal Garden Street Plyminster, PL4 1NJ VAT Registration No. 298 3881 04				
Durning Supplies 8 Beeching Road Durning KN7 1RR		Invoice no: 66068  Date: 15 July 20-4		
Quantity	Description	Unit price £	Total £	Net amount £
660	Product A10011	1.50	900.00	900.00
Terms: 3% discount for payment within 14 days			VAT	180.00
			Total	1080.00

<b>Boleyn plc</b> 22 Royal Garden Street Plyminster, PL4 1NJ VAT Registration No. 298 3881 04	
Durning Supplies 8 Beeching Road Durning KN7 1RR	Delivery note 100423  Date: 13 July 20-4
Quantity	Description
660	Product A10011
Signed for by (signature) ..... <i>N Hall</i> ..... Print name ..... <b>N. Hall</b> .....	

Check the delivery note and the invoice and answer the following questions. Tick the appropriate columns.

Questions	Yes	No
Has the correct product been invoiced?	✓	
Has the correct quantity been invoiced?	✓	
Has the correct net amount been calculated?		✓

(c) What will be the correct amounts on the invoice?

Enter the amounts in the table below.

Net amount £	VAT amount £	Total £
990.00	198.00	1,188.00

WORKING :  $660 \text{ UNITS} \times £1.50/\text{UNIT} = £990.00$

$$£3,788 - £960 = £2,828$$

8 bookkeeping transactions tutor zone

**Task 3**

It is the policy of Durning Supplies to check statements of account when they are received and pay only those transactions that are included in the supplier's account in the purchases ledger. This is the account of Boleyn plc in the purchases ledger and the statement of account received from them.

Boleyn plc					
Date	Details	Amount £	Date	Details	Amount £
10 Jun	455	960 ✓	1 Jun	Balance b/d	3,788 ✓
30 Jun	Bank	2,828 ✓	2 Jun	52974	1,200 ✓
			7 Jun	60730	1,020 ✓
			12 Jun	61000	840 ✓
			30 Jun	62411	600 ✓

Boleyn plc			
22 Royal Garden Street			
Plyminster, PL4 1NJ			
STATEMENT OF ACCOUNT			
To: Durning Supplies		Date: 30 June	
Date	Reference number	Details	Amount £
2 June	52974	Goods	1,200 ✓
7 June	60730	Goods	1,020 ✓
10 June	455	Goods returned	960 ✓
12 June	61000	Goods	840 ✓
19 June	61821	Goods	960
25 June	62007	Goods	720
30 June	62411	Goods	600 ✓
		Total outstanding	4,380

(a) Which items shown on the supplier's statement are not to be paid?

INVOICES  
61821 + 62007

(b) What will be the amount paid?

£3,660

- (c) This is a summary of Durning Supplies' transactions with their supplier Parr plc. Parr plc has agreed to allow Durning Supplies to make payments by the last day of the second month following the month of invoice. For example, invoices issued in January will be due for payment by 31 March.

Date	Details	Amount £
2 April	Invoice 5297	1,200
19 April	Invoice 6082	960
29 April	Credit note 428	156
7 May	Invoice 6273	1,020
10 May	Credit note 455	960
12 May	Invoice 6300	840
31 May	Invoice 6441	600
15 June	Invoice 6496	1,440
25 June	Invoice 6500	720

Complete the table below by:

- Inserting the total of transactions with Parr plc in each of the months: April, May, and June
- Showing the dates by which each payment should be made by entering the relevant date in the right-hand column

Choose from: 30 April, 31 May, 30 June, 31 July, 31 August.

Month	Amount £	Payments to be made by
Transactions in April	2,004	30 June
Transactions in May	1,500	31 July
Transactions in June	2,160	31 August

**Task 4**

There are three payments to be entered in the credit side of Durning Supplies' cash book during one week.

**Cash purchases listing**

Suppliers paid in cash	Net £	VAT £	Gross £
Buckley Ltd	140	28	168

**Trade payables listing**

Credit suppliers paid by cheque	Amount paid £
Fordwood Ltd	1,854
Yeoman & Co	1,236

- (a) From the cash purchases listing and the trade payables listing above, make entries in the relevant columns of the credit side of the cash book shown below, and total each column.

Select your entries for the Details column from the following list: Bank, Buckley Ltd, Cash, Cash purchases, Fordwood Ltd, Trade payables, VAT, Yeoman & Co.

**Cash book – credit side**

Details	Cash £	Bank £	VAT £	Trade payables £	Cash purchases £
Balance b/f		2,675			
BUCKLEY LTD	168		28		140
FORDWOOD LTD		1,854		1,854	
YEOMAN AND CO.		1,236		1,236	
<b>Totals</b>	<b>168</b>	<b>5,765</b>	<b>28</b>	<b>3,090</b>	<b>140</b>

- (b) The debit side of the cash book shows the cash balance brought forward at the beginning of the week was £390 and a further £274 has been received during the week.

Using your answers above, calculate the cash balance.

£

WORKING:

BALANCE B/F	£390
ADD RECEIPTS	£274
LESS PAYMENTS	(£168)
	£496

- (c) The debit side of the cash book shows the total amount of money banked during the week was £4,175.

Using your answers to (a), 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:

CREDIT TOTAL	(£5,765)
DEBIT TOTAL	£4,175
BANK BALANCE	(£1,590)

**Task 5**

**INTEGRATED PETTY CASH BOOK**

Durning Supplies maintains a petty cash book as a book of prime entry and part of the double-entry bookkeeping system. This is a summary of petty cash purchases during the week.

- Printer cartridge £10 plus VAT  $VAT = £2.00$
- Post office for postage £15. VAT not applicable

- (a)
- Enter the above transactions into the partially completed petty cash book below.
  - Total the petty cash book and show the balance carried down.

Select your entry for the Details column from the following list: Balance c/d, Balance b/f, A4 Paper, Office expenses, Postage, Post office, Printer cartridge, VAT.

**Petty cash book**

Details	Amount £	Details	Amount £	VAT £	Office expenses £	Postage £
Balance b/f	125.00	A4 paper	24.00	4.00	20.00	
		PRINTER CARTRIDGE	12.00	2.00	10.00	
		POST OFFICE	15.00			15.00
		BALANCE C/D	74.00			
Total	125.00	Totals	125.00	6.00	30.00	15.00

- (b) What will be the **three** accounts in the general ledger which will record the above transactions? Select the appropriate accounts in the right-hand column.

(a) Office expenses	<input checked="" type="checkbox"/>
(b) Petty cash control	<input type="checkbox"/>
(c) Postage	<input checked="" type="checkbox"/>
(d) Telephone	<input type="checkbox"/>
(e) VAT	<input checked="" type="checkbox"/>
(f) Petty cash book	<input type="checkbox"/>
(g) Cleaning	<input type="checkbox"/>

- (c) At the end of the week what is the amount of cash that would have to be withdrawn from the bank to restore the imprest level of £125?

£

WORKING: £125 - £74 = £51

**Task 6**

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

**Sales returns day book**

Date 20-4	Details	Credit note number	Total £	VAT £	Net £
30 Jun	Aragon & Co	CN81	384	64	320
30 Jun	Fisher Ltd	CN82	1,488	248	1,240
		Totals	1,872	312	1,560

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

Select the account names from the following list: Aragon & Co, Fisher Ltd, Purchases, Purchases ledger control, Purchases returns, Sales, Sales ledger control, Sales returns, VAT.

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

**Sales ledger**

Account name	Amount £	Debit	Credit
ARAGON AND CO.	384		✓
FISHER LTD	1,488		✓

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

Select your account name from the following list: Aragon & Co, Fisher Ltd, Purchases, Purchases ledger control, Purchases returns, Sales, Sales ledger control, Sales returns, VAT.

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

**General ledger**

Account name	Amount £	Debit	Credit
SALES RETURNS	1,560	✓	
VAT	312	✓	
SALES LEDGER CONTROL	1,872		✓

## Task 7

## INTEGRATED CASH BOOK

Durning 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 of the cash book at the end of the month.

## Cash book – credit side

Cash	Bank	VAT	Trade receivables	Cash sales	Cash	Bank	VAT	Trade payable	Cash charges
£	£	£	£	£	£	£	£	£	£
804	7,682	94	9,1277	470	804	7,682	0	7,637	45

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

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

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

## General ledger

Account name	Amount £	Debit	Credit
VAT	94		✓
SALES LEDGER CONTROL	9,127		✓
CASH SALES	470		✓
PURCHASES LEDGER CONTROL	7,637	✓	
BANK CHARGES	45	✓	

(b) One of the bank payments to trade payables was to Kissane Ltd for £387.

What will be the entry in the purchases ledger?

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

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

## Purchases ledger

Account name	Amount £	Debit	Credit
KISSANE LTD	387	✓	

**Task 8**

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

**Advertising**

Date	Details	Amount £	Date	Details	Amount £
1 May	Balance b/d	3,290	10 May	Journal	72
31 May	Bank	364			

**Bank loan**

Date	Details	Amount £	Date	Details	Amount £
7 May	Bank	765	1 May	Balance b/d	765
			15 May	Bank	11,000

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

Account	Balance b/d at 1 June	Debit	Credit
Advertising	3,582	✓	
Bank loan	11,000		✓

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

Complete the account by:

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

E Beeson & Sons			BEE001		
Date	Details	Amount £	Date	Details	Amount £
1 June	Balance b/d	478	25 June	Bank	406
29 June	Invoice 651	996	30 June	Credit note CN29	72
			30 JUNE	BALANCE c/d	996
		1,474			1,474
1 JULY	BALANCE b/d	996			

**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

**Discounts allowed**

Date	Details	Amount £	Date	Details	Amount £
1 Jun	Balance b/d	490	30 Jun	Balance c/d	585
30 Jun	Discounts allowed day book	95			
		585			585

**Discounts received**

Date	Details	Amount £	Date	Details	Amount £
30 Jun	Balance c/d	734	1 Jun	Balance b/d	638
			30 Jun	Discounts received day book	96
		734			734

## Trial balance as at 30 June

Account name	Amount £	Debit £	Credit £
Sales	87,244		87,244
Sales ledger control	12,038	12,038	
Sales returns	1,349	1,349	
Purchases	47,712	47,712	
Purchases ledger control	7,097		7,097
Purchases returns	684		684
Discounts received	734		734
Discounts allowed	585	585	
Rent and rates	4,291	4,291	
Advertising	3,654	3,654	
Insurance	2,114	2,114	
Wages	22,695	22,695	
Heating and lighting	2,078	2,078	
Postage	1,462	1,462	
Stationery	1,544	1,544	
Telephone	1,647	1,647	
Capital	18,552		18,552
Office equipment	16,400	16,400	
Inventory	6,733	6,733	
Petty cash	120	120	
Bank (money in bank)	3,076	3,076	
VAT owing to HM Revenue & Customs	2,737		2,737
Loan from bank	10,450		10,450
Totals	-	127,498	127,498

**Task 10**

In July, Durning Supplies started a new business, Durning Fabrications.

(a) On 7 July it had the following assets and liabilities.

<b>Assets and liabilities</b>	<b>£</b>
Machinery	17,500
Bank loan	15,000
Inventory	7,857
Cash at bank	3,548
Trade receivables	6,469
Trade payables	7,578

Show the accounting equation on 7 July by calculating and inserting the appropriate figures.

<b>Assets</b>	<b>Liabilities</b>	<b>Capital</b>
£	£	£
35,374	22,578	12,796

- (b) Durning Fabrications' credit customer accounts are given a unique customer 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.

Durning Fabrications now has two new customers: Young & Co and Rogers Ltd.

Insert the relevant account code in the coding list below for each of the **two** new customers.

Select your choices from the following list: ROG001, YOU002, ROG002, YEL002, ROS002, YOU001.

Customer name	Customer account code
GMG Gardens	GMG001
Rogers Ltd	ROG002
Ross Welding Ltd	ROS001
Southfield & Company	SOU002
Swan Construction	SWA001
Westend Builders	WES001
Yellowstone Ltd	YEL001
Young & Co	YOU002

- (c) Show whether the transactions of Durning Fabrications are classified as capital income, revenue income, capital expenditure or revenue expenditure by ticking the appropriate column.

Item	Capital income	Revenue income	Capital expenditure	Revenue expenditure
Rent paid on premises				✓
Received payment from a cash sale		✓		
Payment for purchase of goods for resale				✓
Purchase of a new machine			✓	
Repairs to vehicles				✓
Receipt from sale of old machine	✓			

- (d) The sales ledger control account is part of the double-entry bookkeeping system. True or false? Select the correct option.

True	✓
False	