

- 1 Sandra buys goods on credit from Kim. Sandra receives 14% trade discount on all purchases and takes advantage of the 5% cash discount offered for payment within 14 days. The following information is available:

2016

June 1 Sandra owed Kim \$680 .

June 4 Kim sold goods to Sandra, list price \$800.

June 5 Sandra sent Kim a cheque for the balance owing on 1 June.

June 8 Sandra returned goods purchased on 4 June, list price \$100, to Kim.

June 28 Kim sold further goods to Sandra, list price \$300.

June 29 Kim received a cheque from Sandra for goods purchased on 4 June.

June 30 Sandra received details from Kim of her transactions during the month.

REQUIRED

- (a) Name the document and book of prime entry used by Kim on the dates below:

Date	Business document	Book of prime entry
4 June		
8 June		

[4]

- (b) State the name of the document Sandra received on 30 June.

..... [2]

- (c) Write up the ledger account of Sandra in Kim's books. Balance the account and bring down the balance on 1 July 2016. Pay special attention to dates in order to adjust discounts.

Sandra account

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..... [10]

(d) (i) Name an alternative format to "T" Accounts?

..... [1]

(ii) State one benefit of this format compared with "T" accounts?

..... [1]

(e) Indicate with a tick (✓) the ledger in which the following accounts would appear. The first item has been completed as an example.

Account	Sales ledger	Purchase ledger	General ledger
Sales			✓
Drawings			
Kline Ltd (Supplier)			
Millar and Son (Customer)			
Insurance			

[4]

(f) State **three** advantages of a computerized system of accounting.

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..... [3]

(g) Explain the difference between book keeping and accounting.

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..... [2]

[Total: 27]

2. On 1 July 2016 Doji started a furniture retail business. The following are her transactions for the first month of trading:

- July 1 Doji paid capital, \$50000 into the business bank account.
- 2 Bought premises, \$25000, and paid by cheque.
- 6 Bought furniture, \$1500, on credit from L Hope.
- 7 Paid advertising expenses, \$60, by cheque.
- 9 Sold furniture, \$200, and received cash.
- 12 Sold inventory, \$310 on credit, to Ridhima.
- 13 Ridhima returned damaged furniture, \$20.
- 14 Paid \$1000 by cheque on account to L Hope.
- 15 Ridhima paid, \$150, by cheque.
- 16 Inventory were returned by Doji to L Hope \$200.
- 16 Received loan from B Barclay by cheque \$2000
- 17 Took cash \$1200 out of business bank account for business use.

REQUIRED

- a) Prepare journal entries for the transaction above. Narratives are not required.

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[Total: 24]

3. Deepa is a trader. In the first days of trading, she completed the following transactions.

- i. Paid loan, \$200, by cheque.
- ii. Purchased goods, \$1500, on credit from Ying.
- iii. Sold goods for \$1800, on credit to Tung.
- iv. Purchased office equipment, \$4000, paying by cheque.
- v. Deepa introduced more capital into the business through cash \$8500.

Required:

(a) Complete the table below while keeping 'accounting equation' in mind. The first item has been completed as an example.

Item	Effect on current assets \$	Effect on current liabilities \$	Effect on capital \$
(i)	-\$200	-200	No effect
(ii)			
(iii)			
(iv)			
(v)			

[12]

(b) State **two** reasons why a trader may prepare a trial balance.

- 1
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- 2
-[2]

(c) State the names of two errors which do not affect the trial balance.

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- [2]

Deepa extracted the following balances from her books of account on 31 December 2015.

	\$
Fixtures and fittings	17 000
Sales	72 000
Sales returns	3 100
Purchases	36 800
Purchases returns	2 260
Drawings	5 200
Bank	2 700 Dr
Inventory at 1 st Jan, 2015	12 450
Rent paid	2 400
Wages	21 810
Discount received	110
Discount allowed	1 000
Other operating expenses	10 100
Ali (a credit customer)	600
Kelvin (a credit customer)	970
Jules (a credit supplier)	4 210
Capital	?

Required

(d) Prepare Deepa's trial balance at 31 December 2015.

Deepa
Trial Balance at 31 December 2015

	Debit \$	Credit \$
Fixtures and fittings		
Sales		
Sales returns		
Purchases		
Purchases returns		
Drawings		
Bank		
Inventory		
Rent paid		
Wages		
Discount received		
Discount allowed		
Other operating expenses		
Ali (a credit customer)		
Kelvin (a credit customer)		
Jules (a credit supplier)		
Capital		

[18]

[Total: 34]

5. Terraca is a sole trader who keeps full double entry accounting records including a three column cash book. All cheques received are banked on the same day.

On July 1, 2016 balances in his books included the following.

	\$
Accounts receivables	
H Syde	500
B Sharp	800
M Yaveli	630
Accounts Payables	
J Teime	400
P Mulder	1000
Cash	600
Bank	2500

Terraca's transaction for the month of February 2016 included the following.

- July 3** H Syde paid the amount to the business which he owed by cheque and terrace allowed a cash discount of \$ 10.
- 7** cash was withdrawn from bank for office use \$ 200.
- 10** Paid J Teime by cheque after deducting \$ 15 cash discount.
- 12** Paid wages in cash \$ 400.
- 14** received the amount from B Sharp by cheque and cash discount of \$20 was allowed to him.
- 17** Paid P Mulder by cheque after deducting cash discount of \$ 25.
- 20** Cash sales paid directly into bank \$ 350.
- 21** M Yaveli paid the amount he owed by cheque.
- 24** Paid wages in cash \$ 250.
Paid electricity bill by cheque \$600.
- 28** Terraca's bank returned M Yaveli's cheque for \$ 630 as dishonored.

Required:

- a. Enter the transactions in Terraca's cash book. Balance the cash book at 31 July and bring down the balance on 1 August 2016. [21]

b. Distinguish between cash and trade discount.

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[Total: 23]