

# Ledgers & Books of Original Entry





2 (b) Make the necessary entries in the ledger accounts below.

Jim Dee

Sales Ledger

Whizzo Products account

.....  
.....  
.....  
.....

T Culpepper account

.....  
.....  
.....  
.....

Sam Beesi account

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.....  
.....  
.....  
.....

Nominal Ledger

Sales account

.....  
.....  
.....  
.....

Sales Returns account

.....  
.....  
.....  
.....[7]

- 2 (c) On 3 October 2003 Jim sent an invoice for \$800 to Rachel Smith for goods sold to her on credit. Rachel paid for these goods by cheque on 12 October 2003, deducting 2½% cash discount.

Enter these transactions in Rachel's account in Jim's Sales Ledger below.

Rachel Smith account

.....  
.....  
.....  
.....  
.....[3]

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2 Ombeya sells musical instruments. In September he had the following transactions:

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Use

Date	Details	Reference	Amount
September			\$
4	Sale to Hales orchestra	INV23	1200
15	Sale to Sing Song band	INV24	450
17	Returns from Hales orchestra	RT7	300
28	Sale to Town school	INV25	700

**REQUIRED**

(a) Show the entries to be made for September in Ombeya's sales journal and sales returns journal.

Ombeya  
Sales Journal

Date	Details	Reference	Amount
			\$

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Ombeya  
Sales Returns Journal

Date	Details	Reference	Amount
			\$

[4]

- (b) Using the information in Ombeya's sales journal and his sales returns journal, write up the following accounts in his ledger for September. Show the amounts transferred to his trading account for the month.

For  
Examiner's  
Use

Sales account

.....  
.....  
.....

Sales returns account

.....  
.....  
.....

Hales Orchestra account

.....  
.....  
.....

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Sing Song band account

.....  
.....  
.....

Town School account

.....  
.....  
.....

[8]

The Sing Song band goes out of business on 10 October without paying the amount due to Ombeya.

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Examiner's  
Use

**REQUIRED**

(c) Show the journal entry (with narrative) to write off the bad debt.

Date		Dr	Cr

[5]

(d) State which accounting principle Ombeya has followed in writing off the bad debt.

..... [2]

[Total: 19]

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2 (a) State which accounting document would show the amount of:

(i) trade discount

.....

(ii) cash discount

..... [2]

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Use

Chen makes the following sales on credit in the week ending 16 October 2009.

October	Customer	Reference	\$
12	Artelis	A4	230
14	Brook	B1	300
15	Chadri	C7	55

He writes up his sales journal at the end of the week as shown below.

Chen  
Sales journal

October		Reference	\$
12	Artelis	A4	250
14	Brook	B1	<u>300</u>
16	Total sales for week		<u>550</u>

**REQUIRED**

(b) From the entries in the sales journal, write up the accounts in Chen's ledger shown on the next page to record the transactions for the month.

Sales account

.....  
..... [2]

Artelis account

.....  
..... [2]

Brook account

.....  
..... [2]



Chen realises he has made two errors in writing up the sales journal. He decides to correct these errors by journal entries.

For  
Examiner's  
Use

**REQUIRED**

- (c) Show the **two** separate journal entries necessary to correct these errors. Narratives are **not** required.

	Dr \$	Cr \$

	Dr \$	Cr \$

[4]

- (d) State the balance on each of the accounts in Chen's ledger **after** correcting the two errors.

	Dr \$	Cr \$
Sales account		
Artelis account		
Brook account		
Chadri account		

[6]

**[Total: 18]**



Carter account

For  
Examiner's  
Use

.....

.....

.....

.....

..... [5]

At 1 October Moma had 200 units of inventory (stock) which had cost \$2.80 per unit. In the month of October her purchases were:

October	Units	Cost per unit
		\$
5	100	3.20
10	130	3.10
27	120	2.90

**REQUIRED**

(b) Calculate the following. Show your workings.

(i) The value of inventory (stock) at 1 October.

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.....

.....

..... [2]

(ii) The total cost of purchases for October.

.....

.....

.....

..... [6]

- (c) Stock is sold in the order in which it is received. At 31 October Moma had 250 units in stock. The net realisable value of each unit was \$3.00.

For  
Examiner's  
Use

Calculate the value of inventory (stock) at 31 October.

.....

.....

.....

..... [5]

[Total: 25]

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3 The following balances were taken from the books of Hans Lee, a sole trader, at 30 April 2012.

For  
Examiner's  
Use

	\$
Revenue	110 000
Purchases	65 000
Inventory 1 May 2011	11 500
Trade receivables	1 300
Trade payables	1 900
Machinery	7 400
Expenses	31 600
Bank (overdraft)	3 100
Capital	11 500
Drawings	7 600

Hans Lee's inventory at 30 April 2012 was \$12 100.

**REQUIRED**

(a) State **one** reason for preparing a trial balance.

.....  
 ..... [1]

(b) Complete the following trial balance for Hans Lee at 30 April 2012. Show any difference you find as a balance in an appropriate account.

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 Hans Lee  
 Trial Balance at 30 April 2012

	Dr \$	Cr \$
Revenue		
Purchases		
Inventory		
Trade receivables		
Trade payables		
Machinery		
Expenses		
Bank (overdraft)		
Capital		
Drawings		

[7]

After the trial balance had been prepared, the following errors were discovered.

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Examiner's  
Use

- 1 The purchases journal had been undercast by \$1600.
- 2 \$150 received from John Tan, a credit customer, had been debited to his account.
- 3 No entry had been made in the drawings account for \$200 cash taken by Hans Lee.

**REQUIRED**

- (c) Prepare the entries in Hans Lee's journal to correct the above errors. Narratives are **not** required.

Hans Lee  
Journal

		Debit \$	Credit \$
1	.....	.....	.....
	.....	.....	.....
2	.....	.....	.....
	.....	.....	.....
3	.....	.....	.....
	.....	.....	.....

[6]

- (d) In the following table place a tick (✓) under the correct heading to show how **correcting** each of the above errors would change the profit for the year.

	Increase	Decrease	No effect
Error 1			
Error 2			
Error 3			

[3]

- (e) Using your answer to (b), state whether you consider that all the errors on Hans Lee's books have been discovered. Give a reason for your answer.

.....  
.....  
..... [2]

[Total: 19]

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Use

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- 1 Dalia Said is a trader. She maintains a full set of accounting records. She purchases and sells goods on credit.

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Use

The following transactions took place in March 2012.

- March 2 Bought goods, \$1950, on credit from Essam Wholesalers
- 8 Bought goods on credit from Ramy El Din, list price \$680, subject to a trade discount of 20%
- 14 Returned goods, list price \$120, to Ramy El Din
- 21 Paid the balance owing to Essam Wholesalers by cheque, less 2% cash discount
- 28 Paid a cheque for \$300 on account to Ramy El Din

**REQUIRED**

- (a) Write up the purchases journal and the purchases returns journal for March 2012.

Total each journal and indicate the ledger account to which the total would be transferred.

Dalia Said  
Purchases journal

Date	Details	\$	\$
.....	.....	.....	.....
.....	.....	.....	.....
.....	.....	.....	.....
.....	.....	.....	.....
.....	.....	.....	.....

[3]

Purchases returns journal

Date	Details	\$	\$
.....	.....	.....	.....
.....	.....	.....	.....
.....	.....	.....	.....
.....	.....	.....	.....

[2]



- (b) Write up the accounts of Essam Wholesalers and Ramy El Din as they would appear in Dalia Said's ledger for the month of March 2012.

For  
Examiner's  
Use

There was no balance on either of these accounts on 1 March 2012.

Where traditional "T" accounts are used they should be balanced and the balance brought down. If there is no balance the account should be totalled.

Where three-column running balance accounts are used the balance column should be updated after each entry.

Dalia Said  
Essam Wholesalers account

.....

.....

.....

.....

.....

..... [3]

Ramy El Din account

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.....

.....

.....

.....

.....

..... [4]

- (c) Name the ledger in which Dalia Said would maintain the accounts of Essam Wholesalers and Ramy El Din.

..... [1]

Dalia Said's total purchases for the year ended 31 March 2012 were \$33 400. On 31 March 2012 her trade payables amounted to \$2600. Dalia Said is allowed a period of 30 days in which to pay her accounts.

For  
Examiner's  
Use

**REQUIRED**

(d) Calculate the payment period for the trade payables.

Your answer should be rounded up to the next whole day.  
Show your workings.

.....  
.....  
.....  
..... [2]

(e) State **one** advantage to Dalia Said of paying creditors **after** the due date.

.....  
..... [1]

(f) State **one** disadvantage to Dalia Said of paying creditors **after** the due date.

.....  
..... [1]

(g) Dalia Said is concerned that some of her credit customers are exceeding the period of credit allowed.

Suggest **three** ways in which Dalia Said could improve the collection period for trade receivables.

(i) .....  
.....  
(ii) .....  
.....  
(iii) .....  
..... [3]

[Total: 20]

4 Theba maintains a petty cash book using the imprest system.

For  
Examiner's  
Use

**REQUIRED**

(a) State **one** reason why Theba maintains a petty cash book in addition to her main cash book.

.....  
..... [2]

(b) Explain what is meant by the imprest system of petty cash.

.....  
.....  
.....  
..... [2]

Theba's imprest amount is \$200.

On 1 April 2012 she had \$97 in the petty cash box. On the same day she made a transfer from the business bank account to restore the petty cash to the imprest amount.

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On 30 April 2012 Theba had the following petty cash vouchers.

		\$
April 4	Postage stamps	24
12	Stationery	36
17	Fuel for motor vehicle	38
21	Refund from stationery supplier	4
24	Catering supplies	12
29	Cleaning	70

**REQUIRED**

(c) Prepare Theba's petty cash book for the month of April 2012.

Balance the book on 30 April 2012 and carry down the balance.

Make the entry on 1 May 2012 to restore the petty cash to the imprest amount.

[12]



- (d) From the entries in the petty cash book, record the transactions for the month in Theba's ledger.

Postage and Stationery account

.....  
.....

Motor expenses account

.....  
.....

Catering supplies account

.....  
.....

Cleaning account

..... [5]  
.....

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- (e) State the amount of petty cash which would be included in Theba's balance sheet prepared on 30 April 2012.

..... [1]

[Total: 22]

For  
Examiner's  
Use