

IGCSE Accounting Books of Original Entry

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1 (a) Abdul started a business by transferring his own vehicle to the business at a valuation of \$9000 and introducing a sum of cash.

In the first year of trading profit was \$2000. At the end of the first year the balance on his capital account was \$51 000.

How much cash did Abdul introduce?

- A \$40 000
- B \$44 000
- C \$58 000
- D \$62 000

(b) Agnes and Brian operate in similar businesses. They provide the following information.

	Agnes	Brian
Trade receivables collection period	31 days	40 days

Which statement is true?

- A Agnes receives money from customers sooner than Brian.
- B Agnes pays her suppliers sooner than Brian.
- C Brian receives money from customers sooner than Agnes.
- D Brian pays his suppliers sooner than Agnes.

(c) The following account appeared in Andrew's ledger.

Andrew Advertising account			
2015		\$	
30 April	Bank	4000	
		4000	
2015		700	
1 May	Balance b/d	700	

		\$	
2014		500	
1 May	Balance b/d	500	
2015		2800	
30 April	Income statement	2800	
	Balance c/d	700	
		4000	

Which statement is correct?

- A Andrew earned \$2800 from advertising during the year.
- B Andrew had prepaid \$700 for advertising on 1 May 2015.
- C Andrew owed \$700 for advertising on 1 May 2015.
- D Andrew paid \$2800 for advertising during the year.

2 (a) Name two books of prime (original) entry which a trader may keep. In each case name a source document for that book. An example has been provided.

Book of prime (original) entry	Source document
Cash book	Cheque counterfoil

(b) State one reason why a trader might use books of prime (original) entry.

.....

(c) Name the two accounts which are posted with the totals from a three column cash book.

1
 2

3 Lamoudi has an accounting year end of 31 December.

On 1 April 2013 he paid \$1200, by cheque, for a year's insurance starting on that date.

On 1 April 2014 he paid \$1440, by cheque, for insurance for twelve months to 31 March 2015.

REQUIRED

(a) Prepare Lamoudi's insurance account for the year ended 31 December 2014. Balance the account and bring down the balance on 1 January 2015.

Lamoudi
Insurance account

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

5 Abdoulaye withdrew \$200 from the bank for personal use.

REQUIRED

State how this is recorded in the books of account.

Account debited	Account credited

6 Farhad and Ali are traders. On 1 January 2015 Farhad owed Ali \$300. The following transactions took place.

- 5 January Ali sold goods, \$250, to Farhad.
- 8 January Farhad returned half of the goods bought on 5 January.
- 19 January Farhad paid the amount owed on 1 January, by cheque, having deducted 3% cash discount.

REQUIRED

(a) Prepare Farhad's account in the books of Ali. Balance the account and bring down the balance on 1 February 2015.

Ali
Farhad account

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

(b) Complete the following table. Name the document sent by Ali to Farhad on 5 January and on 8 January and state his reason for sending each document.

	Document	Reason
5 January		
8 January		

(c) Complete the following table. Name the book of prime (original) entry in which Ali would record the transactions listed.

	Book of prime (original) entry
Ali sold goods, \$250, to Farhad	
Farhad returned half of the goods bought on 5 January	
Farhad paid the amount owed on 1 January having deducted 3% cash discount	

7 During February 2015 the following transactions took place.

- 1 Took out long term bank loan, \$10 000.
- 2 Bought delivery van, \$8000, paying by cheque.
- 3 Bought inventory, \$300, from John on credit.
- 4 Sold goods for cash, \$80 (cost \$50).

REQUIRED

Complete the following table to show the double entry needed to record each transaction.

Transaction	Account debited	\$	Account credited	\$
1				
2
3
4

8 Kuda Maposa had the following transactions on 31 March 2015.

- 1 Took goods costing \$300 for personal use.
- 2 Purchased a motor vehicle, \$12 000, for business use, using a cheque drawn on her personal bank account.
- 3 Received an invoice from Valley Machines for \$990. This included \$865 for a new machine. The balance was for repairs to existing machine.

REQUIRED

(a) Prepare journal entries to record the above transactions. Narratives are required. See next page.

Kuda Maposa
Journal

		Debit \$	Credit \$
1

2

3

9 (a) Insert the missing figures in the following document.

CREDIT NOTE Jai Kapur 44 West Street Hightown			
Vijay Singh 11 North Road Lowtown		25 April 2015	
Quantity	Description	Unit price	Amount
4	External doors Less (i).....% trade discount	\$ 55	\$ 220 33 (ii)
20 metres	Floorboards	1.5030... (iii).....

(b) Name the person who issued the credit note.

.....

(c) Suggest one reason for the issue of the credit note.

.....

(d) Name the document which would have been issued to request a credit note.

.....

(e) Complete the following table to show where the credit note would be recorded.

Books of Jai Kapur		Books of Vijay Singh	
Account debited	Account credited	Account debited	Account credited
.....
.....

- 10** On 30 March 2015 Akhtar Hussain received an invoice for \$9360 from PJ Autos Limited. This included \$360 for repairs to a motor vehicle. The remainder was the cost of a new motor vehicle.

REQUIRED

Prepare a journal entry to record this transaction. A narrative is required.

Akhtar Hussain
Journal

	Debit \$	Credit \$
.....
.....
.....
.....
.....

- 11** Nirmal Singh is a trader. He maintains a full set of accounting records. All purchases are made on credit terms. His purchases journal and purchases returns journal for February 2015 are shown below.

Purchases Journal

Date	Name	Amount \$
2015 Feb 8	Ansari Stores (after 20% trade discount)	640
Feb 19	T Marks	480

Purchases Returns Journal

Date	Name	Amount \$
2015 Feb 14	Ansari Stores (after 20% trade discount)	280

REQUIRED

- (a)** Calculate the list price of the goods purchased by Ansari Stores on 8 February.

.....
.....

- (b)** State why trade discount was deducted from the goods returned on 14 February.

.....
.....

11 On 1 February 2015 Nirmal Singh's purchases ledger included the following accounts.

	\$
Ansari Stores	560 credit
T Marks	200 credit

The following additional transactions took place in February 2015.

Feb4 Paid \$200 by cheque to T Marks

10 The bank dishonoured the cheque paid to T Marks on 4 February

26 Paid \$546 to Ansari Stores by cheque in full settlement of the balance owing on 1 February 2015

28 T Marks charged \$10 interest on the overdue account.

REQUIRED

(a) Name the business document Nirmal Singh would use to record the following transactions. You can find the transactions on page 5 and 6.

February	Transaction	Document
4	Payment	
8	Purchases	
14	Purchases returns	

(b) Prepare the following accounts in the ledger of Nirmal Singh for the month of February 2015. Balance the accounts and bring down the balances on 1 March 2015.

Nirmal Singh
Ansari Stores account

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

T Marks account

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

12 Amla Khan is a trader. Her financial year ends on 31 December.

Amla Khan maintains one combined account for rates and insurance. She provided the following information.

On 1 January 2014 three months' rates, \$480, was outstanding and four months' insurance, totalling \$700, was prepaid.

During the year ended 31 December 2014 the following payments were made by cheque.

	\$
Rates 16 months to 31 January 2015	2560
Insurance 12 months to 30 April 2015	2400

REQUIRED

(a) Prepare the rates and insurance account in the ledger of Amla Khan for the year ended 31 December 2014. Balance the account and bring down the balances on 1 January 2015.

See next page.

13 Joda Limited provided the following information for the year ended 31 January 2015.

1 The total revenue was

	\$
Cash sales	9 600
Credit sales	154 400

Credit customers are allowed a credit period of 30 days.

2 The total of the trade receivables on 31 January 2015 amounted to \$15 300.

REQUIRED

(a) Calculate the collection period for trade receivables. Round your answer up to the next whole day.

(b) State whether Joda Limited would be satisfied with the collection period for trade receivables. Give a reason for your answer.

Satisfied or unsatisfied _____
Reason _____

14 (a) State what is meant by a book of prime (original) entry.

(b) Name two of the books of prime (original) entry which a business may maintain.

1. _____
2. _____

15 Neel started a business on 1 June. The following transactions took place in June.

- 1 Opened a business bank account with \$8000 of his own money.
- 2 Received a bank loan, \$2000.
- 3 Bought a delivery van, \$5200, from A1 Motors on credit.
- 4 Bought inventory, \$3700, paying by cheque.
- 5 Paid shop rent, \$1000, by standing order.
- 6 Withdrew cash, \$100, to start up an imprest system.

REQUIRED

(a) Complete the following table showing how these transactions were recorded. The first has been completed as an example. See next page.

	Debit entry		Credit entry	
		\$		\$
1	Bank account	8000	Capital account	8000
2				
3				
4				
5				
6				

(b) Calculate the balance on Neel's bank account after these transactions.

16 State the purpose of each of the following business documents.

debit note _____

credit note _____

statement of account _____

17 The following incomplete statement of account was available on 31 August 2015.

STATEMENT OF ACCOUNT				
Shahid Ayub 44 Narrow Lane, Anytown				
Mariam Soliman The Avenue Weston			31 August 2015	
Date	Reference	Debit \$	Credit \$	Balance \$
2015 August 1	Balance due			520
9	Goods	340		860
13	Returns		24	?
24	Payment		507	?
	Discount		13	?

18 Kelbrook Limited provided the following information for the year ended 30 September 2015.

	\$
Credit sales	45 000
Cash sales	5 000

Credit customers are allowed 60 days credit.

REQUIRED

(a) Calculate the collection period for trade receivables. Round up your answer to the next whole day.

(b) Comment on the collection period for trade receivables.

Kelbrook Limited is allowed 30 days credit by their credit suppliers. For the year ended 30 September 2015 the payment period was 52 days.

REQUIRED

(c) Comment on the payment period for trade payables.

19 Paul Chew sells goods on credit terms to Kim Chan.

REQUIRED

Complete the table to name the business document and the books of prime (original) entry for each of the following transactions.

If the document is not recorded in a book of prime (original) entry write "No entry". The first transaction has been completed as an example. Turn page.

	Document	Paul Chew's book of prime (original) entry	Kim Chan's book of prime (original) entry
Paul Chew received payment from Kim Chan	<i>Cheque</i>	<i>Cash book</i>	<i>Cash book</i>
Paul Chew sold goods on credit to Kim Chan			
Kim Chan notified Paul Chew of an overcharge			
Paul Chew notified Kim Chan that he agreed the overcharge			
Paul Chew sent Kim Chan a summary of the month's transactions			

19 On 1 September 2014 Ishmael Makumbo owed \$274 for motor expenses. He paid this by cheque on 7 September 2014.

On 1 February 2015 Ishmael Makumbo paid \$96 in cash for motor expenses.

On 30 August 2015 Ishmael Makumbo received an invoice for motor expenses, \$113. He paid this invoice in September 2015.

REQUIRED

(a) Prepare the motor expenses account for the year ended 31 August 2015. Balance the account and bring down the balance on 1 September 2015. See next page.

Ishmael Makumbo
Motor expenses account

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

During the year ended 31 August 2015 Ishmael Makumbo took goods, cost \$300, for his own use. This was not entered in the accounting records.

The telephone expenses for the year ended 31 August 2015 amounted to \$432. It was estimated that one quarter of this was for Ishmael’s personal use. No adjustment had been made for this.

REQUIRED

(b) Prepare the journal entries Ishmael Makumbo would make to record the above. Narratives are required.

Ishmael Makumbo
Journal

	Debit \$	Credit \$
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....

20 (a) State the accounting equation.

(b) State what is meant by the following terms.

Asset _____

Liability _____

Inventory _____

(c) Name the accounting principle applied when using the double entry system of book-keeping.

(d) State the double entry needed to record each of the following in the books of Taha, a trader.

	debit account	credit account
Taha receives a cheque from Michael, a credit customer		
Taha writes off a debt owed by Zoe		

(e) Name the division of Taha's ledger in which Michael's account appears.

(f) Complete the following table, indicating with a tick (✓) if each statement about an increase in a provision for doubtful debts is true or false. The first one has been completed as an example.

	true	false
it will increase the total of the non-current assets		✓
it will increase the total of current assets		
it will decrease cash and bank		
it will require a credit entry in the provision for doubtful debts account		
it will have no effect on profit for the year		

21 Andy sells furniture on credit. Fred is a credit customer.

REQUIRED

(a) Complete the following invoice.

		Andy Factory Street Toptown	Invoice no 1001
Fred Shop Road Toptown			22 May 2017
Quantity	Details	Unit price	Amount \$
20	Standard chair	\$50
10	Luxury chair
	10% trade discount		1750

(b) State which value from the invoice is recorded in Fred's account.

(c) Name the document Andy issues if Fred returns any chairs.

(d) State the difference between Andy's business and a service business.

21 Zameer has a financial year end of 28 February.

He extracted the following ledger balances from his books of account on 21 February 2017.

\$

Purchases	67 210 debit
Rent payable	6 600 debit

REQUIRED

State why the purchases account has a debit balance.

22 A business provided the following information.

	\$
Inventory at start of year	4 000
Purchases	76 000
Inventory at end of year	8 000
Mark-up	60%

What were the sales for the year?

- A \$115 200
- B \$128 000
- C \$180 000
- D \$200 000

23 Harum is a trader. All goods are bought and sold on credit terms. On 1 March 2017 Kalgi, a credit customer, owed Harum \$520. The following took place during March 2017.

- March 4 Harum sold goods on credit to Kalgi, list price \$280, less 20% trade discount
- 10 Kalgi paid the balance due on 1 March by cheque
- 12 Kalgi returned goods, list price \$120, purchased on 4 March
- 18 The bank returned Kalgi's cheque received on 10 March because of insufficient funds in his account.
- 28 Kalgi paid \$600 in cash
- 30 Harum wrote off the balance on Kalgi's account

REQUIRED

(a) Name the source document which Harum would use to record the following:

	Document
March 4 Sold goods on credit to Kalgi 12 Kalgi returned goods

(b) Name the book of prime (original) entry in which Harum would record the following:

	Book of prime (original) entry
March 18 The bank returned Kalgi's cheque 30 The balance of Kalgi's account was written off

(c) Write up the account of Kalgi as it would appear in the ledger of Harum for the month of March 2017.

Harum
Kalgi account

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

(d) Suggest two ways in which Harum could reduce the possibility of bad debts.

1. _____
2. _____

24 Waheed is a trader. He maintains a full set of accounting records and prepares control accounts at the end of each month.

REQUIRED

(a) Name the book of prime (original) entry which Waheed would use to obtain the following information when preparing his sales ledger control account.

	Book of prime (original) entry
Discount allowed	
Bad debts	
Contra	
Returns	

(b) State the meaning of a contra entry in connection with control accounts. State why Waheed may make such an entry.

Meaning _____

Reason _____

25 An invoice for \$100 sent to Ahmed was entered in the sales journal as \$10. What was the double entry needed to correct this error?

	debit entry	\$	credit entry	\$
A	Ahmed	90	sales	90
B	sales	90	Ahmed	90
C	sales	90	suspense	90
D	suspense	90	sales	90

26 A disposal account showed the following.

Disposal account

Machinery	\$ 6200	Provision for depreciation	\$ 2100
		Bank	3800
		Income statement	300
	6200		6200

Which book of prime entry was used to transfer the \$300 to the income statement and how was it treated there?

	book of prime entry	treatment in income statement
A	general journal	as a loss
B	general journal	as a profit
C	sales journal	as a loss
D	sales journal	as a profit

27 Jason is a trader. His financial year ends on 31 May.

On 1 May 2017 his ledger included the following balances.

	\$
Purchases	19 620
Purchases returns	850

Jason's purchases journal and purchases returns journal for the month of May 2017 were as follows.

Purchases journal		
2017		\$
May 2	Asnee	400
5	Botan	610
7	Chaitali	388
19	Asnee	190
24	Dae	<u>517</u>
		<u>2105</u>

Purchases returns journal		
2017		\$
May 4	Asnee	105
15	Chaitali	<u>55</u>
		<u>160</u>

REQUIRED

(a) Complete the following table, naming the source document used by Jason on each date, and the person who issued the document.

Date	Source document	Issued by
May 2		
May 4		

(b) Prepare the following ledger accounts in the books of Jason for the month of May 2017. Show the transfers to the income statement.

Jason
Purchases account

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

Purchases returns account

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

28 Ben opened a retail store on 1 April 2017. He introduced the following into the business.

	\$
Inventory	15 200
Shop fittings	14 300
Cash	17 900 (of which \$17 400 was paid into a business bank account)

On the same day, Ben received a business start-up loan of \$15 000 which was paid into the business bank account. Interest at 5% per annum was payable at six-monthly intervals.

REQUIRED

(a) Prepare the opening journal entry. A narrative is **not** required.

Ben Journal		
	Debit \$	Credit \$
.....
.....
.....
.....
.....
.....
.....
.....

The following transactions took place in September 2017.

- September 3 Invoice received from EF Limited for office equipment, \$1900
- 28 Goods taken by Ben for personal use, \$430

REQUIRED

(b) Prepare journal entries to record these transactions. Narratives are required. See next page.

Ben
Journal

	Debit \$	Credit \$
.....
.....
.....
.....
.....
.....
.....
.....
.....

29 Harry is a trader in farm machinery. He maintains a full set of accounting records. His financial year ends on 31 March.

Harry made the following entries in his purchases journal and purchases returns journal in March 2018.

Harry
Purchases Journal

		\$	\$
2018			
March 15	AX Limited		
	Goods	3250	
	Less Trade discount	<u>650</u>	2600
24	FM Limited		
	Goods	1820	
	Less Trade discount	<u>273</u>	1547
31	Total for month		<u>4147</u>

Purchases Returns Journal

		\$	\$
2018			
March 17	AX Limited		
	Goods	450	
	Less Trade discount	<u>90</u>	360
28	FM Limited		
	Goods	200	
	Less Trade discount	<u>30</u>	170
31	Total for month		<u>530</u>

Harry made the following payments by cheque.

2018

March 4 AX Limited, \$2425, in full settlement of the amount due on that date.

30 FM Limited to settle the amount due on that date. No cash discount was received.

REQUIRED

(a) Enter the transactions for March in the following ledger accounts.

Close the accounts on 31 March 2018 by balancing or by making a transfer to the income statement.

Some entries have already been made in the accounts during the year.

Harry
AX Limited account

Date	Details	\$	Date	Details	\$
.....	2018 Mar 1	Balance b/d	2500
.....
.....
.....
.....
.....
.....
.....
.....

FM Limited account

Date	Details	\$	Date	Details	\$
.....	2018 Mar 1	<i>Balance b/d</i>	750
.....
.....
.....
.....

Purchases account

Date	Details	\$	Date	Details	\$
2018 Feb 28	<i>Total to date</i>	43 000
.....
.....
.....

Purchases returns account

Date	Details	\$	Date	Details	\$
.....	2018 Feb 28	<i>Total to date</i>	5020
.....
.....
.....

(b) (i) Suggest one reason why AX Limited allowed Harry trade discount on his purchases on 15 March 2018.

(ii) Calculate the percentage of trade discount AX Limited allowed Harry on his purchases on 15 March 2018.

(c) Name the following documents:

(i) the document issued by AX Limited on 15 March 2018

(ii) the document issued by Harry on 17 March 2018

(iii) the document which AX Limited may issue on 31 March 2018

30 Mary keeps a full set of accounting records including books of prime (original) entry.

REQUIRED

(a) State two reasons why Mary uses books of prime (original) entry.

- 1.....
.....
- 2.....
.....

On 1 November 2017 the balance in Mary's cash book (bank columns) was \$838 overdrawn.

Mary banks all cash sales at the end of each week.

Mary had the following transactions during November.

- 1 Sold goods, \$220, for cash
- 2 Returned goods costing \$440, bought on credit from Jane
- 3 Purchased a motor vehicle on credit, \$12 400, including road tax of \$300, from Speedy Motors
- 4 Received a cheque from Tan, a credit customer, in settlement of an invoice for \$400 after deduction of 2% cash discount
- 5 Took goods for own use, \$120

REQUIRED

(b) Name the book of prime (original) entry where each of the transactions 1, 2 and 3 would be recorded.

- 1.....
- 2.....
- 3.....

(c) Complete the following table to show how **each** transaction was recorded by Mary. The first one has been completed as an example.

	Account(s) debited	\$	Account(s) credited	\$
1	<i>Cash</i>	220	<i>Sales</i>	220
2				
3				
4				
5				

(d) Calculate the bank balance at 30 November 2017.

.....

(e) Name the ledger in which Mary maintains:

(i) Tan's account

.....

(ii) Motor vehicles account

.....

31 On 1 March 2017 Nabil started a business buying and selling office supplies on credit.

Nabil opened a business bank account on 1 March 2017 with capital, \$155 000 and a loan from AB Loans, \$80 000. On the same day he purchased premises, \$200 000, fixtures and fittings, \$22 000, and inventory, \$5500, paying by cheque.

REQUIRED

(a) Prepare a journal entry to include all the above information to open the books of the business on 1 March 2017.

A narrative is required.

(ii) Calculate the balance on the document at the end of February 2018.

.....

(iii) Calculate the percentage of the discount on 28 February.

.....

.....

.....

(iv) Name the type of discount on 28 February.

.....

(b) Complete the following table by placing a tick (3) in the correct column to indicate how J Smith would record the issue of this document in his accounting records.

debit entry in ledger account of W Jones	credit entry in ledger account of W Jones	no entry would be made

(c) Complete the following table relating to the transaction of 11 February.

document issued	name of person issuing document	entries made by W Jones	
		account debited	account credited
.....

(d) Name the book of prime (original) entry in which each trader would record the transaction of 19 February.

book of prime (original) entry used by J Smith
book of prime (original) entry used by W Jones

33 In January 2016 the following transactions took place between Ali and Deepa.

- January 6 Ali bought goods, list price \$1000, after taking a trade discount of 20%.
- 8 Ali paid by cheque the amount owing on 31 December after deducting 3% cash discount.
- 10 Ali returned goods, list price \$150, bought on 6 January.

REQUIRED

(a) Prepare Ali's account in Deepa's ledger for the month of January 2016. Balance the account and bring down the balance on 1 February 2016.

Deepa
Ali account

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

(b) State **one** advantage and **one** disadvantage to a business of reducing its level of inventory.

Advantage

.....

Disadvantage

.....

(c) Name the section of the statement of financial position where inventory is shown.

.....

(d) Name **one** item which might appear in the non-current liabilities section of a statement of financial position.

.....

34 Lewis had the following transactions.

- 1 Bought goods, \$1000, on credit from Pamela.
- 2 Bought delivery van, \$17 000, from AM Motors, paying \$12 000 by cheque with the balance to be paid after six months.
- 3 Paid wages, \$250, by cheque.
- 4 Sold goods, cost \$600, for \$960 on credit to Ali.
- 5 Withdrew \$110 cash from the business bank account to increase cash in hand.

REQUIRED

(a) Complete the following table showing how each of these transactions was recorded in Lewis's books of account. The first has been completed as an example.

	Account(s) debited	\$	Account(s) credited	\$
1	Purchases	1000	Pamela	1000
2				
3				
4				
5				

(b) Identify the transaction which decreased Lewis's capital.

Transaction number

(c) Identify the transaction which increased Lewis's capital. State the amount by which it was increased.

Transaction number

Amount

(d) Identify the transaction which would be classified as a contra.

Transaction number

(e) State how capital employed is calculated.

.....

(f) Name the book of prime (original) entry used when a trader brings cash into the business as capital introduced.

.....

(g) Name the book of prime (original) entry used when a trader transfers his private vehicle to the business.

.....