

BOOKS OF PRIME ENTRY : INTRODUCING SPREADSHEETS

TUTORIAL EXAMPLE

Mr Hughes is in business as a retailer of musical equipment . At 1-1-2001 , his ledger account balances were as follows :

	£
Computer Equipment	26000
Motor Vehicles	19000
Fixtures and Fittings	5800
Stock at 1-1-2001	1160
Trade Debtors	1500
Trade Creditors	1700
Bank Current Account	620
Cash in Hand	300
Bank Loan	18750
Capital	33930

The opening debtors and creditors were made up as follows :

	Debtors	Creditors
	£	£
Mr Ferguson	250	
Mr Daniels	950	
Mr Littlewood	300	
Mr Macdonald		1400
Mr Veale		300
	<u>1500</u>	<u>1700</u>

During January 2001 , the following transactions took place :

- 1 Jan Received a cheque of £900 from Mr Daniels in settlement of his opening balance , the remainder of the amount being given as a discount
- 2 Jan Received invoice for shop repairs of £35
- 3 Jan Made cash sales of £150 which were immediately banked
- 9 Jan Paid Mr Veale a cheque of £300 in settlement of the opening balance
- 9 Jan Spent £15 petty cash on assorted stationery
- 10 Jan Sold goods of £1240 to Mr Daniels on credit
- 13 Jan Received telephone invoice of £52 from BT
- 5 Jan Paid Mr McDonald a cheque of £1300 in settlement of the opening balance , the remainder of the amount being given as a discount
- 16 Jan Sold goods of £150 to Mr Littlewood on credit
- 19 Jan Paid travel costs of £14 out of petty cash
- 21 Jan Made and immediately banked cash sales of £430
- 22 Jan Bought some new computer equipment for the office for an amount of £690 . Mr Hughes was given a months credit from his supplier and hence the equipment will be paid for in February
- 23 Jan Paid telephone invoice received on 13 Jan
- 25 Jan Bought goods of £320 from Mr Veale on credit
- 27 Jan Sold goods to Mr Ferguson for £3000 on credit
- 27 Jan Sold goods to Mr Daniels for £2050 on credit
- 28 Jan Paid invoice for shop repairs received on 2 Jan
- 28 Jan Banked a cheque of £2850 being further capital injected into the business by Mr Hughes
- 31 Jan Reimbursed petty cash float to £300 by cashing a cheque

REQUIREMENT

- (a) Enter the opening balances at 1st January 2001 into the first 2 columns of the spreadsheet
- (b) Complete the books of prime entry for the month
- (c) At 31st January 2001 , post the information from the books of prime entry to the spreadsheet in order to arrive at a series of draft balances
- (d) Prepare a profit and loss account for the month and a balance sheet at the month end