

BOOKS OF PRIME ENTRY : INTRODUCING SPREADSHEETS

LECTURE EXAMPLE

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

	£
Freehold Property	38000
Motor Vehicles	24000
Fixtures and Fittings	4400
Stock at 1-1-2001	840
Trade Debtors	1100
Trade Creditors	1200
Bank Current Account	1010
Cash in Hand	200
Bank Loan	22000
Capital	46350

The opening debtors and creditors were made up as follows :

	Debtors	Creditors
	£	£
Mr Adams	700	
Mr Davies	400	
Mr Leslie		250
Mr Summerfield		650
Mr Gates		300
	<u>1100</u>	<u>1200</u>

During January 2001 , the following transactions took place :

- | | |
|--------|---|
| 2 Jan | Received a cheque of £675 from Mr Adams in settlement of his opening balance , the remainder of the amount being given as a discount |
| 3 Jan | Made cash sales of £600 which were immediately banked |
| 9 Jan | Paid Mr Summerfield a cheque of £650 in settlement of the opening balance |
| 9 Jan | Spent £15 petty cash on stamps |
| 10 Jan | Sold goods of £1600 to Mr Davies on credit |
| 11 Jan | Received telephone invoice of £46 |
| 11 Jan | Received invoice for legal fees of £68 |
| 15 Jan | Paid Mr Leslie a cheque of £225 in settlement of the opening balance , the remainder of the amount being given as a discount |
| 16 Jan | Sold goods of £1520 to Mr Adams on credit |
| 17 Jan | Paid advertising costs of £14 out of petty cash |
| 19 Jan | Made and immediately banked cash sales of £820 |
| 22 Jan | Bought some new fixtures and fittings for the office for an amount of £200 . Mr Barnes 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 11 Jan |
| 25 Jan | Bought goods of £1200 from Mr Gates on credit |
| 27 Jan | Sold goods to Mr Adams for £3000 on credit |
| 27 Jan | Sold goods to Mr Davies for £2200 on credit |
| 28 Jan | Paid invoice for legal fees received on 11 Jan |
| 28 Jan | Banked a cheque of £5000 being further capital injected into the business by Mr Barnes |
| 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

SALES DAY BOOK

DATE	NARRATIVE	TOTAL
10-1	MR DAVIES	1600
16-1	MR ADAMS	1520
27-1	MR ADAMS	3000
27-1	MR DAVIES	2200
		<u>8320</u>

[illegible]

Date	Narrative	Total	Purchases	F & F	Legal Fees	Telephone
11-1	TELEPHONE	46				46
11-1	LEGAL FEES	68			68	
22-1	FIXTURES	200		200		
25-1	MR GATES	1200	1200			
		1514	1200	200	68	46

CASH BOOK (RECEIPTS)

Date	Narrative	Total	Capital	From Debtors	Cash Sales	Discount Allowed
2-1	Mr ADAMS	675		675		25
3-1	CASH SALES	600			600	
19-1	CASH SALES	820			820	
28-1	MR BARNES	5000	5000			
		7095	5000	675	1420	25

CASH BOOK (PAYMENTS)										
Date	Narrative	Total	To Creditors	Petty cash	Discount Received					
9-1	MR SUMMERFIELD	650	650							
15-1	MR LESLIE	225	225		25					
23-1	B.T.	46	46							
28-1	LEGAL FEES	68	68							
31-1	PETTY CASH	29		29						
		<u>1018</u>	<u>989</u>	<u>29</u>	<u>25</u>					

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		<u>1018</u>	<u>989</u>	<u>29</u>	<u>25</u>						
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PETTY CASH BOOK

Receipts	Date	Narrative	Total	Advertising	Postage
200	1-1	BAL B/F			
	9-1	STAMPS	15		15
	17-1	ADVERTISING	14	14	
	31-1	BAL C/F	171		
			200	14	15
200					
171	31-1	BAL B/F			
29	31-1	BANK			