

Exercises

1. Complete worksheets on drawing up the books of prime entry for the example of Philip (below). Your task is to total them and using double-entry book-keeping to post this information to the nominal ledger accounts.

Philip is a second hand bookseller who has been in business for two months. In this time she has made the following transactions:

- 1 Jan paid in cash of £5,000 as capital;
- 7 Jan taken out a lease on a stall and paid two months' rent. The annual rental was £1,200;
- 8 Jan purchased, on credit from J Fox, books at cost of £825;
- 10 Jan spent £420 cash on the purchase of other books from W. Smith;
- 16 Jan paid an odd-job man £75 to paint the exterior of the stall and repair a broken lock;
- 18 Jan put an advertisement in the local paper at a cost of £10;
- 21 Jan sold three volumes containing "The Complete Works of Plato" to a French for £60 cash;
- 27 Jan sold six similar sets on credit to a local school for £300;
- 8 Feb paid J Fox £525 on account for the amount due to him;
- 12 Feb received £200 from the school;
- 17 Feb purchased cleaning materials at a cost of £10 and paid a cleaner £30;
- 20 Feb took £100 from the business to pay for his own personal expenses;
- 23 Feb made other cash sales during the two months of £1,500. All books had been sold by the end of two months.

Your tasks:

- a) Record the transactions above in the books of prime entry
- b) Total the books of prime entry and post these totals to the nominal ledger accounts
- c) Balance off the nominal ledger accounts