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Level 4, group 2

1 assignment- ACCOUNTING FUNDAMENTALS

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Task 1

Maxim commenced trading in his bakery on 5 April. All his transactions were on a cash basis, as follows:

5 April Introduced cash into the business of £300

7 April Purchased goods for £200

8 April Received loan from Tatiana of £250 repayable within twelve months

15 April purchased a motor van for £150

20 April Sold goods for £350

28 April Paid rent of £50

29 April repaid part of the loan £200

30 April Drew cash from the business £60.

At 30 April Maxim had £100 goods in hand

Required:

(a) Write up, balance and close the relevant ledger accounts for the above transactions.

Cash							
April	5	Capital	300	April	7	Purchases	200
	8	Loan Tatiana	250		15	Motor van	150
	20	Sales	350		28	Rent	50
					29	Loan Tatiana	200
					30	Drawings	60
					30	Balance c/d	240
			900				900
	30	Balance b/d	240				

Capital							
April	30	Balance c/d	300	April	5	Cash	300
			300				300
					30	Balance b/d	300

			Purchases				
April	7	Cash	200	April	30	Balance c/d	200
			200				200
	30	Balance b/d	200				

Short-term loan - Tatiana

April	29	Cash	200	April	8	Cash	250
	30	Balance c/d	50				
			<u>250</u>				<u>250</u>
				30	Balance b/d	50	

Motor Van

April	15	Cash	150	April	30	Balance c/d	150
			<u>150</u>				<u>150</u>
	30	Balance b/d	150				

Sales

April	30	Balance c/d	350	April	20	Cash	350
			<u>350</u>				<u>350</u>
				30	Balance b/d	350	

Rent

April	28	Cash	50	April	30	Balance c/d	50
			<u>50</u>				<u>50</u>
	30	Balance b/d	50				

Drawings

April	30	Drawings	60	April	30	Balance c/d	60
			<u>60</u>				<u>60</u>
	30	Balance b/d	60				

(b) Prepare the list of account balances at 30 April.

Trial Balance as at 30/04			
Accounts	Debit		Credit
	£		£
Cash	240		
Purchases	200		
Motor van	150		
Short-term loan			50
Capital			300
Drawings	60		
Sales			350
Rent	50		
	<u>700</u>		<u>700</u>

Closing stock at 30/04: £100

(c) Prepare the statement of profit or loss for the month ended 30 April and a statement of financial position at that date.

STATEMENT OF PROFIT OR LOSS

Sales 350

COGS:

Purchases 200
Less Closing stock 100 100

Gross Profit 250

Expenses:

Rent 50 50

Net profit 200

STATEMENT OF FINANCIAL POSITION

ASSETS		LIABILITIES & EQUITY	
Current Assets		Current Liabilities	
Cash	240	Short-term loan	<u>50</u>
Inventory	100 340	Equity	
Fixed Assets		Capital	300
Motor van	<u>150</u>	Add Net profit	200
		Less Drawings	60 440
	<u>490</u>		<u>490</u>

Task 2

You are given the following information on the first month's trading of Pendo, who is in business as a second-hand furniture dealer. All transactions are on a cash basis.

- 1 January Pendo paid £5,000 into the business
- 2 January Bought a motor van for £600
- 3 January Bought goods for £1,300
- 4 January Received a loan from Sergei £1,000 repayable within twelve months
- 10 January Paid expenses on the motor van of £200
- 13 January Sold goods for £300
- 20 January Sold goods for £500
- 24 January Paid storage expenses £150
- 27 January Repaid Sergei part of his loan £350
- 30 January Withdrew cash from the business £175
- 31 January Closing inventory was £800.

Required:

(a) Write up the ledger accounts for the above transactions, including dates, descriptions and balances.

Cash							
Jan	1	Capital	5000	Jan	2	Motor van	600
	4	Loan Sergei	1000		3	Purchases	1300
	13	Sales	300		10	Motor van expenses	200
	20	Sales	500		24	Storage expenses	150
					27	Loan Sergei	350
					30	Drawings	175
					31	Balance c/d	4025
			<u>6800</u>				<u>6800</u>
31		Balance b/d	4025				

Capital			
Jan	31	Balance c/d	5000
			<u>5000</u>
	31	Balance b/d	5000

Motor van

Jan	2	Cash	600	Jan	31	Balance c/d	600
			<u>600</u>				<u>600</u>
	31	Balance b/d	600				

Purchases

Jan	3	Cash	1300	Jan	31	Balance c/d	1300
			<u>1300</u>				<u>1300</u>
	31	Balance b/d	1300				

Short-term loan - Sergei

Jan	27	Cash	350	Jan	4	Cash	1000
	31	Balance c/d	650				<u>1000</u>
			<u>1000</u>		31	Balance b/d	650

Motor van expenses

Jan	10	Cash	200	Jan	30	Balance c/d	200
			<u>200</u>				<u>200</u>
	31	Balance b/d	200				

Sales

Jan				Jan	13	Cash	300
	31	Balance c/d	800		20	Cash	500
			<u>800</u>				<u>800</u>
					31	Balance b/d	800

Storage expenses

Jan	24	Cash	150	Jan	31	Balance c/d	150
			<u>150</u>				<u>150</u>
	31	Balance b/d	150				

Drawings

0	31	Drawings	175	0	31	Balance c/d	175
			<u>175</u>				<u>175</u>
	31	Balance b/d	175				

(b) Prepare the trial balance at 31 January.

Trial Balance at 31/01		
Accounts	Debit	Credit
	£	£
Cash	4025	
Purchases	1300	
Motor van	600	
Short-term loan		650
Capital		5000
Drawings	175	
Sales		800
Motor van expenses	200	
Storage expenses	150	
TOTAL	6450	6450

Closing stock at 31/01: £800

(c) Prepare the statement of profit or loss for the month ended 31 January and a statement of financial position at that date.

STATEMENT OF PROFIT OR LOSS

Sales	800
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COGS:

Purchases	1300	
Less Closing stock	800	500

Gross Profit	300
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Expenses:

Motor van expenses	200	
Storage expenses	150	350

Net Loss -50

STATEMENT OF FINANCIAL POSITION

ASSETS		Liabilities & Equity	
Current		Current	
Cash	4025	Short-term loan	650
Inventory	800		
	4825	Equity	
		Capital	5000
		Less Net loss	50
Fixed		Less Drawings	175
Motor van	600		4775
	5425		5425

Task 3

Mafuta is a retailer and on 1 January his assets were:

Cash in hand 343

Inventory 458

Furniture and fittings 198

Receivables

Smith 18

Harvey 39

Moon 26

His liabilities were to the following suppliers:

Rich 12

Max 21

His transactions during January were:

2 January Goods sold to Harvey on credit 124

5 January Paid wages 12

Bought goods on credit from Rich 150

7 January Smith settled his account

9 January Paid the amount owing to Max

11 January Cash sales 64

14 January Paid wages 14

Bought goods for cash 75

15 January Paid Rich for balance owing on his account

20 January Bought for cash a new office desk 32

21 January Paid wages 17

Cash sales 110

23 January Paid office expenses 3

Harvey paid on account 25

28 January Cash sales 84

Paid wages 15

31 January Cash sales 30

Required:

(a) Write up and close the relevant ledger accounts.

				Cash			
Jan	1	Balance b/d	343	Jan	5	Wages	12
	7	Smith	18		9	Max	21
	11	Sales	64		14	Wages	14
	21	Sales	110		14	Purchases	75
	23	Harvey	25		15	Rich	12
	28	Sales	84		20	Office desk	32
	31	Sales	30		21	Wages	17
					23	Office expenses	3
					28	Wages	15
					31	Balance c/d	473
			<u>674</u>				<u>674</u>
31		Balance b/d	473				

			Sales	
Jan			Jan 2	Harvey 124
			11	Cash 64
			21	Cash 110
			28	Cash 84
			31	Cash 30
31	Balance c/d	412		
		412		412
			31	Balance b/d 412

Harvey							
Jan	1	Balance b/d	39	Jan	23	Cash	25
	2	Sales	124		31	Balance c/d	138
			163				163
	31	Balance b/d	138				

					Wages	
Jan	5	Cash	12		Jan	

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14	Cash	14			
21	Cash	17			
28	Cash	15			
			31	Balance c/d	58
		<u>58</u>			<u>58</u>
31	Balance b/d	58			

Smith

Jan	1	Balance b/d	18	Jan	7	Cash	18
					31	Balance c/d	0
			<u>18</u>				<u>18</u>
			<u>18</u>				<u>18</u>
31	Balance b/d	0					

Max

Jan	9	Cash	21	Jan	1	Balance b/d	21
	31	Balance c/d	0				
			<u>21</u>				<u>21</u>
			<u>21</u>				<u>21</u>
				31	Balance b/d	0	

Purchases

Jan	1	Balance b/d	458	Jan			
	14	Cash	75		31	Balance c/d	533
			<u>533</u>				<u>533</u>
			<u>533</u>				<u>533</u>
31	Balance b/d	533					

Rich

Jan	15	Cash	12	Jan	1	Balance b/d	12
	31	Balance c/d	0				
			<u>12</u>				<u>12</u>
			<u>12</u>				<u>12</u>
				31	Balance b/d	0	

Furniture and fittings

Jan	1	Balance b/d	198	Jan			
	20	Cash	32		31	Balance c/d	230
			<u>230</u>				<u>230</u>
			<u>230</u>				<u>230</u>
31	Balance b/d	230					

Office expenses				
Jan	23	Cash	3	
			<u>3</u>	
			<u>3</u>	
	31	Balance b/d	3	
Jan				
			31	Balance c/d
				<u>3</u>
				<u>3</u>

Moon				
Jan	1	Balance b/d	26	
			<u>26</u>	
			<u>26</u>	
	30	Balance b/d	26	
Jan				
			30	Balance c/d
				<u>26</u>
				<u>26</u>

Given Mafuta's assets and liabilities as of the 1st of January (as stated in the exercise) it can be inferred that his capital at that time was 1049 (assets - liabilities), thus:

Capital				
Jan				
	30	Balance c/d	1049	
			<u>1049</u>	
			<u>1049</u>	
Jan	1	Balance b/d	1049	
			30	Balance b/d
				<u>1049</u>
				<u>1049</u>

(b) Extract a trial balance at 31 January.

Trial Balance at 31/01			
Accounts	Debit	Credit	
Cash	473		
Purchases	533		
Furniture and fitting	230		
Receivables			
Harvey	138		
Moon	26		
Capital		1049	
Sales		412	
Wages	58		
Office expenses	3		
TOTAL	1461	1461	

Closing stock at 31/01: £374

(c) Prepare a statement of profit or loss for the month ended 31 January and a statement of financial position at that date.

STATEMENT OF PROFIT OR LOSS

Sales 412

COGS:

Purchases	533	
Less Closing stock	374	159
Gross Profit		253

Expenses:

Wages	58	
Office expenses	3	61

Net Loss 192

STATEMENT OF FINANCIAL POSITION

ASSETS		Liabilities & Equity	
Current			
Cash	473		
Accounts receivable			
Harvey	138		
Moon	26		
Inventory	374		
	1011		
Fixed		Equity	
Furniture and fitting	230	Capital	1049
		Add Net income	192
			1241
	1241		1241

Task 4

Ricardo, a sole trader, had the following transactions for the month of June:

2 June Sold goods to Claire for £8,500 on credit; offered a 5% quick settlement discount.

13 June Bought goods from Georgina for £12,000 on credit; Georgina offered a 7% quick settlement discount.

14 June Sold goods to Hywel for £9,000 after a 5% trade discount. 20 June Sold goods to Jane for £6,000 cash.

21 June Bought goods on credit for £4,500 from Andrew who offered a 2% quick settlement discount.

22 June Claire returned goods sold of £1,000.

24 June (i) Mandy bought goods worth £5,000 and was offered a 3% quick settlement discount.

(ii) Claire took advantage of Ricardo's discount and paid the net amount due after taking the discount offered.

25 June (i) Hywel settled the amount due in full.

(ii) Ricardo paid Georgina the amount due after deducting the discount offered.

27 June Ricardo paid Andrew in full, after deducting the discount offered.

Required:

Prepare the relevant ledger accounts to record the above transactions, extract a trial balance at 27 June and close the relevant ledger accounts.

Your answer should clearly show transactions with individual customers and suppliers

[illegible]

				Sales			
June	22	Returns: Claire	1000	June	2	Claire	8500
	24	Discounts: Claire	375		14	Hywel	9000
					20	Cash	6000
					24	Mandy	5000
	30	Balance c/d	27125				
			28500				28500
					30	Balance b/d	27125

Accounts receivables: Claire							
June	2	Sales	8500	June	22	Sales return	1000
					24	Sales discount	375
					24	Cash	7125
				30		Balance c/d	0
			8500				8500
	30	Balance b/d	0				

Inventory

June	13	Georgina	12000	June	25	Georgina	840
	21	Andrew	4500		27	Andrew	90
				30	Balance c/d	15570	
			<u>16500</u>			<u>16500</u>	
30	Balance b/d		15570				

Accounts payable: Georgina

June	25	Inventory	840	June	13	Inventory	12000
	25	Cash	11160				
30	Balance c/d	0					<u>12000</u>
			<u>12000</u>	30	Balance b/d	0	

Accounts receivables: Hywel

June	14	Sales	9000	June	25	Cash	9000
				30	Balance c/d	0	
			<u>9000</u>			<u>9000</u>	
30	Balance b/d	0					

Accounts payable: Andrew

June	27	Inventory	90	June	21	Inventory	4500
	27	Cash	4410				
30	Balance c/d	0					<u>4500</u>
			<u>4500</u>	30	Balance b/d	0	

Accounts receivables: Mandy

June	24	Sales	5000	June			
				30	Balance c/d	5000	
			<u>5000</u>			<u>5000</u>	
30	Balance b/d	5000					

Trial Balance at 27/06

Accounts	Debit	Credit
Cash	6555	
Inventory	15570	
Receivables Mandy	5000	
Sales		27125
TOTAL	27125	27125