Books of Original Entry

1 Lee maintains a three-column cash book. On 1 August 2020 the balances were: bank overdraft $248, cash $45

The following transactions took place in August 2020.

August	Transaction
3	Paid by direct debit to Mobilecom, $115
8	Cash sales, $1 420
9	Paid cash into the bank, $800
16	Paid Sophia by cheque, $475, in full settlement of an invoice after taking 5% cash discount.
23	Received a cheque from Folan, a credit customer, $225
28	Paid wages by cash, $540
29	Received notice from the bank that the cheque from Folan, $225, had been dishonoured.
30	Received a cheque from Chan in full settlement of an invoice for $880. Chan had taken a 5% cash discount.

(a) Enter the above transactions in the three-column cash book on page **11**.
Balance the cash book at 31 August 2020 and bring the balances down on
1 September 2020.

(15)

Cash book

Date 2020	Details	Discount $	Cash $	Bank $	Date 2020	Details	Discount $	Cash $	Bank $

2 Raheem maintains a three-column cash book.

On 1 April 2021 the balances were: bank $110 overdrawn, cash $25

The following transactions took place during April 2021.

April	Transaction
3	Received a credit transfer from Joseph in full settlement of an invoice for $1620. The receipt was after taking 10% cash discount.
12	Paid BL Council by standing order, $220
21	Sold goods for cash, $80
23	Transferred cash to bank, $65
27	Paid window cleaner by cash, $28
30	Paid AWB $2185 by cheque in full settlement of an invoice after taking 5% cash discount.

(a) Enter the transactions in the three-column cash book

Balance the cash book on 30 April 2021 and bring the balances down on
1 May 2021.

(10)

Cash Book

Date 2021	Details	Discount $	Cash $	Bank $	Date 2021	Details	Discount $	Cash $	Bank $

(b) Explain the benefits for Raheem of maintaining a petty cash book.

(5)

3 Isabella owns a business selling clothing.

(a) State the business document and the book of original entry for **each** transaction in Isabella's books of account.

(6)

Transaction	Business document	Book of original entry
Purchased a new motor vehicle on credit, $5 000		
Purchased postage stamps, $3		
Sold goods for cash, $910		

On 1 December 2019 Isabella was owed $480 by Shania, a credit customer. During the month of December 2019, the following transactions took place.

December 2019	Transaction
9	Sold goods on credit to Shania, $195
14	Shania returned goods, $35
27	Shania paid the balance owing at 1 December 2019 by cheque, after deducting a 5% discount.

(b) Prepare the account of Shania in Isabella's books of account. Balance the account at 31 December 2019 and bring the balance down at 1 January 2020.

(7)

Shania Account

Date	Details	$	Date	Details	$

(c) State **one** purpose of:

(i) a statement of account

(1)

....

....

(ii) a remittance advice.

(1)

....

....

4 Markus maintains a three-column cash book. On 1 December 2019 the balances were: bank $340 overdrawn, cash $70

The following transactions took place in December 2019.

December	Transaction
4	Received a cheque from Patel, a credit customer, $125
5	Sold goods for cash, $2 350
12	Paid cash into the bank, $1300
13	Received notice from the bank that the cheque from Patel, $125, had been dishonoured.
19	Paid by standing order to Westgas, $85
23	Received a cheque from Sumner, $1140, in full settlement of an invoice after taking 5% cash discount.
28	Paid wages by cash, $840
29	Paid Linston by cheque in full settlement of an invoice for $1 420. Payment was after taking 10% cash discount.

Enter the transactions in the three-column cash book. Balance the cash book at 31 December 2019 and bring down the balance on 1 January 2020.

Cash book

Date	Details	Discount allowed $	Cash $	Bank $	Date	Details	Discount received $	Cash $	Bank $
									8

5 Leon buys and sells goods only on credit.

(a) Complete the table.

(6)

Transaction	Source document	Book of original entry
Sold goods		
Received payment from customer		
Purchased a non-current asset on credit		

On 1 March 2020 the balance owing by Leon to Jay, a credit supplier, was $1 250

The following transactions took place during March 2020.

March	Transaction
3	Purchased goods on credit, $615
8	Returned faulty goods, $38
23	Paid the balance at 1 March 2020 by direct debit after deducting 2% cash discount.

(b) (i) Prepare Jay's account. Balance the account on 31 March 2020 and bring the balance down on 1 April 2020.

(6)

Jay's Account

Date	Details	$	Date	Details	$

(ii) Identify, indicating with a tick (✔), the ledger in which Jay's account would be maintained in Leon's books.

(1)

Nominal ledger	
Receivables ledger	
Payables ledger	

(c) State **one** reason why a business offers:

(i) trade discount

(1)

....

....

(ii) cash discount.

(1)

....

....

6 Suda maintains a three-column cash book.

On 1 April 2020 the balances were cash in hand, $85, and bank overdraft, $540

The following transactions occurred during April 2020.

April	Transaction
4	Paid a cheque to Flolite after taking a cash discount of 3% in full settlement of its account balance of $400
8	Sold goods for cash, $855
14	Paid cash into the bank, $900
16	Paid cash for stationery, $26
24	Received a cheque from Kai, $735, net of a cash discount of 2%
29	Paid wages by cheque, $418
30	Paid electricity by standing order, $600

(a) Prepare the cash book for the month of April 2020.

Balance the cash book on 30 April 2020 and bring the balance down on 1 May 2020.

(14)

Cash Book

Date 2020	Details	Discount allowed $	Cash $	Bank $	Date 2020	Details	Discount received $	Cash $	Bank $

(b) State whether the bank balance at 30 April 2020 is an asset or a liability.

(1)

....