



ÉCOLE GLOBALE

INTERNATIONAL GIRLS' SCHOOL

Dehradun

HOLIDAY HOMEWORK – CLASS IXA ACCOUNTING

UNIT 1: The purpose of accounting.

- (a) State the accounting equation.
(b) Explain the difference between bookkeeping and accounting.
- (a) The recording of financial transactions is known as _____
The production of financial statements from the records is called _____
When a business needs to show its financial position it produces the _____
This shows the items a business owns, known as and the items it owes, called _____
To show the profit earned, the business prepares the _____
- Suggest **two** reasons why a trader wants to know his profit for the year.
- State **two** ways of using the accounting information.

UNIT 2: Sources and recording data.

- Pass the necessary journal entries for the following business transactions:
 - Started business with cash in hand \$10,000 and at bank \$50,000.
 - Purchased goods for resale from Mr. A on credit worth \$700.
 - Sold goods to Mr. B on credit worth \$1,500.
 - Bought machinery worth \$25,000 and a cheque for the same.
 - Paid wages \$500 in cash.
 - Paid for insurance \$1,000 through cheque.
 - Purchased goods from Mr. C and paid cash \$2,700.
 - Sold goods from Mr. D and received cash \$1,800.
 - Returned goods worth \$100 to Mr. A.
 - Paid cash \$750 as office expenses.
 - Goods returned by Mr. B a trade receivable.
 - Sold goods to Mr. X worth \$10,000 and gave a cash discount of 10%.
 - Purchased goods for resale worth \$8,750 and received a discount of \$750.

14. Paid rent through cheque \$890.
15. Bought furniture worth \$8,000 and paid through a cheque.
16. The proprietor (owner) of the business withdrew from business bank account for private use, \$1,500.

2. Pass the necessary journal entries for the following business transactions:

1. Started business with cash in hand \$10,000 and at bank \$50,000.
2. Purchased goods for resale from Mr. A on credit worth \$700.
3. Sold goods to Mr. B on credit worth \$1,500.
4. Bought machinery worth \$25,000 and a cheque for the same.
5. Paid wages \$500 in cash.
6. Paid for insurance \$1,000 through cheque.
7. Purchased goods from Mr. C and paid cash \$2,700.
8. Sold goods from Mr. D and received cash \$1,800.
9. Returned goods worth \$100 to Mr. A.
10. Paid cash \$750 as office expenses.
11. Goods returned by Mr. B a trade receivable.
12. Sold goods to Mr. X worth \$10,000 and gave a cash discount of 10%.
13. Purchased goods for resale worth \$8,750 and received a discount of \$750.
14. Paid rent through cheque \$890.
15. Bought furniture worth \$8,000 and paid through a cheque.
16. The proprietor (owner) of the business withdrew from business bank account for private use, \$1,500.

3. Prepare a three-column cash book from the following information:

1. July 1, Cash in hand, \$1,200
2. July 1, Cash at bank, \$5,500
3. July 2, Received from X, \$6,900 in cash.
4. July 2, Allowed him discount, \$100.
5. July 5, Purchased goods for cash, \$4,100.
6. July 7, Paid to M, \$ 850 cash.
7. July 7, Discount allowed by him, \$50.
8. July 9, Cash sales, \$4,900.
9. July 11, Withdrew from bank, \$5,500.
10. July 15, Credit purchase from Y, \$3,000.
11. July 21, Paid to Y in full settlement, \$2,800 in cheque.
12. July 22, Received from K, \$1,250 in cash.
13. July 22, Allowed him discount, \$50.
14. July 23, Drew cheque for office use, \$200.
15. July 25, Paid office rent, \$800 in cheque.
16. July 28, Received interest on investment, \$3,000 I bank.
17. July 30, Paid into bank, \$3,150.

4. Prepare a trial balance from the following balances that have been extracted from the books of Hercules, A grocer, at 31st December.

Premises	50,000
Motor vans	8,000
Office furniture	2,000
Computer	3,000
Sales	60,000
Sales returns	700
Purchases	4,000
Purchases returns	500
Motor vehicle running expenses	4,200
Wages	1,800
Rent	2,000
Bank	1,650
Capital	20,000
Drawings	3,150

5. The following balances at 31st December 2010 have been extracted from Hassan's books:

Sales	160,000
Sales Return	2,600
Purchases	84,000
Purchases returns	3,400
Wages	26,000
Heating and lighting	3,160
Pent payable	5,000
Rent receivable	1,000
Advertising	2,900
Postage and telephone	2,740
Discount allowed	6,100
Discount received	5,900
Plant and machinery	50,000
Delivery van	9,000
Bank	2,300
Trade receivables	7,400
Trade payables	3,700
Drawings	8,800
Capital	?

Prepare a trial balance at 31st December, 2010 from the balances extracted from Hassan's books and calculate the balance on his capital account.

UNIT 3: VERIFICATION OF ACCOUNTING RECORDS

1. Record the rectification entries for the following transaction:

i) Credit sales to Richard \$5,000 recorded in purchases book:

This is an error of _____.

State the wrong entry recorded in the books of accounts:

Correct effect should have been:

The rectification entry will be:

ii) Furniture purchased from Limtex Furnishings for \$ 8,000 was entered in the purchase book:

This is the error of _____.

State the wrong entry recorded in the books of accounts:

Correct effect should have been:

The rectification entry will be:

2. The following information has been taken from the books of Bob Williams for the year ending 31st December, 2015:

Sales ledger balance at 1st January, 2015 - \$62 540

Cash received from debtors - \$212 390

Discount allowed - \$3 470

Returns inwards - \$4 820

Cash sales - \$58 330

Bad debts written off - \$1 960

Credit sales for the year - \$249 490

Prepare the sales ledger control account.

3. The following information has been taken from the books of Marilyn Monroe for the year ending 31st March, 2015:

DETAILS	\$
Purchases ledger control account balance	20 000
<u>Totals for the month:</u>	
Purchases journal	32 200
Purchases returns journal	4 500
Cheques paid to creditors	27 400
Discount received from creditors	3 800
Cheques refunded from creditors	3 500
Interest charged on overdue account	1 700

Prepare the purchase ledger control account.

4. The information has been obtained from the books of Mr. Lee Tan:

	\$
Debit balance in trade receivables account as on 1 st Jan, 2016	66,300
Credit balance in trade receivables account as on 1 st Jan, 2016	724
Debit balance in trade payables account as on 1 st Jan, 2016	650
Credit balance in trade payables account as on 1 st Jan, 2016	50,600
Goods purchased on credit	257,919
Cash received from trade receivables	299,149
Cash paid to suppliers	210,522
Sold goods on credit	319,919
Discount received	2,663

Discount allowed	2,930
Cash purchases	3,627
Cash sales	5,922
Bad debts written off	3,651
Interest on overdue account of customers	277
Returns outward	2,926
Returns inward	2,805
Debit balance in trade receivables account as on 31 st Jan, 2016	550
Credit balance in trade payables account as on 31 st Jan, 2016	440

Required

- i. Prepare the sales ledger control account as on 31st Jan, 2016.
- ii. Prepare the purchases ledger control account as on 31st Jan, 2016.

5. Tyrell proves the accuracy of its sales and purchase ledgers by preparing monthly control accounts. At 1st May, 2012 the following balances existed in the company's accounting records:

	DEBIT (\$)	CREDIT(\$)
Sales ledger control account	188,360	2,140
Purchases ledger control account	120	89,410

The following are the totals of transactions which took place during May, 2012 as extracted from the company's records.

	\$
Credit sales	101,260
Credit purchases	68,420
Returns inward	9,160
Returns outward	4,280
Cash received from customers	91,270
Cash paid to suppliers	17,840
Cash discount allowed	1,430
Cash discount received	880
Irrecoverable debts written off	460
Contra settlements	480

At 31st May, 2012 the balances on the customers and supplier personal accounts were extracted and totaled as follows:

	DEBIT (\$)	CREDIT(\$)
Sales ledger control account	2,680	To be ascertained
Purchases ledger control account	To be ascertained	90

Required:

- I. Prepare the sales ledger control account as on 31st May, 2012.
- II. Prepare the purchase ledger control account as on 31st May, 2012.

UNIT 4 and 5: PREPARATION OF FINAL ACCOUNTS

1. The following trial balance was extracted from the books of Mr. Samson at 31st May, 2016.

	Dr. \$	Cr. \$
Revenue (Sales)		95700
Sales return	1000	
Purchases	65000	
Purchases returns		500
Carriage inward	1500	
Inventory 1 st June, 2015	7100	
Discount received		400
Discount allowed	900	
Wages	11200	
General expenses	2800	
Property tax	600	
Loan interest	500	

Additional information:

- i. The inventory at 31st May, 2016 was valued at \$7600.
- ii. During the year 31st May, 2016, Mr. Samson took goods costing \$800 for his own use. No entries have been made in the accounting records.

Required:

Prepare the trading section of the income statement and the profit and loss section of the income statement.

2. The following trial balance was extracted from the books of Mrs. Jaya at 31st December, 2016.

	Dr. \$	Cr. \$
Revenue		15700
Sales return	950	
Purchases	8900	
Purchases returns		750
Carriage inward	400	
Carriage outward	600	
Inventory 1 st January, 2016	3900	
Discount received		250
Discount allowed	750	
Salaries	6700	
Rent	2800	
Insurance expenses	700	
Loan interest	500	

Additional information:

- i. The inventory at 31st December, 2016 was valued at \$2500.

- ii. During the year 31st December, 2016, Mr. Samson took goods costing \$300 for his own use. No entries have been made in the accounting records.

Required:

Prepare the trading section of the income statement and the profit and loss section of the income statement.

3. The following trial balance was extracted from the books of Mr. Osborne at 31st August, 2016.

	Dr. \$	Cr. \$
Revenue		100700
Purchases	79000	
Purchases returns		7500
Carriage inward	4050	
Carriage outward	6070	
Inventory 1 st September, 2015	38750	
Discount received		3550
Discount allowed	7450	
Salaries and wages	59600	
Rent Received		5800
Electricity Expenses	7000	
Loan interest paid	9500	

Additional information:

- a) The inventory at 31st August, 2016 was valued at \$2500.

Required:

Prepare the trading section of the income statement and the profit and loss section of the income statement.

4. Tiyush is a financial advisor. He provided the following information on 31st October, 2006.

	\$
Commissions earned	72000
Interest received	2900
Staff salaries	28500
Rent	9400
Postages and telephone expenses	5700
Light and heat	1100
Insurance	800
General expenses	3500

Prepare Piyush's income statement for the year ended 31st October, 2006.

5. Rani owns a retail shop. For the year ended 31st December, 2009 she made a gross profit of \$35000. She provided the following information for that year.

	\$
Drawings	17000
Wages and salaries	23000
Rent received from subletting	6000

General expenses	13500
Loan interest	1000
Discount allowed	500
Discount received	870
Advertising	680
Property tax	1240
Motor expenses	2550

Starting with the gross profit, prepare the profit and loss section of the income statement for the year ended 31st December, 2009.

6.

a) Explain the difference between:

- i. Carriage inwards and carriage outwards.
- ii. Discount allowed and discount received

The following income statement was drawn up for Jasper Cato, who had a furniture shop, by his bookkeeper who only had a limited knowledge of preparing final accounts.

Income statement as on 31st December, 2016

	\$	\$	\$
Sales		37600	
Less: Purchase Returns		(700)	36900
Add: Discount received			280
			37180
Less: <u>Cost of Sales</u>			
Closing inventory		6000	
Add: Purchases	25200		
Less: Sales Return	(900)		
Add: Goods taken for personal use	600		
Add: Carriage outwards	1480	23680	
		32380	
Less: Opening Inventory		(4500)	(27880)
Gross Profit			9300
Add: Discount allowed			160
			9460
Less: Carriage Inwards		1200	
Administration Expenses		7230	
Sundry Expenses		170	(8600)
Profit before tax			860

Redraft the income statement under the correct heading to show the correct gross profit (or loss) and the profit (or loss) for the year.