

**THE TRAINING PLACE OF EXCELLENCE**  
**Control accounts, Journals & the Banking system**

**Practice Assessment: Questions**

1. Ansel Services pays its employees by BACS transfer every month and maintains a wages control account. A summary of last month's payroll transactions is shown below:

Payroll transactions	£
Gross wages	100,380
Employers' NI	6,900
Employees' NI	5,875
Employers' Pension	7,586
Employees' Pension	6,150
Income tax	10,574

Record the journal entries needed in the general ledger to:

- (a) Record the wages expense.
- (b) Record the payment to HM Revenue and Customs.
- (c) Record the net wages paid to the employees.

(a)

Account name	Amount £	Debit ✓	Credit ✓

(b)

Account name	Amount £	Debit ✓	Credit ✓

(c)

Account name	Amount £	Debit ✓	Credit ✓

2. A credit customer, Ben has ceased trading, owing A & S £450 plus VAT. (NB VAT rate 20%)  
 Record the journal entries needed in the main ledger to write off Ben's debt.

Account name	Amount £	Debit	Credit

3. Show which errors below are, or are not, disclosed by the trial balance

Error in the general ledger	Error disclosed by the trial balance	Error NOT disclosed by the trial balance
Recording a BACS payment for repairs on the debit side of rent account.		
Recording a payment to a supplier into the individual suppliers purchase ledger account and the cash book.		
Recording a receipt from a customer with the wrong amount into the cash book and SLCA.		
Recording a receipt of £200 from a customer as £2,000 into the relevant accounts.		
Recording a cash payment for stationery as a cash receipt for stationery.		
Recording a cash payment for stationery in the cash book only.		

One of the errors in the above table can be classified as a complete reversal of entries and as an error of commission.

4. A payment of £12,696 for a new furniture has been entered as £12,969 (ignore VAT). You are required to record the journal entries needed in the general ledger to:

- (i) Remove the incorrect entry.
- (ii) Record the correct entry.

(i)

Account Name	Amount £	Debit	Credit
		✓	✓

(ii)

Account Name	Amount £	Debit	Credit
		✓	✓

5.i. The trial balance was extracted and did not balance. The debit column of the trial balance totalled £190,986 and the credit column totalled £190,996.

What entry would be needed in the suspense account to balance the trial balance?

Account Name	Amount £	Debit	Credit
Suspense			

ii. The error in the trial balance has now been identified as arising from an incorrectly totalled VAT column in the analysed cash-book, as shown below.

Cash-book

Date 20XX	Details	Bank £	Date 20XX	Details	Bank £	VAT £	Trade payables £	Cash purchases £
31 Jul	Balance b/f	12,898	31 Jul	Mandy Jill	450	75		375
31 Jul	Totally Jobs	4,100	31 Jul	Undi Services	3,000		3000	
			31 Jul	John Weather	498	83		415
			31 Jul	Boland & Co.	330	55		275
			31 Jul	Balance c/d	12,720			
	Total	16,998		Totals	16,998	203	3,000	1,065

Record the journal entry needed in the general ledger to remove the incorrect entry that was made from the cash book.

Account Name	Amount £	Debit	Credit

Record the journal entry needed in the general ledger to record the correct entry that should have been made from the cash book.

Account Name	Amount £	Debit	Credit

Record the journal entry needed in the general ledger to remove the suspense account balance arising from the error in the cash-book.

Account Name	Amount £	Debit	Credit

6. When preparing the trial balance for Bandit Services, a suspense balance of £1,209 credit existed. All the bookkeeping errors have now been traced and the journal entries shown below have been recorded.

**Journal entries**

Account name	Debit £	Credit £
Suspense		32
Stationery	32	
Commission received	2,167	
Bank interest		2,167
Suspense	1,241	
Purchases returns		1,241

You are required to post the journal entries to the general ledger accounts below.

**Stationery**

Details	Amount £	Details	Amount £

**Suspense**

Details	Amount £	Details	Amount £
		Balance b/f	1,209

**Commission received**

Details	Amount £	Details	Amount £

**Bank interest**

Details	Amount £	Details	Amount £

**Purchases returns**

Details	Amount £	Details	Amount £

7. On 31<sup>st</sup> March 20XX, an initial trial balance was extracted which did not balance, so a suspense account with debit balance of £214 was opened. On 1<sup>st</sup> April 20XX, journal entries were prepared to correct the errors found.

The list of the balances and journal postings is as below. You are required to redraft the trial balance by placing the figures in the debit and credit columns, after taking into account the journal entries which will clear the suspense account.

Account Name	Amount £	Debit £	Credit £
Capital	3000		
Bank	941		
Loan from bank	2000		
Motor Vehicles	5584		
Purchases	4587		
Opening Inventory	470		
Sales returns	105		
Stationery	385		
VAT owing to HM Revenue and Customs	496		
Rent	3300		
Sales	15400		
Furniture	755		
Office equipment	1973		
Sales ledger control	3852		
Discounts received	350		
Purchases ledger control	1649		
Purchases returns	147		
General expenses	876		
Suspense account (debit balance)	214		
<b>Totals</b>	<b>43084</b>		

Journals:

Account Name	Debit £	Credit £
Office equipment	412	
Suspense		412
Suspense	225	
Discounts received		225

Account Name	Debit £	Credit £
Suspense	125	
Bank		125
Bank	152	
Suspense		152

8. On 7 September, Richard Amber received the following bank statement as at 31 August. Assume today's date is 9 September, unless told otherwise.

First Commercial Bank PLC 258 High Street, Benham, BA2 6DI				31 August 20XX	
To: Richard Amber		Account No 00413251			
<b>Statement of account</b>					
Date 20XX	Detail	Paid out £	Paid in £	Balance £	
01 Aug	Balance b/f			2,135	D
03 Aug	Cheque deposit		3,722	1,587	C
12 Aug	Cheque 00035	1,830		243	D
12 Aug	Cheque 00038	1,102		1,345	D
15 Aug	Adim & Adim		3,715	2,370	C
16 Aug	Direct debit to Jeffrey Sons	511		1,859	C
16 Aug	Cheque 00040	1,247		612	C
21 Aug	Bank giro credit Luxy Bell		2,040	2,652	C
24 Aug	Standing order to EDF Energy	471		2,181	C
28 Aug	Direct credit from Fishet Limited		1,417	3,598	C
31 Aug	Bank interest	62		3,536	C

D = Debit C = Credit

The cash book as at 31 August is shown below.

**Cash book**

Date 20XX	Details	Bank £	Date 20XX	Cheque Number	Details	Bank £
02 Aug	Cheque 100211	3,722	01 Aug		Balance b/f	3,965
15 Aug	Adim & Adim	3,715	03 Aug	00038	James Go	1,102
21 Aug	Luxy Bell	2,040	04 Aug	00039	Easy does it Ltd	997
27 Aug	Martin & Martin	2,482	04 Aug	00040	Natel Services	1,247
29 Aug	Ostello & Co	1,400	24 Aug		EDF Energy	471

Check the items on the bank statement against the items in the cash book.  
 Enter any items in the cash book as needed.  
 Total the cash book and clearly show the balance carried down at 31 August (closing balance) and brought down at 1 September (opening balance)

Complete the bank reconciliation statement as at 31 August.

**Bank reconciliation statement as at 31 August 20XX**

Balance per bank statement	£
Add:	
Name:	£
Name:	£
Name:	£
Total to add	£
Less:	
Name:	£
Name:	£
Name:	£
Total to subtract	£
Balance per cashbook	£

9. Indicate the correct entries into the sales ledger control account- debit or credit.

Sales ledger control account

	Amount £	Debit	Credit
Balance owing from credit customers at 1 July	60,285		
Bad debt written off	1,487		
Money received from credit customers	59,413		
Sales returns	2,100		
Goods sold to credit customers	36,466		
Discounts allowed	1,050		

ii. Indicate the correct entries into the purchases ledger control account- debit or credit.

Purchases ledger control account

	Amount £	Debit	Credit
Balance owing to credit suppliers at 1 July	40,080		
Discount received	1,804		
Payment to credit suppliers	42,540		
Goods returned to credit suppliers	1,940		
Purchases from credit suppliers	39,871		

iii. The following balances were in the sales ledger at the beginning of February.

Credit Customers	Balances	
	Amount £	Debit/Credit
Abel Ltd	12,850	Debit
Harry & Harry	14,500	Credit
Endear Services	20,128	Credit
Areth Limited	14,008	Debit
The Pace Productions	10,647	Debit
Oath Contractors	8,875	Debit

What should be the balance of the sales ledger control account in order for it to reconcile with the total of the balances in the sales ledger?

10. Below is a summary of transactions to be recorded in the VAT control account.

	£
VAT owing from HM Revenue and Customs at the beginning of the month	12,804
VAT total in the purchases day-book	11,450
VAT total in the sales day-book	21,257
VAT on petty cash payments	411
VAT total in the sales returns day-book	1,762
VAT refund from HM Revenue and Customs	12,000
VAT on irrecoverable debts written off	2,144
VAT on cash sales	4,206
VAT on the sale of office equipment	109
VAT on expenses incurred	3,105
VAT on other sales	4,186
VAT total in the purchases returns day-book	2,040

b. The VAT return shows there is an amount owing to HM Revenue and Customs of £12,222. Does the balance on the VAT control account in part (a) also show that £12,222 is owing to HM Revenue and Customs? Yes or No

11. Jetta Services uses different forms of payments.

Show the most appropriate form of payment for each transaction below by linking each transaction on the left hand side with the appropriate right hand box.

#### Transactions

- A quarterly payment of varying amounts for telephone bills.
- A monthly payment of £400 for cleaning services.
- A payment of £4,100 to a credit supplier
- An internet payment of £900 to buy office furniture.
- A payment of £10.06 to buy tea and coffee.
- A payment of £300,000 to buy a new property.

#### Forms of payments

- Credit Card
- Cash
- Standing Order
- Cheque
- Direct Debit
- CHAPS

Show whether the following statements are true or false.

Statements	True	False
Purchases made using a debit card will leave the payers bank account immediately.		
The clearing system may result in banked funds not being available to be withdrawn by the payee.		
Before accepting a payment by cheque from a new customer, you should ask the bank if there are sufficient funds in the customer's bank account.		