

# THE TRAINING PLACE OF EXCELLENCE

## Processing Bookkeeping Transactions

### Group Activity Questions

1. Berry Limited has issued the following sales invoice and credit notes and you are required to enter these into the relevant books of prime entry and ledgers.

**Credit Note:**

Berry Limited 80 Ready Lane, London. SE1 3YU VAT Registration No. 398 3877 00	
To: Jerison Services 331 Rasdi Road, London. N3 8YH Customer account code: JS320 Credit note number: CN421 Date: 25 January 20XX	
	£
30 product APA @ £11.20	336.00
VAT @ 20%	67.20
	403.20

**Invoice:**

Berry Limited 80 Ready Lane, London. SE1 3YU VAT Registration No. 398 3877 00	
To: Toms & Co. 28 Winter Road, London. SW3 9MH Customer account code: TOC231	
Date: 20 January 20XX	Invoice Number: BE0075
	£
155 product APA @ £11.20 each	1736.00
102 product ABB @ £10.50 each	1071.00
VAT @ 20%	561.40
<b>Total</b>	<b>3368.40</b>

**Sales Day Book**

Date	Details	Customer account code	Invoice number	Total £	VAT £	Net £	Product APA	Product ABB

**Sales Returns Day Book**

Date	Details	Customer account code	Credit note number	Total £	VAT £	Net £	Product APA	Product ABB

**What will be the entry in the sales ledger?**

Account name	Amount £	Dr	Cr

**What will be the entry in the general ledger for the sales invoice?**

Account name	Amount £	Dr	Cr

**What will be the entry in the general ledger for the credit note?**

Account name	Amount £	Dr	Cr

2. Berry Limited has received the following purchase invoice and credit note and you are required to enter these into the relevant books of prime entry and ledgers.

**Credit Note:**

Encho Limited 21 Bari Road, London. E2 6TT VAT Registration No. 150 3111 00	
To: Berry Limited 80 Ready Lane, London. SE1 3YU Account code: 21ENC Credit note number: 213CN Date: 2 March 20XX	
	£
24 product BAM @ £9.25	222.00
VAT @ 20%	44.40
	266.40

**Invoice:**

Jaffatt Limited 414 Exess Road, London. SE15 4RE VAT Registration No. 112 4525 00	
To: Berry Limited 80 Ready Lane, London. SE1 3YU Account code: 77BEL	
Date: 18 Feb 20XX	Invoice Number: XX2112
	£
65 product TAM @ £11.20 each	728.00
50 product BAM @ £9.25 each	462.50
VAT @ 20%	238.10
<b>Total</b>	<b>1428.60</b>

**Purchases Day Book**

Date	Details	Supplier account code	Invoice number	Total £	VAT £	Net £	Product TAM	Product BAM

**Purchases Returns Day Book**

Date	Details	Supplier account code	Credit note number	Total £	VAT £	Net £	Product TAM	Product BAM

**What will be the entry in the purchases ledger?**

Account name	Amount £	Dr	Cr

**What will be the entry in the general ledger for the purchase invoice?**

Account name	Amount £	Dr	Cr

3. There are three receipts to be entered into the debit side of Berry Limited's cash book during a week.

Receipt from a customer who does not have a credit account:

-Cash received from Mr Johnson of £234, including VAT for goods on 4 May 20XX.

Receipts from credit customers:

Ads Ltd Bacs Remittance Advice
Payment to Berry Ltd    Date: 5 May 20XX
£456 paid by BACS for invoice A1990 into Berry Ltd's bank account. A settlement discount of £23 has been taken.

Bata Services Bacs Remittance Advice
Payment to Berry Ltd    Date: 8 May 20XX
£1,804 paid by BACS for invoice B43 into Berry Ltd's bank account. A settlement discount of £98 has been taken.

i. Complete the debit side of the analysed cash book given below, using the information above and total each column.

Cash book- debit side

Date	Details	Discounts £	Cash £	Bank £	VAT £	Trade receivables £	Cash sales £
03 May	Bal b/f		104				
<b>Total</b>							

ii. The credit side of the cash book shows total cash payments during the week of £294. Using the answer from question a above, calculate the cash balance for the week.

iii. The credit side of the cash book shows the bank balance brought forward for the week was £540 overdrawn and the total bank payments during the week of £975. Using the answer from question a above, calculate the bank balance for the week.

iv. What will be the entry in the sales ledger to record the receipts from the credit customers?

Account name	Amount (£)	Debit	Credit

4. Berry Ltd maintains a petty cash imprest level of £250 at the beginning of each week and the following transactions are to be entered into the petty cash book and show the balance carried down on 31 May 20XX.

13 May 20XX	Office supplies	£41.40 (includes VAT)
15 May 20XX	Taxi fare	£26.00 (VAT not applicable)
26 May 20XX	Printing paper	£53.10 (includes VAT)
28 May 20XX	Train ticket	£16.00 (VAT not applicable)

Date	Details	Amount	Date	Details	Amount	VAT	Stationery	Travel
1 May	Bal b/f	103.47	7 May	Print rolls	48.00	8.00	40.00	
1 May	Cash	146.53						
	Total	250.00		Total				

ii. What will be the corresponding entries in the general ledger?

Account name	Amount (£)	Debit	Credit

iii. The cashier has counted the cash in the petty cash box and is as below;

Notes: 1 x £20; 2 x £10; 2 x £5

Coins: 3 x £1; 5 x 50p; 33 x 20p; 43 x 5p; 55 x 2p; 15 x 1p

What is the amount in the petty cash box?

iv. Does the amount in the petty cash box reconcile with the balance in the petty cash book?

	✓
Yes, it reconciles	
No, there is not enough cash in the petty cash box	
No, there is too much cash in the petty cash box	

v. In June 20XX, three payments were made of £34.87, £25.40 and £39.99. How much will be needed to restore the imprest level at the beginning of July 20XX.

5. Place the balances in the debit and credit columns as appropriate and total the columns.

		Dr	Cr
Motor vehicles	8,010		
Motor insurance	1,400		
VAT owing to HM Revenue and Customs	2,499		
Bank charges	649		
Cash at bank	4,500		
Capital	11,500		
Sales ledger control	17,100		
Office equipment	6,410		
Discount allowed	1,033		
Accumulated Depreciation	3,806		
Wages	11,410		
Purchases	10,844		
Purchases ledger control	10,400		
Inventory as at 1 January 20X1	2,871		
Petty cash	246		
Sales	50,000		
Motor expenses	1,670		
Sales returns	1,472		
Commission received	2,160		
Loan from bank	5,400		
Discount received	1,543		
Rates	1,987		
Miscellaneous expenses	723		
Premises expenses	1,640		
Purchases returns	820		
Office expenses	3,511		
Rent	8,050		
Stationery	1,087		
Bank interest received	511		
Advertising	4,026		
<b>Totals</b>	<b>177,278</b>		

6. Where Berry Ltd maintains the cash book as a book of prime entry only, not part of the double entry bookkeeping system, and the following totals appear on the debit side of the cash book.

Details	Cash £	Bank £	VAT £	Trade receivables £	Cash sales £
Totals		6,676.60	296.10	4,900.00	1,480.50

What will be the four entries needed in the general ledger to record the above totals?

Account name	Amount (£)	Debit	Credit

7. Below is a statement of account received from a credit supplier, Tink Tank, and the purchase ledger for the same company maintained by Berry Ltd in their accounts.

<p>Tink Tank 118 Bendly Road, London. SW1 5TT</p>			
To: Berry Limited		Date: 31 May 20XX	
Date	Invoice/ Credit note number	Details	Amount £
3 Apr	18001	Goods	4,800
28 Apr	204C	Goods returned	942
15 May	18433	Goods	3,467
23 May	18494	Goods	4,456

Tink Tank- Purchase ledger

Date	Details	Amount £	Date	Details	Amount £
28/04/XX	Credit note 204C	942	3/04/XX	Invoice 18001	4,800
30/04/XX	Balance c/d	5,961	20/04/XX	Invoice 18223	2,103
		6,903			6,903
31/05/XX	Balance c/d	16,692	01/05/XX	Balance b/d	5,961
			15/05/XX	Invoice 18433	3,467
			20/05/XX	Invoice 18471	2,808
			23/05/XX	Invoice 18494	4,456
		16,692			16,692

- i. Identify the two transactions which are missing from the statement of account.
- ii. Berry Limited must decide the payment to make to Tink Tank. You are required to calculate the payment using each of the options below:

Payment options	£
If Berry Ltd pays all the amounts shown on the statement of account from Tink Tank, what will be the amount paid	
If Berry Ltd pays the amount shown as outstanding in the purchases ledger for April XX, what will be the amount paid	
If Berry Ltd pays all the amount shown in the purchases ledger, what will be the amount paid	

8. On 18 July Berry Ltd ordered goods from Yell who agreed a 5% trade discount and payment terms of 30 days. The goods were delivered on 20 July and the invoice and delivery note are shown below.

Delivery Note:

Yell Limited  
 15 Wester Lane, London. SE1 7OP  
 VAT Registration No. 398 3877 00

To: Berry Limited  
 80 Ready Lane, London. SE1 3YU

Date: 20 July 20XX

Delivery of 250 units of product TEE.

Invoice:

Yell Limited  
 15 Wester Lane, London. SE1 7OP  
 VAT Registration No. 398 3877 00

To: Berry Limited  
 80 Ready Lane, London. SE1 3YU

Date: 20 June 20XX      Invoice Number: BE0088

	£
250 product TEE @ £15.50 each	3875.00
VAT @ 20%	775.00
<b>Total</b>	<b>4650.00</b>

Terms: 5% discount for payments within 10 days

i. Refer to the information above and the financial documents above and identify any discrepancies on the invoice by clicking on each left hand box and matching it with the appropriate right hand box.

Terms of payment

Not shown on invoice

Customer name

VAT rate

Incorrectly shown on invoice

Trade discount

Quantity of goods delivered

Correctly shown on invoice

Date

ii. What will be the correct amounts of the invoice?

Net amount (£)	VAT (£)	Gross amount (£)

iii. What will be the general ledger entries to record the above totals?

Account name	Amount (£)	Debit	Credit

9. You have received a purchase order from Nevar & Co., customer account code VEVC031, and the goods were delivered the following day. The customer has been offered 4% trade discount and 3% settlement discount for payment within 7 days.

Purchase order Vevor & Co. 766 Belinda Road, Devon, D1 3ED	
Purchase order no.- VVC05879	Date: 24 June 20X1
Berry Limited 80 Ready Lane, London. SE1 3YU	
Please supply 420 units of product ATT @ £123 per ten units, plus VAT	

i. Complete the sales invoice below:

Berry Limited 80 Ready Lane, London. SE1 3YU					
SALES INVOICE 21145					
Date: <input style="width: 100px;" type="text"/>		Customer account code: <input style="width: 100px;" type="text"/>			
To: Vevor & Co. 766 Belinda Road, Devon, D1 3ED		Purchase order no.: <input style="width: 100px;" type="text"/>			
Quantity of units	Product code	Unit price £	Total amount after trade discount £	VAT £	Total £
Terms:					

10. The following account is in the sales ledger at the close of day on 31 May 20XX. You are required to insert the balance carried down and brought down together with the date and details and the totals.

Mandy Services:

Date	Details	Amount £	Date	Details	Amount £
01/05/XX	Balance b/f	9,342	03/05/XX	Cheque	4,800
16/05/XX	Invoice 4433	3,960	20/05/XX	Credit note 141	1,007
	Total			Total	

Complete the statement of account to be sent to Mandy Services by:

- Entering the amount of the balance brought forward into the final column
- Entering the appropriate date and details for each transaction into the first column
- Entering the transaction amount for each transaction into the second column
- Entering the outstanding amount after every transaction into the final column

(Do not enter any amounts with negative signs)

Statement of Account		
Berry Limited		
80 Ready Lane, London. SE1 3YU		
Date and details	Transaction amount £	Outstanding amount £
01 May 20XX- Balance b/f	9,342	

11. Calculate each of the following:

Questions	£
If assets total £95,250 and liabilities total £76,429, what is the amount of capital?	
If liabilities total £38,127 and capital total £40,324 what is the amount of assets?	
If capital is £51,000 and assets total £75,125, what is the amount of liabilities?	

ii. At the start of the day, Berry Ltd's assets and liabilities included the following items:

Trade receivables	£25,106
Trade payables	£16,198
Cash at bank	£9,364

During the day, Berry Ltd paid suppliers £4,101 through the bank and received £8,480 from its trade receivables which was paid into the bank account. Show the expected balances of each of the following at the end of the day.

Trade receivables	
Trade payables	
Cash at bank	

iii. Classify each of these transactions into capital income, revenue income, capital expenditure or revenue expenditure.

Inventories purchased for resale

Staff van purchased for employees

Sale of motor vehicle

Cheques received from trade receivables

Cash paid to trade suppliers

Payments made for monthly rent