Control Accounts

Review questions

31.1	You are required	to prepare	a sales	ledger	control	account	from	the	following	for	the
month	of November:										

20X7			£
Nov	1	Sales ledger balances	23,220
		Totals for November:	
		Sales journal	14,194
		Returns inwards journal	826
		Cheques and cash received from customers	17,918
		Discounts allowed	312
Nov	30	Sales ledger balances	18,358

31.2A You are required to prepare a purchases ledger control account from the following for the month of April. The balance of the account is to be taken as the amount of creditors as on 30 April.

20X5			£
April	1	Purchases ledger balances	11,241
		Totals for April:	
		Purchases journal	6,100
		Returns outwards journal	246
		Cheques paid to suppliers	8,300
		Discounts received from suppliers	749
April	30	Purchases ledger balances	?

31.3 Prepare a sales ledger control account from the following:

20X9		£
March 1	Debit balances	12,271
	Totals for March:	
	Sales journal	9,334
	Cash and cheques received from debtors	11,487
	Discounts allowed	629
	Debit balances in the sales ledger set off against credit	
	balances in the purchases ledger	82
March 31	Debit balances	?
	Credit balances	47

31.4A Prepare a sales ledger control account from the following information for October 20X6, carrying down the balance at 31 October:

20X6			£
Oct	1	Sales ledger balances	28,409
Oct	31	Sales journal	26,617
		Bad debts written off	342
		Cheques received from debtors	24,293
		Discounts allowed	416
		Cheques dishonoured	120
		Returns inwards	924
		Set-offs against balances in purchases ledger	319

31.5 The trial balance of Outsize Books Ltd revealed a difference in the books. In order that the error(s) could be located it was decided to prepare purchases and sales ledger control accounts.

From the following prepare the control accounts and show where an error may have been made:

20X8			£
Jan	1	Purchases ledger balances	19,420
		Sales ledger balances	28,227
		Totals for the year 20X8	
		Purchases journal	210,416
		Sales journal	305,824
		Returns outwards journal	1,452
		Returns inwards journal	3,618
		Cheques paid to suppliers	205,419
		Petty cash paid to suppliers	62
		Cheques and cash received from customers	287,317
		Discounts allowed	4,102
		Discounts received	1,721
		Balances on the sales ledger set off against balances in the purchases ledge	r 640
Dec	31	The list of balances from the purchases ledger shows a total of £20,210 and that from the sales ledger a total of £38,374	

31.6 From the following figures, compile debtors ledger and creditors ledger control accounts for the month, and ascertain what the net balances of the respective ledgers should be on 31 January 20X0.

Balances on 1 January 20X0	£
Debtors ledger – Dr	46,462
Cr	245
Creditors ledger – Dr	1,472
Cr	25,465
Total for the month to 31 January 20X0	£
Purchases	76,474
Sales	126,024
Purchase returns	2,154
Debtors accounts settled by contra accounts with creditors	455
Bad debt written off	1,253
Discounts and allowances to customers	746
Cash received from customers	120,464
Cash discount received	1,942
Cash paid to creditors	70,476
Cash paid to customers	52

31.7A

	£
Sales ledger balances, 1 July 20X9 – Debit	20,040
– Credit	56
Purchases ledger balances, 1 July 20X9 – Debit	12
– Credit	14,860
Activities during the half-year to 31 December 20X9:	
Payments to trade creditors	93,685
Cheques from credit customers	119,930
Purchases on credit	95,580
Sales on credit	124,600
Bad debts written off	204
Discounts allowed	3,480
Discounts received	2,850
Returns inwards	1,063
Returns outwards	240
Sales ledger credit balances at 31 December 20X9	37
Purchases ledger debit balances at 31 December 20X9	26

During the half year, debit balances in the sales ledger, amounting to £438, were transferred to the purchases ledger.

Required:

Prepare the sales ledger control account and the purchases ledger control account for the half-year to 31 December 20X9.

J12/21

2	Fatima Ayub is a trader. She maintains a full set of accounting records and prepares control accounts for
	her sales ledger and purchases ledger at the end of every month.

REQUIRED

(a) State two reasons why Fatima Ayub prepares control accounts. (i)						
(b)	•	formation for the preparation of a purchases ledge prime (original) entry and not from the purchases	er control account is obtained			
			[2]			
Fati	ma Avub provided	the following information.				
	, p		\$			
	April 1	Debit balances in purchases ledger	38			
		Credit balances in purchases ledger	4 260			
	April 30	Totals for the month				
		Cheques received from credit customers	5 340			
		Cheques paid to credit suppliers	3 705			
		Credit purchases	6 680			
		Cash purchases	355			
		Returns by credit customers	235			
		Returns to credit suppliers	243			
		Discount allowed	127			
		Discount received	95			
	10.	Interest charged by supplier on overdue account	11			
		Contra entry	320			
	May 1	Debit balances in purchases ledger	22			
	,	Credit balances in purchases ledger	?			

REQUIRED

(c) Select the relevant figures and prepare Fatima Ayub's purchases ledger control account for the month ended 30 April 2012. [12]

Fatima Ayub Purchases ledger control account

Date	Details	\$ Date	Details	\$
			(7	
			XO,	
			- 2/2	
			Clo	
Ctata:		 la ita la sola	te brought down on a purcha	

					' / \	
(d)		vo reasons why it is possible to account.	o have a de	bit baland	e brought down on a purcha	ases ledger
	(i)					
	(ii)	C				
	(11)		1			[2]
		19	•••••	•••••		[2]
(e)		the meaning of a contra entry	in connect	ion with o	control accounts and explain	why such an
	entry m	ay be necessary.				
		50				
	,	VI,				
	•••••		•••••			[0]
						[2]
						[Total: 20]

N12/22 Ruth Van Zyl is a trader who maintains a full set of accounting records. She divides her ledger into three sections – general ledger, sales ledger and purchases ledger. **REQUIRED** (a) State one advantage of dividing the ledger into these three sections. [1] Ruth Van Zyl prepares control accounts at the end of each month and provided the following information. \$ 1 September 2012 Debit balances in purchases ledger 210 Credit balances in purchases ledger 9 5 3 0 Totals of the journals on 30 September 2012 Purchases journal 11 740 Purchases returns journal The cash book for September 2012 showed: Cheques paid to credit suppliers Discounts received The journal entries for September 2012 showed: Interest charged by credit supplier 90 Debit balances on the purchases ledger 1 October 2012 160 Credit balances on the purchases ledger (b) Prepare Ruth Van Zyl's purchases ledger control account for the month of September 2012. Ruth Van Zyl Purchases ledger control account \$ **Details** Date **Details** Date

the	te where each of the following items wi item will not appear in a sales ledger co apleted as an example.			
Casl	Item h refund to a credit customer	Entry in sales ledge debit	er control accou	nt
Sale	es returns			
Bad	debt written off			
	vision for doubtful debts			
Cred	dit customer's cheque dishonoured			[4]
1 Charg 2 Trar	Prepare journal entries to record the Ru	erest on his overdue ac e's account in the purch	nases ledger to h	quired.
	following items appear in a sales ledge cate where the item would appear in the opening balance trade receivables.	ne sales ledger control a		[6] [Total: 24] e correct box to
	Credit sales			
	Sales returns			
	Receipts from credit customers			
	Discount allowed			
	Bad debts			
	Dishonoured cheques			
	Interest on overdue accounts		1	

N13/22

4 The following account appeared in Samira El Badry's purchases ledger.

Tahir Stores Limited account

Date	Details		Date	Details	
2013		\$	2013		\$
Aug.10	Returns	83	Aug.1	Balance b/d	400
31	Balance c/d	535	6	Purchases	195
			6	Carriage	15
			31	Interest	8
		618			618
			2013		
			Sept.1	Balance b/d	535

(d) Explain the following entries in the above account. State where the double entry for each transaction would have been made.

(i)	August 6 Purchases
	Explanation
	Double entry[3]
(ii)	August 6 Carriage
	Explanation
	Double entry[3]
(iii)	August 31 Interest
	Explanation
	Double entry[3]
State	e whether the balance on 1 September 2013 represents an asset or a liability to Samira El Badry.
	[1]

(e)

N13/23

4 Asma Anwar maintains a full set of double entry records and prepares control accounts at the end of each month

The sales ledger control account prepared on 30 September 2013 is shown below.

Asma Anwar Sales ledger control account

04.00.00480.004.10								
Date	Details	\$	Date	Details	\$			
2013			2013					
Sept.1	Balance b/d	520	Sept.1	Balance b/d	36			
30	Sales	848		Bank	390			
				Discount	10			
				Returns	56			
				Contra	130			
			30	Balance c/d	746			
		1 368			1 368			
2013	_			X				
Oct.1	Balance b/d	746		.00				

(a)	Explain why the sales ledger control account should be prepared by a more senior member of staff than the person who maintains the sales ledger.
	than the person who maintains the sales leagen.
(b)	Explain the significance of the balance of \$36 on 1 September 2013.
	13
	[2]
(c)	Explain the following entries in the above account. State the source of information for each item.
	Sales
	Explanation
	Source of information

	Explanation						
	Source of information						
	Contra Explanation						
	Source of information		XO()	[6]			
J14/22 2 (b)	On 1 March 2014 there was a balance on each side of Maria account.	a Rahman's p	urchases led	ger control			
	State two reasons why it is possible to have a debit balance						
				[2]			
(c)	Complete the table below. Use a tick (\checkmark) to show where each Maria Rahman's purchases ledger control account. If the ite entry' column.						
	The first one has been completed as an example.	1	T				
		Debit	Credit	No entry			
	credit purchases						
	cash purchases						
	refund from credit supplier						
	cheques paid to credit suppliers						
	discount allowed						
	discount received						
	interest charged by credit supplier on overdue account						
	contra entry						
	carriage charged by credit supplier						

bad debts written off

[9]

On 1 April 2014 Maria Rahman's purchases ledger control account had a credit balance of \$5 300. For the year ended 31 March 2014 Maria Rahman's purchases were: \$ cash purchases 12 500 credit purchases 80 700 **REQUIRED** (d) Calculate the payment period for trade payables. Round your answer up to the next whole day. Maria Rahman has asked A1 Traders to supply her with goods on credit. **REQUIRED** (e) State one reason, other than checking the payment period for trade payables, why A1 Traders would want to see Maria's financial statements. [Total: 19] N14/12 Arun sells goods to Rupa and also buys goods from her. On 1 October Arun's books showed the following balances. Rupa account in sales ledger \$180 Rupa account in purchases ledger \$37 It was agreed that these balances should be set off against one another. **REQUIRED** (d) Prepare the journal entry to record the set-off in Arun's books. A narrative is not required.

Arun **Journal**

Debit \$	Credit \$

[2]

	(e)	Explain why Arun and Rupa decided to make the set-of	f.	
				[2]
N14	-			
5	Ash	var provided the following information.		
	At 1	July 2013	\$	
		Total trade receivabl	4 100	
		Total trade payables	3 161	
	For t	the year ended 30 June 2014		\$7
		•	14 803	
		Credit sales	48 610	
		Returns of credit sales	1 001	~0
		Credit purchases	39 101	~,0,
		Returns of credit purchases	910	
		Receipts from credit customers	45 702	J'
		Payments to credit suppliers	37 691	
		Discount allowed	890	
		Discount received	663	
		Bad debts written off	274	
		Interest charged by Ashvar on overdue accounts	77	

REQUIRED

(a) Prepare the sales ledger control account and the purchases ledger control account for the year ended 30 June 2014. Balance the accounts and bring down the balances on 1 July 2014.

Sales ledger control account

Date	Details	\$ Date	Details	\$
	20			
	1050			

Purchases ledger control account

Date	Details	\$ Date	Details	\$

[14]

J15/23

2 Vijay Singh maintains a full set of accounting records and prepares control accounts at the end of each month.

He provided the following information.

2015		۲
2015	Dahit halawa ay salas ladaw ay tual ay say t	۶ 475
April 1	Debit balance on sales ledger control account	475
30	Totals for the month	
	Sales journal	590
	Sales returns journal	46
	Cash sales	614
	Cheques received from credit customers	387
	Cheque received from credit customer (included in	
	the above figure) later dishonoured	26
	Cheques paid to credit suppliers	469
	Discounts allowed	13
	Discounts received	34
	Bad debts written off	32
	Interest charged to credit customer	8
	Contra entry to purchases ledger	150
	W3.	
May 1	Debit balance on sales ledger control account	?
	Credit balance on sales ledger control account	21

REQUIRED

(f) Select the relevant figures and prepare Vijay Singh's sales ledger control account for the month ended 30 April 2015. Balance the account and bring down the balances on 1 May 2015.

Vijay Singh Sales ledger control account

Date	Details	\$ Date	Details	\$
			×6.	
			38	
				[12

					' \	
_ (g)	Explain tl	he contra entry to the purcha	ses ledger.		Ch	[12]
.07		, , , , , , , , , , , , , , , , , , , ,			<	
••				QY		
••	••••••		C _			
	••••••		(0)			
••		. \$				[2]
(h) S	Suggest w	why Vijay Singh charged a cred	lit custome	r interest.		
		10				
						[1]
(i) S	State one	e reason why Vijay Singh prepa	ares a mont	hly sales l	edger control account.	
		VIII				
•						[1]
		o reasons why Vijay Singh doe the sales ledger control accou		ne informa	ation contained in the sa	les ledger to
1						
2						
						[Total: 28]

J15/22

1 Nyasha Chingono prepared the following sales ledger control account on 30 April 2015.

Nyasha Chingono Sales ledger control account

Date	Details	\$	Date	Details	\$
2015			2015		
April 1	Balance b/d	750	April 30	Sales returns	60
30	Sales	990		Bank	637
	Interest charged	10		Discount	13
				Bad debts	120
				Contra	120
				Balance c/d	800
		1 750			1 750
2015					
May 1	Balance b/d	800			

REQUIRED

- (d) Explain the following entries in the control account. State the source of information for each item. The first one has been completed as an example.
 - 1 Sales The total goods sold on credit in Explanation Source of information Sales journal 2 Sales returns 3 Source of information Interest charged Source of information

N15/13

4 Esme provided the following information.

At 1 January 2014

Trade payables 7 000
Trade receivables 9 500

For the year ended 31 December 2014

Sales (all credit)	95 100
Sales returns	1 050
Purchases (all credit)	63 600
Purchases returns	1 950
Receipts from credit customers	92 750
Payments to credit suppliers	59 000
Refund to credit customer	450
Discount allowed	2 100
Discount received	850
Bad debt written off	300

Additional information at 31 December 2014

1 Esme owed \$100 to a supplier who also owed \$180 to Esme. It was agreed to record this as a setoff in the control accounts.

\$

2 Esme owed \$50 to a credit customer who had overpaid

REQUIRED

(a) Prepare the sales ledger control account and the purchases ledger control account for the year. Balance the accounts and bring down the balances on 1 January 2015.

Esme
Sales ledger control account

Date	Details	\$ Date	Details	\$
	1,0,			
	20			
	250.			

Purchases ledger control account

Date	Details	\$	Date	Details	\$
				57	
				×6,	
				000	
L	<u>'</u>	1		·No.,	[18]

(b)	State one reason why Esme maintains a sales ledger control account.
	[1]
(c)	State why the discount allowed was given.
	[1]
	[Total: 20]

N16/13

3 Jared buys goods from Winston. On 1 August 2016 Jared owed Winston \$300.

During August 2016 the following took place.

August 3 Jared bought goods, list price \$600, after deducting 20% trade discount.

- 6 Jared returned goods, list price \$50.
- 9 Jared paid, by cheque, the balance due on 1 August after deducting 3% cash discount.
- Jared purchased further goods, list price \$400, after deducting trade discount as before.

REQUIRED

(d) Prepare Jared's account in Winston's sales ledger for the month of August 2016. Balance the account and bring down the balance on 1 September 2016.

Winston Sales ledger Jared account

Date	Details	\$	Date	Details	\$
				76,	
		•		7,0	[8]

Winston also buys goods from Jared and on 31 August 2016 he owed Jared \$40. Winston decided to make a contra entry on 1 September 2016 to set off the accounts in the sales and purchases ledgers.

REQUIRED

(e) State the double entry needed to set off the accounts.

account debited	account credited
YO.	
	[2
1/9/	
(A)	
M3	
X ,	

[2]

N16/22

1(b)	State two reasons why	Amira prepares a	a purchases ledge	r control account.

1		
2		
		[2]
Amira provided t	the following information for September 2016.	
		\$
September 1	Debit balances in purchases ledger	93
	Credit balances in purchases ledger	4 210
September 30	Totals for the month	
	Credit purchases	5 366
	Cash purchases	1 469
	Cheques paid to credit suppliers	3 705
	Cheques received from credit customers	6 102
	Discount allowed	204
	Discount received	95
	Returns to credit suppliers	197
	Interest charged by supplier on overdue account	12
	Cash refund received from credit supplier	150
	Contra entry	494
October 1	Debit balances in purchases ledger	68
	Credit balances in purchases ledger	?

REQUIRED

(c) Select the relevant figures and prepare the purchases ledger control account for the month of September. Balance the account and bring down the balances on 1 October 2016.

Amira
Purchases ledger control account

\$	Details	\$ Date	Details	\$
	.0			
	59,			
-				
	•		•	[42]

[12]

((d) Sugg	gest one advantage of paying credit suppliers before th	e due date.
			[1]
		est one disadvantage of paying credit suppliers before	
= 1			[1]
J17/2 2(b)		the meaning of a contra entry in connection with contr	rol accounts.
	State	why Waheed may make such an entry.	7 7
		ng	Xe)
		n	[2]
_		90	
	ne saies informati	journal for March 2017 was destroyed, but Waheed won.	as able to provide the following
	2017		\$
ı	March 1	Debit balances in sales ledger	2 346
		Credit balances in sales ledger	140
	March 31	Totals for the month	
'	Widi Cii 31	Cheques received from credit customers	2 145
		Cheques paid to credit suppliers	3 013
		Cheque received from credit customer (included	
		in the cheques received), later dishonoured	350
		Discount allowed	55
		Discount received	90
		Returns by credit customers	276
		Returns to credit suppliers	198
		Contra entry	182
		Bad debts written off	62
	April 1	Debit balances in sales ledger	2 670
•		Credit balances in sales ledger	86

REQUIRED

(c) Select the relevant figures and prepare the sales ledger control account for the month of March 2017. Insert a figure for credit sales. Balance the account and bring down the balances on 1 April 2017.

Waheed Sales ledger control account

Date	Details	\$ Date	Details	\$
			.7	
			0.	
			1094	

[10] (d) Suggest two reasons why the sales ledger control account had a credit balance on 1 A 1				
(d) Suggest two reasons why the sales ledger control account had a credit balance on 1 A 1			.7	
(d) Suggest two reasons why the sales ledger control account had a credit balance on 1 A 1			0	
(d) Suggest two reasons why the sales ledger control account had a credit balance on 1 A 1		Ç		
(d) Suggest two reasons why the sales ledger control account had a credit balance on 1 A 1		109/		
(d) Suggest two reasons why the sales ledger control account had a credit balance on 1 A 1				
1		[10]		
N17/12 3 Jason prepared a sales ledger control account and a purchases ledger control account for to REQUIRED (h) Explain why the preparation of control accounts would have helped Jason discover who of the trial balance did not agree.	(d)	easons why the sales ledger control account had a credit bal	lance on 1 Ap	oril 2017.
N17/12 3 Jason prepared a sales ledger control account and a purchases ledger control account for to REQUIRED (h) Explain why the preparation of control accounts would have helped Jason discover who of the trial balance did not agree.				
N17/12 3 Jason prepared a sales ledger control account and a purchases ledger control account for to REQUIRED (h) Explain why the preparation of control accounts would have helped Jason discover who of the trial balance did not agree.		x ()		
N17/12 3 Jason prepared a sales ledger control account and a purchases ledger control account for to REQUIRED (h) Explain why the preparation of control accounts would have helped Jason discover who of the trial balance did not agree.				
N17/12 3 Jason prepared a sales ledger control account and a purchases ledger control account for to REQUIRED (h) Explain why the preparation of control accounts would have helped Jason discover who of the trial balance did not agree.				[2]
REQUIRED (h) Explain why the preparation of control accounts would have helped Jason discover who of the trial balance did not agree.				
(h) Explain why the preparation of control accounts would have helped Jason discover who of the trial balance did not agree.	3 Jas	ales ledger control account and a purchases ledger control a	iccount for tr	ie year.
of the trial balance did not agree.		CO.		
	(h)		discover wh	y the totals
		ance did not agree.		
				[2]

L(c)	(i)	State the meaning of a contra entry in connection	n with control a	ccounts.		
					[1]	
	(ii)	State why such an entry may be necessary.				
(d)	Sugg	gest two reasons why it is possible to have a debit b	alance on a pur	chases ledge	er control acco	unt.
	_			0		
	۷			0	[2]	
			7,0		[=]	
m M	lahen Jaintai Jahen	dra's financial year ends on 31 August. He buys and ins a full set of accounting records. dra prepares control accounts at the end of each mo	•	ash and credi	it terms and	
	EQUIF i) Co	mplete the following table. Use a tick (\checkmark) to show w	here each of th	ne following	items would ar	opear
·	in	Mahendra's sales ledger control account. If the item lumn.	n does not appe	ear place a tio	ck in the "no er	ntry"
		2	Debit	Credit	No entry	
	C	pening balance owed by credit customers				
	С	redit sales				
	С	ash sales				
	p	provision for doubtful debts				
	b	oad debts written off				
	C	ash discount allowed to credit customers				
	t	rade discount allowed to credit customers				
	С	contra between sales and purchases ledgers				

cash received from credit customers

N17/21

J18/12

3 Kumu purchases goods for resale on both cash and credit terms. Kumu's credit suppliers allow 30 days for payment of invoices.

Kumu provided the following information for the year ended 30 April 2018.

	\$
Trade payables 1 May 2017	19 800
Trade payables 30 April 2018	22 200
Discount allowed	480
Discount received	330
Interest charged by suppliers	122
Credit purchases	180 870
Cash purchases	26 400
Sales ledger balances set off against purchases	;
ledger balances	400

REQUIRED

(a) Select the relevant items and prepare the purchases ledger control account for the year ended 30 April 2018. Insert the amount paid to credit suppliers.

Kumu Purchases ledger control account

Data	Details	\$		Details	خ
Date	Details	, ş	Date	Details	Þ
			OY		
		5			
	. &				
	1,0,				
	-0				
	()				[

(b)	State the formula for calculating the trade payables payment period.
	[1]
(c)	Calculate the trade payables payment period for the year ended 30 April 2018. Round up your answe to the next whole day.
	[2]

	Give a reaso	n for your answer.
	Satisfied?	
	Reason	
		[2]
(e)	State two pr	oblems Kumu may face if her trade payables payment period is unsatisfactory.
	1	
	2	
		[2]
Kun	nu provided th	ne following information for the year ended 30 April 2018.
		\$
		Cost of sales 205 000
		Gross profit 92 250
		Inventory at 30 April 2018 35 000
REC	UIRED	
(f)		e percentage mark-up Kumu has applied.
		X O
	•••••	
		[2]
(g)	Calculate the	e value of inventory at 1 May 2017.
	••••••	
		[3]

(d) State whether Kumu's suppliers would be satisfied with her trade payables payment period.

(h)	State th	ne formula for the rate of inventory turnover.	
			[1]
(i)		te Kumu's rate of inventory turnover for the year ended 3 be correct to two decimal places.	O April 2018. The calculation
J18/21			[2] [Total: 23]
1		s able to provide the following information for the month	ended 30 April 2018.
	2018		\$
	April 1	Amount owing by credit customers Amount owing to credit suppliers	3 944 4 215
	April 30	Totals for the month Cash purchases Credit purchases Returns to credit suppliers Returns from credit customers Cheques received from credit customers Discount allowed Discount received Contra entry	996 4 855 113 236 3 332 68 95 250
		Carriage charged by credit supplier	210
	May 1	Debit balance in purchases ledger Credit balance in purchases ledger	100 4 237
RE	QUIRED		

(b) Select the relevant figures and prepare the purchases ledger control account for the month of April 2018. Insert a figure for cheques paid to credit suppliers. Balance the account and bring down the balances on 1 May 2018.

Lydia
Purchases ledger control account

Date	Details	\$	Date	Details	\$
Date	Details	7	Date	Details	7
					[

[9]

1					
2					
					[2]
18/12					
Saul provide	d the following information fo	or the mon	th ended 3	0 June 2018.	
2018				\$	
	es ledger debit balances			16 420	
Sal	es ledger credit balances			390	
	dit sales			39 800	
	es returns h and cheques received from	credit cust	omers	36 350	
	coverable debt written off			340	
	es ledger balance set off agair	nst purchas	es ledger b		
	count allowed erest charged to credit custon	nors on ove	orduo occo	? unts 175	
IIIC	erest charged to credit custon	ileis oil ove	erdue acco	ulis 175	
July 1 Sale	es ledger debit balances		$\mathcal{N}_{\mathcal{N}}$	15 485	
Sal	es ledger credit balances		L'	200	
DECLUDED		6			
REQUIRED (d) Prepare	the sales ledger control acco	unt for the	month of J	lune 2018. Insert the figur	e for disco
	Balance the account and bri			_	J 101 G.000
		Sau			
		ledger cor	1		1 1
Date	Details	\$	Date	Details	\$
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	(3)				
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(c) Suggest two reasons for the debit balance in the purchases ledger on 1 May 2018.

[10]

(e)	State two benefits of maintaining a sales ledger control a	account.	
	1		
	2		
			[2]
.8/22	2		
Prit	ti opened a retail food store on 1 October 2017. She did no	t keep many accounting record	S.
Prit	i makes purchases on both cash and credit terms. All sales	are made for cash.	
The	following information is available.		
On	1 October 2017	\$	
	Capital introduced into the business bank account	30 000	
Dur	ing the year ended 30 September 2018	Char	
	Purchase of non-current assets by cheque	19 400	
	Cheques paid to credit suppliers	33 150	
	Discount received	850	
	Returns to credit suppliers	1 670	
	Cash paid into bank from shop sales	48 500	
	Withdrawals from bank for cash purchases	4 820	
	Expenses paid	?	
On	30 September 2018		
	Amount owing to credit suppliers	3 180	
	Expenses accrued	120	
	Cash at bank	16 040	
REC	QUIRED		
	Calculate the total purchases for the year ended 30 Septe	ember 2018.	
			••••
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			[6]

Details	Rank:				
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	at a gross profit ma s are to be deprecia ncome statement fo e gross profit and th	at a gross profit margin of 20%. Is are to be depreciated at the rate and a statement for the year end a gross profit and the profit for the	s are to be depreciated at the rate of 10%. Income statement for the year ended 30 Septe gross profit and the profit for the year. Priti	at a gross profit margin of 20%. Is are to be depreciated at the rate of 10%. Income statement for the year ended 30 September 2018. See gross profit and the profit for the year. Priti	at a gross profit margin of 20%. Is are to be depreciated at the rate of 10%. Income statement for the year ended 30 September 2018. Show the value of gross profit and the profit for the year. Priti Income Statement for the year ended 30 September 2018

State the difference between margin and mark-up.

[2]

[Total: 26]

J19/11

2 Olivia is a trader. Sales and purchases are made on both cash and credit terms. Olivia maintains a full set of accounting records and prepares control accounts at the end of each month.

REQUIRED

(a) Name the book of prime (original) entry which Olivia would use to obtain the following information when preparing her control accounts.

	book of prime (original) entry		
returns to credit suppliers			
cheques received from credit customers			
contra entry			
irrecoverable debts written off			

[4]

(b) Complete the table by placing a tick (\checkmark) in the correct column to indicate where each item would appear in Olivia's sales ledger control account. If the item does not appear place a tick (\checkmark) in the 'no entry' column.

90	Debit	Credit	No entry
credit sales			
cash sales			
cash refund to credit customer			
cash discount allowed by credit suppliers			
contra entry			
trade discount allowed to credit customers			
interest charged on credit customer's overdue account			

[7]