

## Double-entry system of book-keeping

**J14/12**

- 2 Archie is a trader with a year end of 31 December. During the year he made the following transactions.
- 1 On 1 January paid \$10 000 of his own money into the business bank account.
  - 2 On 1 January bought plant and equipment, \$6 000, paying half by cheque and paying half with a loan from ABC Finance.
  - 3 On 30 June took \$500 in cash as drawings.
  - 4 On 31 December paid by bank transfer \$210 interest on the loan from ABC Finance.
  - 5 On 31 December paid \$1 000 by cheque as the first repayment of the loan.
  - 6 On 31 December provided \$600 depreciation on the plant and equipment.

REQUIRED

- (c) Complete the table below, showing the double entry recording each of these transactions. The first has been completed as an example.

	Debit entry		Credit entry	
		\$		\$
1	<i>Bank account</i>	<i>10 000</i>	<i>Capital account</i>	<i>10 000</i>
2				
3				
4				
5				
6				

[11]

- (d) Calculate the annual rate of interest Archie was paying on the loan.

.....

.....

.....[2]

**N14/12**

- 2 (a) State the accounting equation.  
 .....[1]

Samir started a business on 1 January. The following transactions took place.

- 1 Samir paid \$10 000 of his own money into the business bank account.
- 2 He transferred his own vehicle to the business at a valuation of \$6500.
- 3 He bought goods for resale, \$2000, on credit from Zed.
- 4 He paid rent, \$3000, by cheque.

REQUIRED

- (b) Complete the following table showing how these transactions were recorded in Samir's books of account. The first has been completed as an example.

Transaction	Debit entry		Credit entry	
		\$		\$
1	<i>Bank account</i>	<i>10 000</i>	<i>Capital account</i>	<i>10 000</i>
2				
3				
4				

[6]

- (c) Explain why there could be a credit balance on a bank account but not on the cash account.

.....  
.....  
.....  
.....[2]

- (g) Complete the following table indicating with a tick (✓) on which side of a trial balance each item would appear. The first has been completed as an example.

	Debit	Credit
Rent received		✓
Sales returns		
Inventory		
Discount allowed		
Provision for depreciation		

[4]

**J15/13**

- 2(g) State one reason why a trader might prepare a trial balance.

.....  
.....[1]

Ebenon, a sole trader, extracted the following balances from his books of account on 31 December 2014.

	\$
Motor vehicles	38 000
Provision for depreciation of motor vehicles	10 000
Sales	190 000
Purchases	103 000
Rent	4 000
Wages and salaries	41 000
Sundry expenses	6 800
Drawings	23 000
Trade payables	5 000
Trade receivables	7 000
Bank overdraft	1 500
Cash	100
Purchase returns	600
Inventory	12 000
Capital	?

REQUIRED

(h) Prepare Ebenon's trial balance at 31 December 2014.

Ebenon  
Trial Balance at 31 December 2014

	Debit \$	Credit \$
Motor vehicles		
Provision for depreciation of motor vehicles		
Sales		
Purchases		
Rent		
Wages and salaries		
Sundry expenses		
Drawings		
Trade payables		
Trade receivables		
Bank overdraft		
Cash		
Purchases returns		
Inventory		
Capital		

[8]

(i) Give the date to which the inventory in the trial balance relates.

.....[1]

**N15/12**

**2** Neel started a business on 1 June. The following transactions took place in June.

- 1 Opened a business bank account with \$8 000 of his own money.
- 2 Received a bank loan, \$2 000.
- 3 Bought a delivery van, \$5 200, from A1 Motors on credit.
- 4 Bought inventory, \$3 700, paying by cheque.
- 5 Paid shop rent, \$1 000, by standing order.
- 6 Withdrew cash, \$100, to start up an imprest system.

**REQUIRED**

(e) Complete the following table showing how these transactions were recorded. The first has been completed as an example.

	Debit entry		Credit entry	
		\$		\$
1	<i>Bank account</i>	<i>8 000</i>	<i>Capital account</i>	<i>8 000</i>
2				
3				
4				
5				
6				

[10]

(f) Calculate the balance on Neel's bank account after these transactions.

.....  
.....  
.....  
.....  
.....  
.....  
.....  
.....  
.....  
.....  
.....[3]

**N15/12**

3(c) State how Asrul, a retailer, records goods taken for his personal use.

Account debited	Account credited

[2]

(d) Name the accounting principle which Asrul is applying.

.....[1]

**J16/11**

2 Lewis had the following transactions.

- 1 Bought goods, \$1 000, on credit from Pamela.
- 2 Bought delivery van, \$17 000, from AM Motors, paying \$12 000 by cheque with the balance to be paid after six months.
- 3 Paid wages, \$250, by cheque.
- 4 Sold goods, cost \$600, for \$960 on credit to Ali.
- 5 Withdrew \$110 cash from the business bank account to increase cash in hand.

**REQUIRED**

(b) Complete the following table showing how **each** of these transactions was recorded in Lewis's books of account. The first has been completed as an example.

	Account(s) debited	\$	Account(s) credited	\$
1	Purchases	1 000	Pamela	1 000
2				
3				
4				
5				

[9]

(c) Identify the transaction which decreased Lewis's capital.

Transaction number ..... [1]

(d) Identify the transaction which increased Lewis's capital. State the amount by which it was increased.

Transaction number .....  
 Amount ..... [2]

(e) Identify the transaction which would be classified as a contra.

Transaction number ..... [1]

(f) State how capital employed is calculated.

.....[1]

**N16/12**

2 (b) State **one** reason why a book-keeper prepares a trial balance.

.....  
.....[1]

(c) Name the account which is opened when a trial balance does not agree.

.....[1]

(d) Complete the following table and indicate with a tick (✓) whether **each** item would appear on the debit side or the credit side of a trial balance.

	Debit side	Credit side
Capital		
Cash		
Drawings		
Rent paid		
Sales returns		
Bank overdraft		
Machinery		
Discount received		
Provision for depreciation		
Bad debts		

[5]

**N16/13**

2 (a) Complete the following sentences using the words 'debit' and 'credit'.

A decrease in a non-current asset account requires a ..... entry.

An increase in a liability account requires a ..... entry.

An increase in an expense account requires a ..... entry. [3]

(b) Give **one** example of a liability.

.....[1]

J17/11

2 (a) State the accounting equation.

.....[1]

(b) State what is meant by the following terms.

Asset .....

.....

Liability .....

.....

Inventory .....

.....[3]

(c) Name the accounting principle applied when using the double entry system of book-keeping.

.....[1]

(d) State the double entry needed to record **each** of the following in the books of Taha, a trader.

	debit account	credit account
Taha receives a cheque from Michael, a credit customer		
Taha writes off a debt owed by Zoe		

[4]

(e) Name the division of Taha's ledger in which Michael's account appears.

.....[1]

N17/22

5 Ben opened a retail store on 1 April 2017. He introduced the following into the business.

	\$
Inventory	15 200
Shop fittings	14 300
Cash	17 900 (of which \$17 400 was paid into a business bank account)

On the same day, Ben received a business start-up loan of \$15 000 which was paid into the business bank account. Interest at 5% per annum was payable at six-monthly intervals.

**REQUIRED**

(a) Prepare the opening journal entry. A narrative is **not** required.

Ben  
Journal

	Debit \$	Credit \$

The following transactions took place in September 2017.

- September 3 Invoice received from EF Limited for office equipment, \$1 900
- 28 Goods taken by Ben for personal use, \$430

**REQUIRED**

(b) Prepare journal entries to record these transactions. Narratives are required.

Ben  
Journal

	Debit \$	Credit \$

[6]

**N18/11**

2 (a) State the meaning of the term 'owner's equity'.

.....  
 .....[1]

(b) Complete the following table stating the double entry necessary to record **each** transaction in the ledger of Evie, who sells computers and computer accessories.

Transaction	account to be debited	account to be credited
obtained loan from bank		
purchased office fixtures by cheque		
sold computer for cash		
took printer for personal use		

[8]

(c) State **one** reason why a trial balance is prepared.

.....  
 .....[1]

(d) Complete the following table, indicating with a tick (✓) where **each** account would appear in a trial balance.

	Debit column	Credit column
Capital		
Drawings		
Provision for depreciation		
Carriage inwards		
Carriage outwards		
Rent received		
Stationery		
Sales returns		

[4]

**N18/12**

2 Jennifer started in business on 1 June 2018 with the following assets and liabilities.

	\$
Delivery van	15 000
Fixtures and fittings	2 700
Inventory	6 200
Cash	1 500
Loan from Amina	5 000

**REQUIRED**

(a) Prepare Jennifer's opening journal entry on 1 June 2018. A narrative is required.

Jennifer  
Journal

Date		Debit \$	Credit \$

[5]

(b) State the purpose of a narrative in a journal entry.

.....  
 .....[1]

(c) State **two** uses of the general journal **in addition to** the recording of opening entries of a business.

1 .....  
 .....  
 2 .....  
 .....[2]

Jennifer’s cousin, John, is also a trader. He started his business on 1 October 2018. He introduced capital of \$30 000, of which he paid \$25 000 into the business bank account.

The table shows the account balances following transactions that have taken place.

	1 October 2018	2 October 2018	3 October 2018	4 October 2018
Assets	\$	\$	\$	\$
Office equipment		1 500	1 500	1 500
Motor vehicle			10 000	10 000
Bank	25 000	25 000	25 000	25 000
Cash	5 000	3 500	3 500	2 500
Liabilities				
Payables			10 000	10 000
Capital	30 000	30 000	30 000	29 000

**REQUIRED**

(d) State for **each** date the transaction which has taken place. The first transaction has been completed as an example.

1 October 2018

*John introduced capital of which some was banked and some kept in cash.*

.....

2 October 2018

.....  
 .....

3 October 2018

.....  
.....

4 October 2018

.....  
.....[6]

(e) State the accounting principle which John applied when recording **all** these transactions.

.....[1]

(f) State the meaning of

(i) assets .....

(ii) liabilities .....

(iii) capital .....

(g) Explain what is meant by a 'statement of financial position'.

.....  
.....  
.....  
.....[2]

[Total: 20]

**J19/12**

2 (b) Complete the table by stating the double entry needed to record **each** of the following transactions which took place in March 2019.

Transaction	account(s) debited		account(s) credited	
		\$		\$
Nabil transferred his private motor vehicle, \$18 000, to the business.				
Purchased stationery, \$44, on credit from Tahir.				
Paid office cash, \$490, into the business bank account.				
Settled Vijay's account of \$200 by bank transfer after deducting 2% cash discount.				

[9]

Nabil prepares a trial balance at the end of each financial year.

**REQUIRED**

- (c) Complete the table by placing a tick (✓) in the correct column to indicate where the balance of **each** of the accounts would appear in Nabil's trial balance on 31 March 2019. The first one has been completed as an example.

	debit column	credit column
rent and rates	✓	
capital		
motor vehicle at cost		
motor expenses		
purchases returns		
discount received		
Tarek, a credit supplier		
Insurance		
bank overdraft		
operating expenses		
5-year bank loan		
Drawings		
carriage outwards		

[6]