

Other payables and other receivables

J11/12/ (11/13 same)

4(a) Explain what is meant by the term 'other payable' (accrued expense).

.....[2]

Khalim has a furniture business and pays the fuel expenses of running a motor van.

At 1 May 2010 he had accrued fuel expenses of \$30. For the year ended 30 April 2011 he paid fuel expenses of \$340 by cheque and at 30 April 2011 he had an unpaid bill for fuel of \$50.

REQUIRED

(b) Write up Khalim's fuel expenses account for the year ended 30 April 2011. Show the transfer to the income statement for the year and any balance carried down at 1 May.

Khalim
Fuel expenses account

Date	Details	\$	Date	Details	\$

[6]

J11/21

5 Leo Yang runs a gym and fitness centre. His financial year ends on 31 October. He employs a book-keeper to maintain his accounting records.

Leo Yang rents part of his premises to another business. The following account appeared in Leo Yang's ledger.

Rent receivable account

2009		\$	2009		\$
Nov. 1	Balance	100	Nov.2	Bank	1 350
2010			2010		
Oct.31	Income statement	2 500	April 1	Bank	1 300
	Balance c/d	50			
		2 650			2 650
			2010		
			Nov.1	Balance b/d	50

For candidates who are not familiar with the layout of the account shown above an alternative presentation is provided.

Rent receivable account

		Debit	Credit	Balance
2009		\$	\$	\$
Nov.1	Balance	100		100 Dr
2	Bank		1 350	1 250 Dr
2010				
April 1	Bank		1 300	2 550 Cr
Oct.31	Income statement	2 500		50 Cr

REQUIRED

(a) Explain the following entries in the above account.

State where the double entry for each transaction would have been made.

(i) Balance 1 November 2009

Explanation

.....

.....

Double Entry[3]

(ii) Bank 2 November 2009

Explanation

.....

.....

Double Entry[3]

(iii) Income statement 31 October 2010

Explanation

.....

.....

Double Entry[3]

(b) Explain the significance of the \$50 shown at the end of the account.

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.....

.....

.....[2]

Ahsan Zarif, TCS <PAF Chapter>

J12/12

2(g) On 1 January 2012 Themba’s business had an unpaid electricity bill for \$240 for electricity used in December 2011. In the period ended 31 March 2012 he paid \$715 to the electricity company and had received bills as follows:

	\$
4 February	285
5 March	190

On 7 April he received a bill for \$320 for electricity used in March.

Calculate the amount Themba charged in his income statement for electricity for the three months ended 31 March 2012.

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

J12/13

2(j) On 1 April 2011 Parmi had an unpaid electricity bill of \$350. In the year ended 31 March 2012 he paid a total of \$2100 for electricity. On 31 March 2012 he received an electricity bill for \$470 which he paid in April.

Calculate the amount Parmi charged for electricity in his income statement for the year ended 31 March 2012. Show your workings.

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

J12/22

2 Simon Nyemba sells farm machinery. His financial year ends on 31 January.

Mochudi Traders Ltd pay Simon Nyemba a commission on any goods purchased from them by Simon’s customers. The commission is paid six-monthly in arrears.

On 1 February 2011 Simon Nyemba was owed \$280 in commission.

Simon Nyemba received cheques for commission as follows:

	\$
5 February 2011	280
3 August 2011	312

On 31 January 2012 Simon Nyemba was owed \$296 commission.

REQUIRED

- (a) Write up the commission received account as it would appear in Simon Nyemba's ledger for the year ended 31 January 2012.

Simon Nyemba
Commission received account

Date	Details	\$	Date	Details	\$

[6]

Simon Nyemba owns premises and pays property tax to the authorities.

On 1 February 2011 two months' property tax, \$520, was prepaid.

On 24 April 2011 Simon Nyemba paid \$1620 by cheque for property tax for six months to 30 September 2011.

On 4 October 2011 he paid a further cheque for \$1620 for property tax for six months to 31 March 2012.

REQUIRED

- (b) Write up the property tax account as it would appear in Simon Nyemba's ledger for the year ended 31 January 2012.

Simon Nyemba
Property tax account

Date	Details	\$	Date	Details	\$

[6]

- (c) Name the accounting principle applied in the preparation of the commission received account and the property tax account.

.....[1]

(d) Name the section of Simon Nyemba’s Statement of Financial Position on 31 January 2012 in which each of the following balances would appear.

(i) Commission receivable account

.....[1]

(ii) Property tax account

.....[1]

(e) On 31 January 2012 Simon Nyemba’s discount allowed account had a debit balance of \$324.

Prepare the journal entry Simon Nyemba would make to transfer the discount allowed account to the income statement for the year ended 31 January 2012. A narrative is required.

Simon Nyemba
Journal

	Debit (\$)	Credit (\$)

[3]

N12/13

5 Joolia has a restaurant and receives a bill for water used each month.

At 1 July Joolia had an unpaid bill for water of \$58.50.

During the three months ended 30 September 2012 she made the following payments by cheque to the water company.

	\$
10 July	58.50
12 August	75.00
14 September	45.80

On 4 October Joolia received a bill for \$62.30 for water used to 30 September.

REQUIRED

(a) Explain what is meant by the accounting principle of accruals (matching).

.....

[2]

- (b) Prepare the water account in Joolia's nominal (general) ledger for the three months ended 30 September 2012. Show the amount transferred to Joolia's income statement for the period. Balance the account and bring down the balance on 1 October 2012.

Joolia
Water account

Date	Details	\$	Date	Details	\$

[5]

- (c) Joolia omitted to include an accrued expense for staff wages at the end of her accounting period. State the effect of this omission on her profit for the period.

.....

.....

..... [1]

N12/22

2 Nancy Tanwin owns a clothing store. Her financial year ends on 31 October.

She lets part of her premises to Gemstones Ltd at an annual rent of \$2 592.

On 1 November 2011 Gemstones Ltd prepaid two months' rent.

On 1 January 2012 Nancy Tanwin received a cheque for \$1296 for rent to 30 June 2012.

On 1 July 2012 she received a further cheque for \$1080 for rent to 30 November 2012.

REQUIRED

- (a) Write up the rent received account as it would appear in Nancy Tanwin's ledger for the year ended 31 October 2012.

Nancy Tanwin
Rent received account

Date	Details	\$	Date	Details	\$

[6]

- (b) State the section of the Statement of Financial Position prepared on 31 October 2012 in which the balance of the rent received account would appear. Give a reason for your answer.

Section of Statement of Financial Position[1]

Reason

.....[1]

On 1 November 2011 Nancy Tanwin owed advertising expenses of \$74. She paid this outstanding amount in cash on 15 November 2011.

On 1 June 2012 Nancy Tanwin paid \$1200 by cheque for an advertising campaign which was for twelve months to 31 May 2013.

REQUIRED

- (c) Write up the advertising expenses account as it would appear in Nancy Tanwin's ledger for the year ended 31 October 2012.

Nancy Tanwin
Advertising expenses account

Date	Details	\$	Date	Details	\$

[6]

- (d) Indicate, by placing a tick (✓) against the correct answer, the effect on the capital employed at 31 October 2012 if the total cost of the advertising campaign had been charged to the year ended 31 October 2012.

Effect on capital employed	
Overstated	<input type="checkbox"/>
Understated	<input type="checkbox"/>

[1]

Nancy Tanwin's income statement showed that she had made a loss of \$550 for the year ended 31 October 2012.

The following errors were then discovered.

- 1 No entry had been made for general expenses, \$20, paid from petty cash.
- 2 The sales account had been undercast by \$1 100.
- 3 New fixtures and fittings, \$3 000, had been debited to the premises account.
- 4 The inventory on 31 October 2012 included goods costing \$310 which were damaged and would have to be thrown away.
- 5 Discount received, \$260, had been omitted from the income statement.

REQUIRED

- (e) Prepare a statement to show the effect of correcting errors 1-5 on the original loss for the year and calculate the corrected profit or loss for the year.

If the error does not affect the profit or loss for the year write "No effect". The first correction has been completed as an example.

Nancy Tanwin
Statement of corrected profit/loss for the year ended 31 October 2012

		\$
Profit for the year before corrections		(550)
Effects on profit		
	Increase (\$)	Decrease (\$)
Error 1		20
Error 2		
Error 3		
Error 4		
Error 5		
Corrected profit for the year		

[9]
[Total: 24]

J13/12

- 5(a) Complete the following sentence.

The cash book is a book of prime entry and also a [2]

Riaz is a trader in clothing. The following balances were taken from his books of account at 1 January 2012.

	\$
Rent	6 000 Dr
Commission payable	1 700 Cr
Stationery	120 Dr

He made the following payments.

2012	\$
February 28 rent for six months to 31 August 2012	18 000
September 1 rent for six months to 28 February 2013	19 800
Total payments to the salesmen for commission	18 100
Total payments for stationery	1 880

Other information is as follows.

- 1 Commission due on 31 December 2012 amounted to \$1 150.
- 2 The charge for stationery in the income statement for the year ended 31 December 2012 was \$1 910.

- (b) Prepare the following ledger accounts for the year ended 31 December 2012. Balance the accounts and bring down the balances on 1 January 2013.

Rent account

Date	Details	\$	Date	Details	\$

[6]

Commission payable account

Date	Details	\$	Date	Details	\$

[5]

Stationery account

Date	Details	\$	Date	Details	\$

[5]

- (c) Complete the table below. The first item has been completed as an example.

Ledger account	Statement of Financial Position	
	Heading	Item
Rent	<i>Current assets</i>	<i>Other receivables</i>
Commission payable		
Stationery		

[4]

It was discovered that the cash balance in the cash book was \$250 higher than the cash actually in hand. It was later found that Riaz had taken goods with a cost of \$150 and a selling price of \$250 for his own use. This had been recorded in the books of account as a cash sale.

- (d) Prepare the journal entries to correct this error. Narratives are **not** required.

	Debit \$	Credit \$

[4]
[Total: 26]

J13/21

- 2 On 1 June 2012 Ashraf Zayed purchased a motor vehicle for delivering finished goods to customers. On that date he paid one year’s motor insurance, \$720, by cheque. Half of this represented insurance on his private motor car.

- (d) Write up the motor insurance account as it would appear in Ashraf Zayed’s ledger for the year ended 28 February 2013. Balance the account and bring down the balance on 1 March 2013.

Ashraf Zayed
Motor insurance account

Date	Details	\$	Date	Details	\$

[5]

J13/21

- 2 (e) Explain how the accruals (matching) principle has been applied in the preparation of the motor insurance account.

.....

 [2]

- (f) Ashraf Zayed forgot to enter the motor insurance in the profit and loss section of his income statement for the year ended 28 February 2013.

Complete the following table to indicate how this error would affect the profit for the year.

	Overstated	Understated
Profit for the year ended 28 February 2013		

[2]

- (g) Explain why it is important for Ashraf Zayed to keep his personal expenses separate to those of the business.

.....

.....

.....

.....

.....[2]

N13/13

- 2 On 1 August 2012 Gosha had a debit balance on her insurance account of \$350. On 15 November she paid the annual insurance premium, \$1 200, by cheque. On 31 July 2013 \$1 190 was transferred to the income statement.

- (b) Prepare the insurance account for the year ended 31 July 2013. Balance the account and bring down the balance on 1 August 2013.

Insurance account

Date	Details	\$	Date	Details	\$

[4]

- (c) Explain why there is a balance on the insurance account at 1 August 2013.

.....

.....[1]

J14/21

2 Leroy Smith is a trader. His financial year ends on 31 March.

He provided the following information about stationery for the year ended 31 March 2014.

2013		\$
April 1	Inventory of stationery	144
June 30	Purchased stationery and paid by cheque	368
Aug 1	Took stationery for personal use	26
2014		
Mar 31	Inventory of stationery	92

REQUIRED

(a) Write up the stationery account as it would appear in Leroy Smith’s ledger for the year ended 31 March 2014. Balance the account and bring down the balance on 1 April 2014.

Leroy Smith
Stationery account

Date	Details	\$	Date	Details	\$

[6]

(b) Explain how the business entity principle has been applied in the preparation of the stationery account.

.....

.....

.....

.....[2]

Leroy Smith maintains one combined account for rent and rates. He provided the following information for the year ended 31 March 2014.

On 1 April 2013 two months’ rates, totalling \$380, were prepaid and one month’s rent, \$260, was accrued.

During the year ended 31 March 2014 the following payments were made by cheque:

	\$
Rates 13 months to 30 June 2014	2 470
Rent 13 months to 31 March 2014	3 380

REQUIRED

- (c) Write up the rent and rates account as it would appear in Leroy Smith's ledger for the year ended 31 March 2014. Balance the account and bring down the balance on 1 April 2014.

Leroy Smith
Rent and rates account

Date	Details	\$	Date	Details	\$

[6]

- (d) Explain how the accruals (matching) principle has been applied in the preparation of the rent and rates account.

.....

.....

.....

.....[2]

N14/12

- 3** Omprakash is a trader with a financial year end of 31 August. He advertises in a monthly trade magazine. He provided the following information.

1 November 2013 Paid a total of \$450 for an advertisement in the January, February and March 2014 editions.

1 May 2014 Paid a total of \$620 for an advertisement in the June, July, August and September 2014 editions.

REQUIRED

- (a) Prepare Omprakash's advertising account for the year ended 31 August 2014. Balance the account and bring down the balance on 1 September 2014.

Advertising account

Date	Details	\$	Date	Details	\$

[6]

N14/13

3 (a) Explain the difference between a prepayment and an accrual.

.....

[2]

An insurance account showed a prepayment of \$180 on 1 July 2013. A payment, \$2340, for insurance was made on 2 August 2013. There was a prepayment of \$195 showing on the account on 30 June 2014.

REQUIRED

(b) Prepare the insurance account for the year ended 30 June 2014. Bring down the balance on 1 July 2014.

Insurance account					
Date	Details	\$	Date	Details	\$

[5]

(c) (i) Name the section of the income statement in which insurance appears.

.....[1]

(ii) Name the principle being applied when a prepayment is calculated.

.....[1]

(d) (i) Slavko is a hairdresser. State whether his business is a trading or a service business.

.....[1]

(ii) Name two items which would appear in the income statement of a trading business which would not appear in the income statement of a service business.

1

2[2]

N14/22

4 The following account appeared in the ledger of Adil Shanker.

Rent and rates account

Date	Details	\$	Date	Details	\$
2013			2013		
June 1	Balance – Rates b/d	70	June 1	Balance – Rent b/d	120
2014			2014		
May 31	Bank – Rent 1 800		May 31	Income statement -	
	Rates 770	2 570		Rent – 1 440	
				Rates – 840	2 280
				Balance – Rent c/d	240
		2 640			2 640
2014					
June 1	Balance – Rent b/d	240			

REQUIRED

(a) Explain the following entries in the above rent and rates account.

State the section of the statement of financial position on 31 May 2013 where each would have appeared.

1 June 2013 Balance – rates \$70

Explanation

.....

.....

Section of statement of financial position[3]

1 June 2013 Balance – rent \$120

Explanation

.....

.....

Section of statement of financial position[3]

(b) Explain the following entries in the rent and rates account.

31 May 2014 Bank \$2570

.....

.....

.....[2]

31 May 2014 Income statement \$2280

.....

.....

.....[2]

- (c) Explain how the accruals (matching) principle was applied in the preparation of the rent and rates account.

.....

[2]

J15/12

- 3** Ali rents his premises. In the period up to 31 May 2014 the rent was \$200 a month. From 1 June 2014 the rent was \$240 a month.

2014	
1 January	Ali's rent was two months in arrears.
15 May	Ali paid rent, \$1800, by cheque.
21 October	Paid rent, by cheque, \$?
31 December	Ali's rent was paid three months in advance.

REQUIRED

- (d) Prepare Ali's rent account for the year ended 31 December 2014. Bring down the balance on 1 January 2015.

Ali
Rent account

Date	Details	\$	Date	Details	\$

[6]

- (e) State how the balance on 31 December 2014 was shown in the statement of financial position.

.....
[2]

- (f) Name two interested parties who might want to look at Ali's financial statements.

1

2[2]

J15/13

2 Lamoudi has an accounting year end of 31 December.

On 1 April 2013 he paid \$1200, by cheque, for a year's insurance starting on that date.

On 1 April 2014 he paid \$1440, by cheque, for insurance for twelve months to 31 March 2015.

REQUIRED

(f) Prepare Lamoudi's insurance account for the year ended 31 December 2014. Balance the account and bring down the balance on 1 January 2015.

Lamoudi
Insurance account

Date	Details	\$	Date	Details	\$

[5]

N15/23

2 Ishmael Makumbo runs a general store. His financial year ends on 31 August.

He sublets part of his premises for an annual rent of \$8400, payable quarterly in advance.

On 1 September 2014 the tenant owed \$2 100.

Ishmael Makumbo received cheques for rent as follows:

	\$
2 September 2014	4 200
3 January 2015	2 100
4 May 2015	2 100

REQUIRED

(a) Prepare the rent receivable account for the year ended 31 August 2015. Balance the account and bring down the balance on 1 September 2015.

Ishmael Makumbo
Rent receivable account

Date	Details	\$	Date	Details	\$

[6]

- (b) State the section of Ishmael Makumbo's statement of financial position at 31 August 2015 in which the balance of the rent receivable account would appear. Give a reason for your answer.

Section of statement of financial position[1]

Reason

.....[1]

On 1 September 2014 Ishmael Makumbo owed \$274 for motor expenses. He paid this by cheque on 7 September 2014.

On 1 February 2015 Ishmael Makumbo paid \$96 in cash for motor expenses.

On 30 August 2015 Ishmael Makumbo received an invoice for motor expenses, \$113. He paid this invoice in September 2015.

REQUIRED

- (c) Prepare the motor expenses account for the year ended 31 August 2015. Balance the account and bring down the balance on 1 September 2015.

Ishmael Makumbo
Motor expenses account

Date	Details	\$	Date	Details	\$

[6]

J16/21

- 1 Katie is a trader. She maintains a full set of accounting records. Her financial year ends on 30 April. Katie's transactions for the year ended 30 April 2016 included the following.

2015		\$
May 12	Paid cash for stationery	95
June 16	Received commission by cheque	1 680
July 9	Paid A1 Stationers, by cheque, the balance due on 1 May	
Sept 10	Received commission by cheque	1 710
Nov 30	Purchased stationery on credit from A1 Stationers	217
Dec 6	Returned damaged stationery to A1 Stationers	53

On 30 April 2016

Inventory of stationery	196
Commission receivable outstanding	1 590

REQUIRED

- (a) Enter the transactions in the following accounts in the ledger of Katie for the year ended 30 April 2016. Make the transfers to the income statement. Balance the accounts and bring down the balances on 1 May 2016.

Katie
Stationery account

Date	Details	\$	Date	Details	\$
2015					
May 1	Balance b/d	182			

A1 Stationers account

Date	Details	\$	Date	Details	\$
			2015		
			May 1	Balance b/d	114

Commission receivable account

Date	Details	\$	Date	Details	\$
2015					
May 1	Balance b/d	1 680			

[14]

- (b) Name the ledger in which the commission receivable account would appear.

.....[1]

- (c) Name the section of the statement of financial position on 30 April 2016 in which the balance on the commission receivable account would appear. Give a reason for your answer.

Section of statement of financial position

Reason

.....

.....[2]

[Total: 17]

J16/22

5 Paul's financial year ends on 31 December.

He maintains one combined account for rent and rates.

On 1 January 2015 three months' rates, totalling \$900, were prepaid. On the same date four months' rent, totalling \$3 200, was prepaid.

The following transactions took place during the year ended 31 December 2015.

- April 1 Paid rates by cheque, \$3 960, for 12 months to 31 March 2016.
- May 1 Paid rent by cheque, \$4 800, for 6 months to 31 October 2015.

REQUIRED

(c) Complete the rent and rates account for the year ended 31 December 2015. Balance the account and bring down the balances on 1 January 2016.

Paul
Rent and rates account

Date	Details	\$	Date	Details	\$
2015					
Jan.1	Balance b/d				
	Rates 900				
	Rent 3 200	4 100			

[7]

N16/13

3 Winston is a manufacturer who rents his premises.

Until 31 December 2015 the rent was \$1 000 a month. From 1 January 2016 the rent was \$1200 a month.

REQUIRED

(a) Calculate the rent for the year ended 31 August 2016.

.....

 [1]

Rent payable account

Date	Details	\$	Date	Details	\$

[8]

N17/21

1 Zodwa is a trader. She maintains a full set of accounting records. Her financial year ends on 31 July.

She provided the following information on 31 July 2017.

- 1 No entry has been made for \$720 cash received from Brian, a credit customer. The balance of his account is irrecoverable and should be written off.
- 2 A cheque for \$118 was received from AL Stores whose account was written off in 2015.
- 3 Rent prepaid amounted to \$400. One quarter of the rent for the year relates to Zodwa’s flat above the business premises.
- 4 Commission receivable outstanding amounted to \$150.
- 5 The fixtures originally cost \$40 000 and are to be depreciated by 15% per annum using the reducing (diminishing) balance method.

REQUIRED

(a) Record this information in the following accounts of Zodwa’s ledger at 31 July 2017. Close the accounts by balancing or by making a transfer to an appropriate account. Some entries have already been made in the accounts during the year.

Brian account

Date	Details	\$	Date	Details	\$
2016					
Aug.1	Balance b/d	1 000			

Bad debts account

Date	Details	\$	Date	Details	\$
2017					
July 31	Total to date	990			

Bad debts recovered account

Date	Details	\$	Date	Details	\$

Rent account

Date	Details	\$	Date	Details	\$
2017					
July 31	Total paid	5 200			

Drawings account

Date	Details	\$	Date	Details	\$
2017					
July 31	Total to date	9 650			

Commission receivable account

Date	Details	\$	Date	Details	\$
			2017		
			July 31	Total to date	890

Provision for depreciation of fixtures account

Date	Details	\$	Date	Details	\$
			2016		
			Aug.1	Balance b/d	11 100

N17/22

3 Zikri is a retailer. His financial year ends on 31 August.

Ashley pays Zikri a commission on goods purchased from Ashley by Zikri’s customers. The commission is paid quarterly in arrears.

Zikri provided the following information:

	\$
Commission outstanding on 1 September 2016	495
Cheques received	
4 September 2016	495
3 December 2016	515
5 March 2017	374
2 June 2017	404
Commission outstanding on 31 August 2017	392

REQUIRED

- (a) Prepare the commission receivable account in the ledger of Zikri for the year ended 31 August 2017. Balance the account and bring down the balance on 1 September 2017.

Zikri
Commission receivable account

Date	Details	\$	Date	Details	\$

[6]

On 1 January 2017 Zikri rented premises at an annual rent of \$9600, payable six-monthly in advance. Rent was paid by cheque on 1 January 2017 and 1 July 2017.

REQUIRED

- (b) Prepare the rent account in the ledger of Zikri for the year ended 31 August 2017. Balance the account and bring down the balance on 1 September 2017.

Zikri
Rent account

Date	Details	\$	Date	Details	\$

[4]

The following account appeared in Zikri's ledger.

Stationery account					
Date	Details	\$	Date	Details	\$
2016			2017		
Sept.1	Balance b/d	84	July 31	Drawings	15
2017					
Feb.8	X Y Limited	212			

On 31 August 2017 the inventory of stationery was valued at \$76.

REQUIRED

(c) Explain **each** entry in the stationery account.

State where the double entry for each transaction would be made.

Balance b/d 1 September 2016

Explanation

Double entry

XY Limited 8 February 2017

Explanation

Double entry

Drawings 31 July 2017

Explanation

Double entry

(d) Calculate the amount which would be transferred from the stationery account to the income statement on 31 August 2017.

..... [1]

(e) Name the section of the statement of financial position at 31 August 2017 in which the balance of the stationery account should be included.

..... [1]

J18/12

4 Chandra is a driving instructor. His pupils pay for their lessons in advance.

REQUIRED

(a) Complete the following sentences by selecting the correct word. The first sentence has been completed as an example. The correct word should be selected as shown in the example.

1	The motor vehicles account has a (debit / credit) balance in a trial balance.
2	A year end accrual is an amount (earned / owing) for an expense incurred in the (current / previous) financial period. It will be included in the statement of financial position as a current (asset / liability).
3	Accrued income is an amount (earned / owing) by the business which will be received in the (current / next) financial period. It will be included in the statement of financial position as a current (asset / liability).

[6]

Chandra started business on 1 February 2017. He charges \$20 per lesson. Pupils must pay for 10 lessons in advance.

Total receipts for lessons for the year ended 31 January 2018 amounted to \$20 200.

On 31 January 2018, Chandra's records showed that the following pupils had not received the full set of lessons paid for.

	Number of lessons given
Joe	6
Adam	4
Billy	8

REQUIRED

(b) Calculate the amount Chandra had received in advance for driving lesson fees at 31 January 2018.

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.....

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.....

.....

.....[3]

(c) Calculate the amount of driving lesson fee income which Chandra included in his income statement for the year ended 31 January 2018.

.....

.....

.....

.....[2]

(d) Explain why Chandra's income earned is not the same as the total receipts for lessons.

.....

[2]

N18/21

2 Sara's financial year ends on 31 July.

Hannah pays Sara a commission on goods purchased from her by Sara's customers. The commission is paid six monthly in arrears.

Sara provided the following information.

2017		\$
Aug 1	Commission outstanding	190
3	Cheque received for commission outstanding	190
2018		
Feb 1	Cheque received for commission	200
July 31	Commission outstanding	220

REQUIRED

(e) Complete the commission receivable account for the year ended 31 July 2018. Balance the account and bring down the balance on 1 August 2018.

Sara
Commission receivable account

Date	Details	\$	Date	Details	\$
2017					
Aug.1	Balance b/d	190			

[4]

Sara maintains one combined account for rates and insurance.

On 1 August 2017 two months' rates, \$800, were outstanding and three months' insurance, \$570, was prepaid.

During the year ended 31 July 2018 the following payments were made by cheque.

2017		\$
Sept 1	Rates for 13 months to 30 June 2018	5 200
Nov 1	Insurance for 12 months to 31 October 2018	3 400

On 31 July 2018 it was found that \$1000 of the insurance paid on 1 November 2017 related to Sara's private house.

REQUIRED

- (f) Complete the rates and insurance account for the year ended 31 July 2018. Balance the account and bring down the balances on 1 August 2018.

Sara
Rates and insurance account

Date	Details	\$	Date	Details	\$

[8]

J19/22

- 4 Shen is a retailer of men’s clothes. His financial year ends on 31 January.

The annual rates of Shen’s shop are \$960. On 1 February 2018 Shen owed rates, \$240. He paid rates by bank transfer on the following dates.

	\$
2018	
March 31	640
October 31	720

Shen receives a commission from Wang, who owns a shoe shop, on goods purchased by Shen’s customers.

Shen provided the following information.

		\$
2018		
February 1	Commission outstanding	210
March 1	Commission received by bank transfer	210
August 31	Commission received in cash	95
2019		
January 31	Commission outstanding	114

REQUIRED

- (a) Prepare the following accounts in the ledger of Shen for the year ended 31 January 2019. Balance the accounts and bring down the balances on 1 February 2019.

Shen
Rates account

Date	Details	\$	Date	Details	\$

Commission receivable account

Date	Details	\$	Date	Details	\$

[9]

N19/21

5 Lili is a clothing wholesaler. Her financial year ends on 31 July.

Lili purchases most of her stationery on credit from SS Limited, but also purchases a few items from a local store for cash.

Her transactions for the year ended 31 July 2019 included the following.

2018

September 3 Paid the amount owed to SS Limited by bank transfer after deducting 2½% cash discount

2019

March 30 Purchased stationery, \$45, and paid in cash

July 6 Purchased stationery on credit from SS Limited, \$322

On 31 July 2019 Lili’s inventory of stationery was valued at \$96.

REQUIRED

(a) Complete the following accounts in Lili’s ledger for the year ended 31 July 2019. Close the accounts by balancing, and make a transfer to the income statement if appropriate.

Lili
SS Limited account

Date	Details	\$	Date	Details	\$
			2018		
			Aug 1	Balance b/d	440

Stationery account

Date	Details	\$	Date	Details	\$
2018					
Aug 1	Balance b/d	85			

[9]

Ahsan Zarif, TCS <PAF Chapter>