CONTENTS

EXERCISE 01—No. 1.

JOURNAL

		Dr	Cr
19..		£	£
(*a*) Jan 15	Office Furniture & Fittings, etc.—NEW . . .	120	
	Office Furniture & Fittings, etc.—OLD . . .		120
	Exchange of 3 carpets, valued £40 each, for 2 office desks worth £120.		
19..			
(*b*) Jan 17	Office Furniture & Fittings, etc.—NEW . . .	180	
	Office Furniture & Fittings, etc.—OLD . . .		180
	Exchange of office safe, valued £200, for typewriter worth £180.		
Jan 17	Loss on Sale/or Exchange of Furniture, etc. . .	20	
	Office Furniture & Fittings, etc.—OLD . . .		20
	For adjustment of value for which old furniture was exchanged.		
		320	320

EXERCISE 01—No. 2.

PURCHASES BOOK

19..		£	£
Jan 1	A. Brown—		
	20 Bags of Coffee	81·00	
	Less 10% trade discount	8·10	
			72·90
5	R. Smith & Co.—		
	12 cases of Sugar	48·80	
	Less 12½% trade discount	6·10	
			42·70
9	T. Titus—		
	6 chests of Tea	45·75	
	Less 20% trade discount	9·15	
			36·60
15	O. Omicron & Son—		
	20 bags of Coffee	80·80	
	Less 7½% trade discount	6·06	
			74·74
23	P. Peters Ltd—		
	20 cases of Sugar	61·00	
	Less 5% trade discount	3·05	
			57·95
27	L. Lucas—		
	12 bags of Cocoa	38·30	
	Less 25% trade discount	9·57	
			28·73
			313·62

EXERCISE 01—No. 3.

RECONCILIATION STATEMENT

	£	£
Bank balance as per statement		205·80
Add cheques paid in not credited—		
Plumer	98·00	
Methuen	208·80	
Cronje	84·70	
		391·50
		597·30
Deduct cheques paid away not yet presented—		
Chernside	41·00	
Hunter	101·25	
		142·25
Bank balance as per cash book, 31st December		455·05

EXERCISE 01—No. 4.

BANK RECONCILIATION STATEMENT

	£
Balance shown in bank sheet	1,123·25
Add Cheques paid in not credited	72·00
	1,195·25
Less Cheques unpresented	240·30
Balance as cash book (*a*)	954·95
Add Amounts not posted to cash book	20·65
Balance as cash book (*b*)	975·60
Less Amounts not posted to cash book	2·35
	973·25

(*a*) After adjustment of omitted items.
(*b*) The cash book balance should have been £973·25, and not £968·15, as stated in the question. There is thus a difference of £5·10 which should be located by a check of the entries in the bank columns of the cash book with the entries on the bank sheets.

NOTE. The question does not seem to be perfectly clear as regards the item of bank interest. If it is intended to be a charge and not an allowance, the difference will be £9·80.

EXERCISE 01—No. 5.

P. WRIGLEY'S CASH BOOK

Date		Discount	Cash	Bank	Date		Discount	Cash	Bank
19..		£	£	£	19..		£	£	£
Oct 1	Balance	29	209	2,931	Oct 1	Balance	25	187	787
	J. Harcourt	9	220			Establishment expenses		11	
	H. Gould		100			Purchases		32	
	Sales		185			S. Scott Ltd	12		291
	Cash			436		Drawings		15	
						Furniture			20
						Wages			144
						Bank		436	
					Oct 31	Balances c/d		33	2,125
		38	714	3,367			37	714	3,367
Nov 1	Balances b/d		33	2,125					

SALES DAY BOOK

19..			£
Oct 1	Total to date		1,078
	H. Gould	£89	
	T. Richie	54	
			143
			1,221

PURCHASES DAY BOOK

19..		£
Oct 1	Total to date	726
	T. Scott Ltd.	77
		803

GENERAL LEDGER

Furniture and Fittings

19..		£	19..		£
Oct 1	Balance b/f	276	Oct 31	Balance c/d	296
31	Bank	20			
		296			296
Nov 1	Balance b/d	296			

EXERCISE 01—No. 5 (*contd.*).

STOCK

19..			£				
Oct	1	Balance b/f . .	1,099				

MOTOR VEHICLES

19..			£				
Oct	1	Balance b/f . .	992				

ESTABLISHMENT EXPENSES

19..			£	19..			£
Oct	1	Balance b/f . .	1,072	Oct	31	Balance c/d . .	1,149
	31	Cash (expenses) . .	11				
		Bank (wages) . .	66				
			1,149				1,149
Nov	1	Balance b/d . .	1,149				

SELLING AND DISTRIBUTION EXPENSES

19..			£	19..			£
Oct	1	Balance b/f . .	1,419	Oct	31	Balance c/d . .	1,497
	31	Bank (wages) . .	78				
			1,497				1,497
Nov	1	Balance b/d . .	1,497				

PURCHASES

19..			£	19..			£
Oct	1	Balance b/f . .	10,118	Oct	31	Balance c/d . .	10,953
	31	Cash . . .	32				
		Purchase Day Book .	803				
			10,953				10,953
Nov	1	Balance b/d . .	10,953				

EXERCISE 01—No. 5 (*contd.*).

SALES LEDGER

J. Harcourt

Date			£	Date			£
19..				19..			
Oct	1	Balance b/f	229	Oct	31	Cash & Discount	229

T. Richie

Date			£	Date			£
19..							
Oct	31	Sales	54				

H. Gould

Date			£	Date			£
19..				19..			
Oct	1	Balance b/f	141	Oct	31	Bank	100
	31	Sales	89			Balance c/d	130
			230				230
Nov	1	Balance b/d	130				

PURCHASES LEDGER

S. Scott Ltd.

Date			£	Date			£
19..				19..			
Oct	31	Cash	291	Oct	1	Balance b/f	303
		Discount	12		31	Purchases	77
		Balance c/d	77				
			380				380
				Nov	1	Balance b/d	77

PRIVATE LEDGER

P. Wrigley—Capital

Date			£	Date			£
				19..			
				Oct	1	Balance b/f	1,065

EXERCISE 01—No. 5 (*contd.*).

P. WRIGLEY—DRAWINGS

19..		£	
Oct 31	Cash . . .	15	

EXERCISE 01—No. 6.

JOURNAL OF JOHN FARMER

		Dr	*Cr*
		£	£
(*a*)	Commission	233·56	
	Mr. Low		233·56
	$2\frac{1}{2}$% of £9,342·35.		
(*b*)	Solicitor's Charges	9·20	
	Cash	78·35	
	H. Smith		87·55
	Settlement of H. Smith's Account.		
(*c*)	Sundry Assets	40·00	
	D. Harris		40·00
	Second-hand car purchased from D. Harris (debtor).		

EXERCISE 01—No. 7.

TRANSACTIONS OF P. HOLLAND, MERCHANT

Date	P, R, or N	Account Debited	Account Credited	P, R, or N
19..				
Aug 1	R	Cash	T. Ware	P
2	N	Wages	Cash	R
	N	Expenses	Cash	R
5	N	Purchases[1]	Valentine & Co.	P
7	R	Office Equipment	Office Equipment Ltd.	P
	R	Cash	P. Jackson	P
	N	Discount	,,	
8	P	Valentine & Co.	Returns[1]	N
9	P	Drawings	Cash	R
	P	Drawings	Purchases[1]	N
11	P	K. Barford	Sales	N
12	R	Bank	Cash	R
14	N	Electricity	Bank	R

[1] Purchases account is regarded as a nominal account. Stock accounts are regarded as real accounts and these are raised only at the year end.

EXERCISE 01—No. 8.

PURCHASES JOURNAL—JARROW & JERSEY, LTD.

		Ledger Folio	Total	Raw Materials	Freight and Carriage	Light and Power	Rent	Telephone	Printing
19..			£	£	£	£	£	£	£
Jan 1	Leek & Co.	PL. 18	176·25	176·25					
	P.M.G.	GL. 6	22·25					22·25	
	Leigh & Co. Ltd. . . .	PL. 20	283·34	283·34					
	Electricity Board	GL. 71	157·21			157·21			
	Luton Bros.	PL. 28	530·39	530·39					
	Ashby S. S. Co.	GL. 32	126·50		126·50				
	Melton & Son	GL. 32	53·52		53·52				
	J. Mowbray	PL. 35	510·00	510·00					
	Morpeth Ltd.	GL. 7	300·00				300·00		
	Road Services	GL. 32	58·49		58·49				
	A. Malvern	GL. 50	27·39						27·39
	Leek & Co.	PL. 18	520·00	520·00					
			2,765·34	2,019·98	238·51	157·21	300·00	22·25	27·39

EXERCISE 01—No. 9.

DUNDEE & CO.'S BOUGHT LEDGER

J. Blythe

19..		£	19..		£
Mar 12	Bank	253·50	Feb 28	Balance b/d	260·00
	Discount	6·50	Mar 10	Purchases	75·00
26	Returns Outwards	54·00	24	„	108·00
31	Balance c/d	129·00			
		443·00			443·00
			Apr 1	Balance b/d	129·00

SALES LEDGER

J. Blythe

19..		£	19..		£
Mar 4	Sales	285·00	Mar 17	Returns Inwards	15·00
20	„	290·00	31	Balance c/d	560·00
		575·00			575·00
Apr 1	Balance b/d	560·00			

EXERCISE 01—No. 10.

A. ATHERSTONE—SALES JOURNAL

Date	Name	Ledger Folio	Total	U.K.	Abroad	Felt Hats	Helmets
19..			£	£	£	£	£
Jan 2	A. Dalston	SL. 11	355	355			355
	M. Salisbury	SL. 102	297		297	297	
3	L. Kaus	SL. 30	201		201	201	
	London & Co.	SL. 51	674	674		674	
4	J. Brighton	SL. 8	320	320		320	
5	C. Kingston	SL. 28	254		254	254	
	K. Rugby	SL. 95	172	172		172	
6	B. Karachi	SL. 22	301		301		301
	S. Sydney	SL. 120	283		283	283	
7	C. Cardiff	SL. 8	348	348		348	
		GL. 80	3,205	1,869	1,336	2,549	656

EXERCISE 01—No. 11 (*a*).

PETTY CASH BOOK

Receipts	Date	Particulars	Total Payments	Postages	Motor Expenses & Travelling	Stationery & Advertising	Office Expenses & Sundries	Ledger
£	19..		£	£	£	£	£	£
10·00	Mar 9	Balance in hand						
		Postage stamps	0·50	0·50				
		Fares	0·08		0·08			
	10	Registered letter	0·05	0·05				
	11	Petrol (van)	0·72		0·72			
		Advertising	0·56			0·56		
		Tea and milk	0·17				0·17	
	12	B. Settle	0·95					0·95
		Order book	0·20			0·20		
	13	Postage stamps	1·00	1·00				
		Postage on parcel	0·17	0·17				
		Petrol and oil (van)	1·13		1·13			
	14	Wages	0·75				0·75	
			6·28	1·72	1·93	0·76	0·92	0·95
6·28	16	Bank						
		Balance c/d	10·00					
16·28			16·28					
10·00	Mar 17	Balance b/d						

(*b*) The double entry for the petty cash items is as follows—

(i) The bank account is credited with the amount paid out to establish and then maintain the imprest.

(ii) The amounts accumulated in the first four analysis columns (above) are debited to the corresponding expense accounts in the ledger. The fifth column (Ledger) is used for any items for which there is an individual ledger account. In this case, £0·95 would be debited to B. Settle's account.

EXERCISE 01—No. 12.

JOURNAL OF JOHN FOSTER

		Dr	Cr
19..		£	£
Jan 31	Cash in Hand	23·25	
	Stock	201·00	
	Car	303·00	
	Office Fixtures & Fittings	47·50	
	Debtors	134·75	
	Bank Overdraft		158·25
	Creditors		95·50
	Capital		455·75
		709·50	709·50
	Being assets and liabilities as at 31st January, 19...		

EXERCISE 01—No. 12 *(contd.)*.

CASH BOOK

		Discount	Cash	Bank			Discount	Cash	Bank
19..		£	£	£	19..		£	£	£
Jan 31	Balance		23·25		Jan 31	Bank Overdraft—Balance			158·25
Feb 1–7	Lord	2·16	43·44		Feb 1–7	Goods		27·90	
	Duke	1·20	22·80			Office Expenses		11·04	
	Office Fixtures & Fittings (R. Baron)		7·50			Wages		19·50	
	Cash Sales		133·85			Supermarkets Ltd.	5·50		90·00
	Bank			148·65		Office Fixtures & Fittings—Courtier Bros.			20·50
	Balance c/d			145·60		Rent			15·50
						Drawings			10·00
						Cash		148·65	
						Balance c/d		23·75	
		3·36	230·84	294·25			5·50	230·84	294·25
		(Fol. 17)					(Fol. 17)		
Feb 8	Balance b/d		23·75		Feb 8	Balance b/d			145·60

EXERCISE 01—No. 12 (*contd.*).

LEDGER ACCOUNTS

H. Earle

19..		£			
Jan 31	Balance b/d . .	89·15			

P. Lord

19..		£	19..		£
Jan 31	Balance b/d . .	45·60	Feb 1	Cash & Discount .	45·60
Feb 1	Goods . . .	35·90	7	Balance c/d . .	35·90
		81·50			81·50
Feb 8	Balance b/d . .	35·90			

Stock

19..		£			
Jan 31	Balance b/d . .	201·00			

Office Fixtures and Fittings

19..		£	19..		£
Jan 31	Balance b/d . .	47·50	Feb 1	R. Baron—Sale . .	7·50
Feb 1	Courtier Bros.—Desk .	20·50	7	Balance c/d . .	60·50
		68·00			68·00
Feb 8	Balance b/d . .	60·50			

Supermarkets Ltd.

19..		£	19..		£
Jan 31	Returns Outward .	8·75	Jan 31	Balance b/d . .	95·50
Feb 1	Cash & Discount .	95·50	Feb 1	Goods . . .	40·50
7	Balance c/d . .	31·75			
		136·00			136·00
			Feb 8	Balance b/d . .	31·75

Capital

			19..		£
			Jan 31	Balance b/d . .	455·75

EXERCISE 01—No. 12 (*contd.*).

Sales

			£				£
19..				19..			
Feb	7	Balance c/d	242·65	Feb	1	P. Lord	35·90
						A. Duke	24·00
						L. Marquis	49·80
						Cash	133·85
			243·55				243·55
				Feb	8	Balance b/d	243·55

A. Duke

			£				£
19..				19..			
Feb	1	Goods	24·00	Feb	1	Cash & Discount	24·00

L. Marquis

			£				
19..							
Feb	1	Goods	49·80				

Purchases

			£				£
19..				19..			
Jan	31	Cash	27·90	Feb	7	Balance c/d	103·73
		Debrett & Co.	35·33				
		Supermarkets Ltd.	40·50				
			103·73				103·73
Feb	7	Balance b/d	103·73				

Office Expenses

			£				
19..							
Feb	1		11·04				

Wages

			£				
19..							
Feb	1	Cash	19·50				

EXERCISE 01—No. 12 (*contd.*).

DEBRETT & CO.

			19..			£
			Feb	1	Goods . . .	35·33

RETURNS OUTWARDS

			19..			£
			Feb	1	Supermarkets Ltd. .	8·75

RENT

19..			£			
Feb	1	Cash	15·50			

DRAWINGS

19..			£			
Feb	1	Cash	10·00			

DISCOUNT

19..			£	19..			£
Feb	1	Cash	3·36	Feb	1	Cash	5·50
	7	Balance c/d . .	2·14				
			5·50				5·50
				Feb	8	Balance b/d . .	2·14

MOTOR-CAR

19..			£			
Jan	31	Balance b/d . .	303·00			

EXERCISE 01—No. 13 (*a*).

THE BOOKS OF MESSRS. JUDEX

GIRLSWEAR LTD.

19..		£	19..		£
Dec 12	Cash	18·80	Dec 1	By Balance	25·30
	Discount	0·47	31	Purchases	14·29
30	Returns	1·65			
31	Balance c/d	18·67			
		39·59			39·59
			19..		
			Jan 1	By Balance b/d	18·67

(*b*) In order that a *nil* balance should periodically appear, Messrs. Judex could post purchases from day book to 19th of month and pay immediately. This would clear the account, and the statement from Girlswear Ltd., made up to the 20th, would on most occasions show a *nil* balance. It would not show a *nil* balance if Girlswear supplied goods on the 20th.

If Judex require monthly figures, they could still enter purchases from 19th to end of month, which would give the monthly figures.

EXERCISE 01—No. 14.

ILEX LTD. COLUMNAR RENT AND RATES ACCOUNT

Date		Rent	Rates	Date		Rent	Rates
		£	£			£	£
19.. Nov 8	Bank—Rates to 31/3/.1		977·28	19.. Oct 31	Balance b/f	1,000·00	162·48
	,, —Rent to 29/9/.1	750·00					
19.1 Jan 20	,, —Rent to 25/12/.1	750·00					
Apr 18	,, —Rates to 30/9/.1		977·28				
	,, —Rent to 25/3/.1	750·00					
Jul 28	,, —Rent to 24/6/.1	1,000·00		19.1 Oct 31	P. & L. A/c	3,583·33	1,966·00
Oct 29	,, —Rates to 31/3/.2		1,043·52		Balance c/d		869·60
	,, —Rent to 29/9/.1	1,000·00					
31	Balance c/d	333·33					
		4,583·33	2,998·08			4,583·33	2,998·08
Nov 1	Balance b/d		869·60	Nov 1	Balance b/d	333·33	

(*a*) The "split" of the total charge for the year is—

	£
Rent	3,583·33
Rates	1,966·00
Total	5,549·33

(*b*) The columnar method, shown above, would give the analysis required.

NOTE. After March, the rent rose to £4,000 per annum, and after September, the rates rose to £1,043·52 per half-year.