**Question 6 – General Ledger (26 Marks)**

Peter Boys is the owner of Big Boy Traders. They have a total annual turnover of less than $75,000 per year and are therefore NOT registered for GST. They have a periodic inventory syste. An extract of the General Journal for March 2020 is shown as follows:

**GENERAL JOURNAL**

**Date Accounts to debit or credit Dr Cr**

Mar 1 Cash at Bank 8,600

Inventory 13,500

Accounts Receivable 7,320

Capital: P. Boys 29,420

*Opening accounts*

Mar 2 Rent 450

Cash at Bank 450

*Payment of rent*

Mar 5 Cash at Bank 495

Discount allowed 5 Accounts Receivable 500

*Customer settled account*

Mar 10 Inventory 3,300

Accounts Payable 3,300

*Purchases on credit*

Mar 15 Accounts Receivable 5,800

Sales 5,800

*Credit sales*

Mar 20 Drawings: P. Boys 500

Cash at bank 300

Inventory 200

*Owner’s cash drawings*

Mar 25 Accounts Payable 1,500

Cash at bank 1,470

Discount received 30

*Payment on account*

**REQUIRED:**

1. From the above extract from the General Journal entries prepare the following General Ledger Accounts up until the 31st of March 2020.

Note: Balance all Ledger Accounts with more than one entry. (21 marks)

**Cash at Bank**

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| Date | Contra Account | Dr | Date | Contra Account | Cr |
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**Inventory**

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**Accounts Receivable**

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**Accounts Payable**

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**Capital**

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**Drawings**

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**Sales**

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**Discount Received**

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**Discount Allowed**

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**Rent**

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1. From the General Ledger, draw up the Trial Balance for Big Boy Traders as at 31 March 2020. (5 Marks)

**BIG BOY TRADERS**

**TRIAL BALANCE as at 31 March 2020**

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| General Ledger Account | Debit | Credit |
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**Question 7 – Recording Transactions**

Engelson’s Traders began a business consultancy service on 1 February 2020. The firm uses a perpetual inventory system and is registered for GST. The following transactions occurred during the first month of operations:

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| --- | --- | --- |
| Feb | 1 | Owner – J Engelson invested $46,000 into the business. |
|  | 2 | Paid $2,000 (excluding GST) for the first month’s rent. |
|  | 3 | Purchased and installed shop fittings for a total cost of $21,500 (GST exclusive) by issuing a cheque for $13,650 and signing a commercial loan agreement for $10,000. |
|  | 4 | Purchased $22,000 (GST inclusive) worth of inventory for cash. |
|  | 16 | Recorded cash sales for the first half of the month of $33,000 (GST inclusive) and $5,500 sales (GST exclusive) on credit. Cost of inventory sold during the period was $16,000. |
|  | 23 | Received payment from a customer on to settle an account of $2,200 and allowed 5% discount. |
|  | 25 | Wrote off $825 as Bad Debts. |
|  | 28 | Paid salaries of $4,500. |

**REQUIRED:**

Prepare General Journal entries (including journal descriptions) to record the transactions, assuming that a perpetual inventory system is used.

**ENGELSON’S TRADERS**

**GENERAL JOURNAL – February 2020**

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| --- | --- | --- | --- |
| Date | Details | Debit | Credit |
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