

- 24 Bought a van paying by cheque £8,200.
 30 Paid the month's wages by cash £610.
 31 The proprietor took cash for his own personal use £510.

4.2 Write up the following transactions in the books of P. Hewitt:

2013 March	
	1 Started in business with cash £16,000.
	2 Bought goods on credit from W. Young £420.
	3 Paid rent by cash £870.
	4 Paid £12,500 of the cash of the business into a bank account.
	5 Sold goods on credit to D. Unbar £192.
	7 Bought stationery £85 paying by cheque.
	11 Cash sales £312.
	14 Goods returned by us to W. Young £54.
	17 Sold goods on credit to J. Harper £212.
	20 Paid for repairs to the building by cash £78.
	22 D. Unbar returned goods to us £31.
	27 Paid W. Young by cheque £366.
	28 Cash purchases £470.
	29 Bought a van paying by cheque £3,850.
	30 Paid motor expenses in cash £216.
	31 Bought a computer £730 on credit from B. Coal.

4.3A Prepare the double entries (not the T-accounts) for the following transactions using the format:

Date	Account name	Dr £x	Cr £x
	Account name		
July	1 Started in business with £5,000 in the bank and £1,000 cash. 2 Bought stationery by cheque £75. 3 Bought goods on credit from T. Smart £2,100. 4 Sold goods for cash £340. 5 Paid insurance by cash £290. 7 Bought a computer on credit from J. Hott £700. 8 Paid expenses by cheque £32. 10 Sold goods on credit to C. Biggins £630. 11 Returned goods to T. Smart £550. 14 Paid wages by cash £210. 17 Paid rent by cheque £225. 20 Received cheque £400 from C. Biggins. 21 Paid J. Hott by cheque £700. 23 Bought stationery on credit from News Ltd £125. 25 Sold goods on credit to F. Tank £645. 31 Paid News Ltd by cheque £125.		

4.4A Write up the following transactions in the T-accounts of F. Fernandes:

- Feb 1 Started in business with £11,000 in the bank and £1,600 cash.
 2 Bought goods on credit: J. Biggs £830; D. Martin £610; P. Lot £590.
 3 Bought goods for cash £370.
 4 Paid rent in cash £75.
 5 Bought stationery paying by cheque £62.
 6 Sold goods on credit: D. Twigg £370; B. Hogan £290; K. Fletcher £410.
 7 Paid wages in cash £160.
 10 We returned goods to D. Martin £195.



- 24 B. Tyler paid us his account by cheque £845.
- 27 We returned goods to L. Frank £18.
- 30 G. Prince lent us £1,000 by cash.
- 31 Bought a van paying by cheque £6,250.

6.3A Record the following details relating to a carpet retailer for the month of November 2013 and extract a trial balance as at 30 November 2013.

2013

- | | |
|-----|--|
| Nov | <ul style="list-style-type: none"> 1 Started in business with £15,000 in the bank. 3 Bought goods on credit from: J. Small £290; F. Brown £1,200; T. Rae £610; R. Charles £530. 5 Cash sales £610. 6 Paid rent by cheque £175. 7 Paid business rates by cheque £130. 11 Sold goods on credit to: T. Potts £85; J. Field £48; T. Gray £1,640. 17 Paid wages by cash £290. 18 We returned goods to: J. Small £18; R. Charles £27. 19 Bought goods on credit from: R. Charles £110; T. Rae £320; F. Jack £165. 20 Goods were returned to us by: J. Field £6; T. Potts £14. 21 Bought van on credit from Turnkey Motors £4,950. 23 We paid the following by cheque: J. Small £272; F. Brown £1,200; T. Rae £500. 25 Bought another van, paying by cheque immediately £6,200. 26 Received a loan of £750 cash from B. Bennet. 28 Received cheques from: T. Potts £71; J. Field £42. 30 Proprietor brings a further £900 into the business, by a payment into the business bank account. |
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6.4A Record the following transactions for the month of January of a small finishing retailer, balance-off all the accounts, and then extract a trial balance as at 31 January 2012.

2012

- | | |
|-----|---|
| Jan | <ul style="list-style-type: none"> 1 Started in business with £10,500 cash. 2 Put £9,000 of the cash into a bank account. 3 Bought goods for cash £550. 4 Bought goods on credit from: T. Dry £800; F. Hood £930; M. Smith £160; G. Low £510. 5 Bought stationery on credit from Buttons Ltd £89. 6 Sold goods on credit to: R. Tong £170; L. Fish £240; M. Singh £326; A. Tom £204. 8 Paid rent by cheque £220. 10 Bought fixtures on credit from Chiefs Ltd £610. 11 Paid salaries in cash £790. 14 Returned goods to: F. Hood £30; M. Smith £42. 15 Bought van by cheque £6,500. 16 Received loan from B. Barclay by cheque £2,000. 18 Goods returned to us by: R. Tong £5; M. Singh £20. 21 Cash sales £145. 24 Sold goods on credit to: L. Fish £130; A. Tom £410; R. Pleat £158. 26 We paid the following by cheque: F. Hood £900; M. Smith £118. 29 Received cheques from: R. Pleat £158; L. Fish £370. 30 Received a further loan from B. Barclay by cash £500. 30 Received £614 cash from A. Tom. |
|-----|---|

6.5 Note, this question should not be attempted until cash discounts and trade discounts have been covered (see Chapters 13 and 14). It should also be noted that this is an example of the exception to the rule that closing inventory does not generally appear in a trial balance.



→ **MC19** Which of the following best describes a trial balance?

- (A) It shows the financial position of a business
- (B) It is a special account
- (C) It shows all the entries in the books
- (D) It is a list of balances on the books

MC20 Is it true that the trial balance totals should agree?

- (A) No, there are sometimes good reasons why they differ
- (B) Yes, except where the trial balance is extracted at the year end
- (C) Yes, always
- (D) No, because it is not a statement of financial position

Review questions

6.1 You are to enter up the necessary accounts for the month of May from the following information relating to a small printing firm. Then balance-off the accounts and extract a trial balance as at 31 May 2013.

- 2013
- | | |
|-----|--|
| May | 1 Started in business with capital in cash of £1,800 and £4,200 in the bank. |
| | 2 Bought goods on credit from: J. Ward £610; P. Green £515; M. Taylor £174; S. Gemmill £345; P. Tone £542. |
| | 4 Sold goods on credit to: J. Sharpe £340; G. Boycott £720; F. Titmus £1,152. |
| | 6 Paid rent by cash £410. |
| | 9 J. Sharpe paid us his account by cheque £340. |
| | 10 F. Titmus paid us £1,000 by cheque. |
| | 12 We paid the following by cheque: M. Taylor £174; J. Ward £610. |
| | 15 Paid carriage in cash £38. |
| | 18 Bought goods on credit from P. Green £291; S. Gemmill £940. |
| | 21 Sold goods on credit to G. Boycott £810. |
| | 31 Paid rent by cheque £490. |

6.2 Enter the following transactions of an antiques shop in the accounts and extract a trial balance as at 31 March 2013.

- 2013
- | | |
|-------|---|
| March | 1 Started in business with £8,000 in the bank. |
| | 2 Bought goods on credit from: L. Frank £550; G. Byers £540; P. Lee £610. |
| | 5 Cash sales £510. |
| | 6 Paid wages in cash £110. |
| | 7 Sold goods on credit to: J. Snow £295; K. Park £360; B. Tyler £640. |
| | 9 Bought goods for cash £120. |
| | 10 Bought goods on credit from: G. Byers £410; P. Lee £1,240. |
| | 12 Paid wages in cash £110. |
| | 13 Sold goods on credit to: K. Park £610; B. Tyler £205. |
| | 15 Bought shop fixtures on credit from Stop Ltd £740. |
| | 17 Paid G. Byers by cheque £700. |
| | 18 We returned goods to P. Lee £83. |
| | 21 Paid Stop Ltd a cheque for £740. |