**CHAPTER 13 – STRUCTURED QUESTIONS**

Annie owns an exclusive shoe shop. She does not keep proper accounting records. Angie supplied the following information for her financial year ending December 31st 20—

|  |  |  |
| --- | --- | --- |
|  | **BEGINNING OF THE YEAR** | **ENDING OF THE YEAR** |
|  | **$** | **$** |
| Debtors | 8 000 | 20 000 |
|  |  |  |
| Creditors | 7 000 | 9 000 |
|  |  |  |
| Stock of clothing | 4 000 | 6 000 |
|  |  |  |
| Furniture | 10 000 | 10 000 |
|  |  |  |
| Motor vehicles | 30 000 | 30 000 |
|  |  |  |
| Cash in hand | 3 000 | 4 000 |
|  |  |  |
| Cash at bank | 20 000 | 30 000 |
|  |  |  |

You are required to do the following:

1.

Calculate Annie’s Exclusive Store capital for the beginning of the year

2.

Calculate Annie’s Exclusive Store capital for the ending of the year

3.

Compute Annie’s estimated profit for the year

4.

Using the information below, calculate Annie’s credit purchases and total purchases for year 2

Creditors at the beginning of the year $9 000

Creditors at the ending of the year 18 000

Payments to creditors 30 000

Cash purchases 26 000

5.

Which of the calculations made in (4) above will be posted as the purchases figure in the Trading account?

**CHAPTER 13 – ANSWERS**

1.

|  |  |
| --- | --- |
| ASSETS | LIABILITIES AND CAPITAL |
| Debtors $8 000 | Creditors $7 000 |
|  |  |
| Stock 4 000 | Capital 68 000 |
|  |  |
| Furniture 10 000 |  |
|  |  |
| Motor vehicle 30 000 |  |
|  |  |
| Cash in hand 3 000 |  |
|  |  |
| Cash at bank 20 000 |  |
|  |  |
| 75 000 | 75 000 |
|  |  |

2.

|  |  |
| --- | --- |
| ASSETS | LIABILITIES AND CAPITAL |
| Debtors $20 000 | Creditors $9 000 |
|  |  |
| Stock 6 000 | Capital 91 000 |
|  |  |
| Furniture 10 000 |  |
|  |  |
| Motor vehicle 30 000 |  |
|  |  |
| Cash in hand 4 000 |  |
|  |  |
| Cash at bank 30 000 |  |
|  |  |
| 100 000 | 100 000 |
|  |  |

3.

Annie’s Exclusive Store

Estimated profit for the year

Capital at the beginning of the year $68 000

Add net profit 23 000

Capital at the ending of the year 91 000

4.

Creditors control a/c

|  |  |
| --- | --- |
| Payments $30 000 | Balance b/d $ 9 000 |
|  |  |
| Balance c/d 18 000 | Credit purchases 39 000 |
|  |  |
| 48 000 | 48 000 |

Total purchases:

Credit $39 000

Cash 26 000

$65 000

5.

$65 000

**CHAPTER 14 – STRUCTURED QUESTIONS**

1.

Match the numbered items in List A with the appropriate descriptions in List B

|  |  |
| --- | --- |
| **LIST A** | **LIST B** |
| 1. Unpresented cheques | a)Money paid into firm’s account directly |
|  |  |
| 2. Standing orders | b)Cheque payments which cannot be cashed by a bank |
|  |  |
| 3.Bank charges | c)Cheques and cash received deposited but not recorded by the bank |
|  |  |
| 4.Bank lodgments | d)Regular payments made by the bank on a firm’s behalf |
|  |  |
| 5.Credit transfers (direct credits) | e)Charges made by the bank for services rendered on behalf of a firm |
|  |  |
| 6.Dishonoured cheques | f)Cheques paid out but not recorded by the bank |
|  |  |

2.

What are the steps in preparing the bank reconciliation statement?

Sherrain’s Unisex Salon Cash book for the month of May 20—were as follows

CASH BOOK

|  |  |
| --- | --- |
| May 1 Balance b/d $18 000 | May 10 Purchases $10 000 |
|  |  |
| 5 Chanel 1 000 | 15 Wages 3 000 |
|  |  |
| 7 Theo 5 000 | 30 Rent 2 000 |
|  |  |
| 9 Cash sales to Cheryl 7 000 | 31 Balance c/d 16 000 |
|  |  |
| 31 000 | 31 000 |
|  |  |

She received her bank statement in mid June

BANK STATEMENT

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **DATE** | **DETAILS** | **DR** | **CR** | **BALANCE** |
| May 1 | Balance b/d |  |  | $18 000 |
|  |  |  |  |  |
| 9 | Chanel |  | 1 000 | 19 000 |
|  |  |  |  |  |
| 10 | Sales |  | 7 000 | 26 000 |
|  |  |  |  |  |
| 15 | Purchases | 10 000 |  | 16 000 |
|  |  |  |  |  |
| 20 | N.S.F. | 1 000 |  | 15 000 |
|  |  |  |  |  |
| 21 | Wages | 3 000 |  | 12 000 |
|  |  |  |  |  |
| 30 | Rent | 2 000 |  | 10 000 |
|  |  |  |  |  |
| 31 | Bank charges | 500 |  | 9 500 |
|  |  |  |  |  |
|  |  |  |  |  |
|  |  |  |  |  |

Using the above information you are required to do the following:

3.

Prepare an updated cash book for Sherrain.

4.

Prepare a bank reconciliation statement for Sherrain

5.

Which of the above records bank balances will be considered as correct to be transferred to the balance sheet?

**CHAPTER 14 – ANSWERS**

1.

|  |  |
| --- | --- |
| **LIST A** | **LIST B** |
| 1. | F |
|  |  |
| 2. | D |
|  |  |
| 3. | E |
|  |  |
| 4. | C |
|  |  |
| 5. | A |
|  |  |
| 6 | B |
|  |  |

2.

-match the common items on both records

-identify the items that are not common on both records

-prepare a new cash book using only the items that are not common and shown in the bank statement

-draw up a bank reconciliation statement using only items that are not common and shown in the old cash book

3.

CASH BOOK

|  |  |
| --- | --- |
| May 1 Balance b/d $18 000 | May 10 Purchases **/**  $10 000 |
|  |  |
| 5 Chanel  **/** 1 000 | 15 Wages **/**  3 000 |
|  |  |
| 7 Theo 5 000 | 30 Rent  **/** 2 000 |
|  |  |
| 9 Cash sales to Cheryl  **/** 7 000 | 31 Balance c/d 16 000 |
|  |  |
| 31 000 | 31 000 |
|  |  |

BANK STATEMENT

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **DATE** | **DETAILS** | **DR** | **CR** | **BALANCE** |
| May 1 | Balance b/d |  |  | $18 000 |
|  |  |  |  |  |
| 9 | Chanel |  | 1 000  **/** | 19 000 |
|  |  |  |  |  |
| 10 | Sales |  | 7 000 **/** | 26 000 |
|  |  |  |  |  |
| 15 | Purchases | 10 000 **/** |  | 16 000 |
|  |  |  |  |  |
| 20 | N.S.F. | 1 000 |  | 15 000 |
|  |  |  |  |  |
| 21 | Wages | 3 000  **/** |  | 12 000 |
|  |  |  |  |  |
| 30 | Rent | 2 000  **/** |  | 10 000 |
|  |  |  |  |  |
| 31 | Bank charges | 500 |  | 9 500 |
|  |  |  |  |  |
|  |  |  |  |  |
|  |  |  |  |  |

Updated Cash Book

|  |  |
| --- | --- |
| Balance b/d $16 000 | N.S.F. $1 000 |
|  |  |
|  | Bank charges 500 |
|  |  |
|  | Balance c/d 14 500 |
|  |  |
| 16 000 | 16 000 |
|  |  |

4.

Bank Reconciliation Statement

Updated cash book balance b/d $14 500

Less bank lodgments (Theo) (5 000)

Bank statement balance 9 500

5.

Bank reconciliation statement balance