

Task 1: Identify accounts by category and financial statement(s). Use the following abbreviations (2 marks).

Category		Financial Statement	
Assets	A	Balance sheet	BS
Liability	L	Income statement	IS
Owner's Equity	OE		
Revenues	R		
Expense	E		
Gain (profit)	G		
Loss	L		

<i>Example:</i>	<i>Cash</i> .....A.....	<i>BS</i>
Accumulated depreciation	... A E	BS, IS
Long –term debt	.....L.....	BS.....
Equipment	.....A.....	BS.....
Merchandise inventory	.....A.....	BS.....
Prepaid rent	.....A.....	BS.....
Other accrued liability	.....L.....	BS.....
Dividends paid	.....OE, L.	BS.....
Cost of goods sold	.....E.....	IS.....
Additional paid-in capital	.....OE....	BS.....
Interest income	.....G or R...	IS.....
Retained earnings	.....G....	BS.....

Task 2: Corby is in business as a retail distributor. The following is a list of his transaction for March 2015 (2 marks). (every task 0,2)

1. Goods sold to Adam for cash

DR Cash

 CR Revenues (Sales)

2. Eva buys goods from Corby on account

DR Account Receivable (Eva)

 CR CR Revenues (Sales)

3. Corby contributed an amount in cash to capital

DR Capital

 CR Cash

4. Returned from goods to Mary
 DR Account payable
 CR Goods
5. Bought goods from David on credit
 DR Goods
 CR Account payable (David)
6. Corby paid an amount in advance by cheque for rental of business premises.
 DR Prepaid rent
 CR Cash at bank
7. Corby settles most his account in cash to David
 DR Account payable
 CR Cash
8. Machinery purchased, paid for cash
 DR Machinery
 CR Cash
9. Corby transferred some of the cash to a business bank account.
 DR bank account
 CR Cash
10. Cheque withdrawn at the bank in order to open a petty cash account.
 DR Pettt cash
 CR Cash at bank

Task 3: Backcamp has been in business for many years. His accountant has extracted the following trial balance from this books on account as at 31 December 2015:

	\$	\$
Bank at bank	1.200	
Capital		37.000
Cash	300	
Prepaid Insurance	2.000	
Office expenses	15.000	

Office furniture at cost	15.000	
Office furniture: Accumulated depreciation at 01 January 2015		2.000
Purchase goods	55.000	
Salaries expense	25.000	
Sales		100.000
Stock at 01 January 2015	10.000	
Account payable (Trade creditors)		4.000
Account receivable (Trade debtors)	19.500	
	143,000	143,000

Notes: The following additional information is to be taken into account:

1. Stock at 31 December 2015 (at the end of period) was valued at \$16,000

Cost of goods sold: $10.000 + 55.000 - 16.000 = 49.000$

DR : Cost of goods sold 49.000

CR: Stocks 49.000
2. The insurance included \$300 worth of cover which related to the **next** financial year (year 2016)

DR: Insurance expense 1.700

CR: Prepaid insurance 1.700
3. Depreciation is charged on office furniture \$500

DR : Depreciation expense 500

CR : Accumulated depreciation 500
4. Receiving from customers \$5.000 by cash.

DR: Cash 5.000

CR: Account receivable 5.000

5. Paying to suppliers \$500 by cash at bank.

DR: Account payable 500

CR: Cash at bank 500

6. At 31 December 2015, there was an amount owing for salaries of \$1.000.

DR: Salaries expense 1.000

CR: Salaries payable 1.000

Required

- a. Recording above transaction in Backcamp's general journal and T – account
- b. Prepared Backcamp 's profit and loss statement for the year to 31 March 2015.

Sales	100,000
Cost of goods	49.000
Office expenses	15.000
Insurance expense	+ 1.700
Depreciation expense	500
Salaries expense	25.000+1.000
Net profit	7.800

- c. Prepared Backcamp 's balance sheet statement as at that date

Assets

Cash	$300 + 5.000 = 5.300$
Cash at bank	$1.200 - 500 = 700$
Account receivable (Trade debtors)	$19.500 - 5.000 = 14.500$
Prepaid Insurance	$2.000 - 1.700 = 300$

Inventory (stock) + Purchase goods 16.000

Office furniture at cost 15.000

Accumulated depreciation -2.000 -500 = -2.500

Liability and Capital

Account Payable 4.000 – 500= 3.500

Salaries payable 1.000

Capital 37.000

Profit 7.800