



**CERTIFICATE IN  
EXECUTIVE SECRETARYSHIP**

**MODULE LEARNING GUIDE**

**FOR**

**BOOK KEEPING  
SUBJECT CODE: ACC 100**

## Version 1: JANUARY 2007

### 1) INTRODUCTION

This module is designed to provide the learner with the initial acquaintance of the subject – the record of transactions, which involves the transfer of money or money's worth to or from the business, the general rules or principles and application to the requirements of particular types of business

### 2) AIMS

This module is designed to provide the learner with the rudiments of basic accounting practices.

### 3) LEARNING OUTCOMES

**At the completion of this module, students will be able to:**

- a) Understand the principles of Accounting Equation and Balance Sheet
- b) Complete a double entry systems
- c) Be familiar with Banking Facilities and Bank Reconciliation Statements
- d) Be familiar with Financial Statements
- e) Be able to understand Basic Interpretations of Financial Statements
- f) Have indepth understanding of Accounting For Fixed Assets and Accruals and Prepayments
- g) Understand Bad Debts and Provision for Bad Debts

### 4) AUDIENCE AND PRE-REQUISITES

This module does not require students to have any prior understanding of book keeping.

### 5) OVERVIEW OF THE MODULE

This module will cover the following areas:

- Introduction to the Accounting Environment
- Accounting Equation and Balance Sheet
- The Double Entry System for assets, liability and capital
- The Double Entry System for purchases and sales
- The Double Entry System for expenses
- Books Of Prime Entry
- **Mid-Semester Examination**
- Banking Facilities and Bank Reconciliation Statements
- Trial Balance and Correction of Errors 1
- Financial Statements
- Basic Interpretations of Financial Statements
- Accounting For Fixed Assets
- Accruals and Prepayments
- Bad Debts and Provision for Bad Debts

## 6) INSTRUCTIONAL PLAN and RESOURCES

The base source of material is *Secretarial* Frank Wood and Alan Sangster, Business Accounting 1, 8th edition, Prentice Hall  
AND  
Keith F. Bird, How to Pass Bookkeeping, First Level

### Class Teaching Schedule

Week	Lecture	Tutorial/ Activities
1	Introduction to the Accounting Environment	Refer to individual week plans
2	Accounting Equation and Balance Sheet	
3	The Double Entry System for assets, liability and capital	
4	The Double Entry System for purchases and sales	
5	The Double Entry System for expenses	
6	Books Of Prime Entry 1	
7	Books Of Prime Entry 2	
8	<b>Mid-Semester Examination</b> Banking Facilities and Bank Reconciliation Statements	
9	Trial Balance and Correction of Errors 1	
10	Trial Balance and Correction of Errors 2	
11	Financial Statements	
12	Basic Interpretations of Financial Statements	
13	Accounting For Fixed Assets Accruals and Prepayments	
14	Bad Debts and Provision for Bad Debts	
15	<b>FINAL EXAM</b>	

## 7) ASSESSMENT REQUIREMENTS

### 7.1 AIM

The aim of the assessment is to identify formal practices and procedures for assessing and appraising the performance of students in order that those judgments and decisions can be reached concerning:

- The progression of participants through the programme.
- How well participants have met the programme learning outcomes through the combination of the individual module learning outcomes.

- The provision of feedback information to participants concerning their performance and how they adhered to the generic assessment criteria and the module-specific assessment criteria.

## 7.2 ASSESSMENT INSTRUMENTS:

The following is an outline of the various assessment instruments for this module:

### 7.2.1 Examinations (50%)

The format of the examination is as follows:

❖ Section A - Objective Questions	(20Q x 1%)	20 %
❖ Section B - Short Questions	(5Q x 4%)	20 %
❖ Section C – Long working Questions	(3Q/5Q x 20% )	40 %
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Total		100 %

Final Examination is included in this module. It seeks to determine participants' individual effectiveness in responding to specific questions under time-constrained invigilated conditions. The examination may take the above form:

A closed book examination requesting participants to demonstrate their knowledge and critical analysis skills in responding to specific questions based over the said module.

Examinations test retained knowledge and understanding and the student's ability to address questions and problems under examination conditions and time constraints. This process simulates conditions under which managers invariably have to work - assessing what is needed, identifying options, establishing priorities, making decisions and communicating - all under pressure. Examinations also ensure that the student has to produce original work, which cannot benefit from outside help. The examination process is valued by employers as it assures them that students on the program are thoroughly assessed on their own merits and cannot achieve a pass based largely on the work of others.

### 7.2.2 MID-TERM ASSESSMENT (15%)

Section a:	10Q x 1%
Section b:	5Q x 4%
Section C:	1/5Q x 20%

It is an examination that assesses candidates' ability to recall and apply theory and understanding, requiring responses to a range of structured questions.

## 7.3 ASSESSMENT TIMELINES

Mid-Term Exam	:	Due in Week 8
Final Examination	:	Due in Week 14

<b>LEARNING SUGGESTIONS AND GUIDELINES</b>
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**WEEK 1**

**Over the week of lecture and tutorial, the focus will be to undertake the following:**

- Introduction to the Accounting Environment

**Learning outcomes to be attained:**

- To understand the importance of financial information in business.
- To understand definition of accounting and book keeping
- To identify the process of accounting and the users of accounting information
- To introduce the fundamental accounting concepts

**Readings and preparation to be undertaken by the student:**

**Text book:**

	Chapter(s)	Pages
Frank Wood and Alan Sangster, Business Accounting 1, 9th edition, Prentice Hall	1	3 - 14

**Activities**

1. What is accounting?
2. What is bookkeeping?
3. Who are the users of financial information and why?
4. Name and explain any 5 accounting concepts.
5. What are the characteristics of useful information?

Assign further activities to students based on the main reference text.

**WEEK 2**

**Over the week of lecture and tutorial, the focus will be to undertake the following:**

- Accounting Equation and Balance Sheet

**Learning outcomes to be attained:**

- To understand the difference between assets, liabilities and capital
- To understand the nature of the accounting equation
- To be familiar with the accounting equation
- To understand balance sheet and effects of business transaction
- To understand equality of accounting equation

**Readings and preparation to be undertaken by the student:**

**Text book:**

	Chapter	Pages
Frank Wood and Alan Sangster, Business Accounting 1, 9th edition, Prentice Hall	1	3-14

**Activities**

- Classify the following items into assets and liabilities: motor vehicles, creditors for goods, stock of goods, machinery, debtors, cash in hand, loan from Jude
- The capital equation is \_\_\_\_\_ less \_\_\_\_\_ equals \_\_\_\_\_.

- You are presented with the following data and comment on it:

Assets	Liabilities	Capital
RM 11,970	RM2,394	RM11,576

- Draw up Melinda's balance sheet from the following as at 31 December 20xx

Capital	23,750
Debtors	4,950
Motor vehicles	5,700
Creditors	2,450
Fixtures	5,500
Stock of goods	8,800
Cash at hand	1,250

- Complete the following table:

	A £	B £	C £	D £	E £	F £
Assets	4000	6000			4000	6000
Liabilities	1000		60	8200	950	8300
Capital		2000	450	3500		

- Copy and complete the table below for the following transactions. Transaction (a) has been done for you.

Transaction	Effects on Balance Sheet					
	Capital		Liabilities		Assets	
	+	-	+	-	+	-
a) Began business with cash RM 1,000	RM 1,000				RM 1,000	
b) Bought chairs at RM 800 on credit from Home Style Furnishing						
c) Bought Goods valued at RM 3,500 on credit from Ching Suppliers						
d) Sold goods costing RM 400 for cash RM 550						
e) Drew out cash RM 250 worth of goods for private use.						
f) Borrowed cash RM3,000 from Hong Lin Finance						

- Draw up WK Tan's complete Balance Sheet from the following incomplete data at 30 December Year 20xx. Your answer should include the missing item.

	RM
Cash at bank	2,614
Creditors	4,150
Goods	5,860
Fixtures and fittings	1,900
Debtors	3,750
Motor Vehicles	4,200
Loan from Daniel Ling	3,600

**WEEK 3**

**Over the week of lecture and tutorial, the focus will be to undertake the following:**

- The Double Entry System for Assets, Liabilities and Capital

**Learning outcomes to be attained:**

- To recognize the need for recording transactions in various accounts
- To understand the accounts for double entry
- To be able to enter transactions by using double entry system
- To be able to balance the account

**Readings and preparation to be undertaken by the student:****Text book:**

	Chapter	Pages
Frank Wood and Alan Sangster, Business Accounting 1, 9th edition, Prentice Hall	2	15-24

**Activities**

1. Underline the following data:

Assets	an increase	<i>Debit / Credit</i>
Assets	a decrease	<i>Debit / Credit</i>
Liabilities	an increase	<i>Debit / Credit</i>
Liabilities	a decrease	<i>Debit / Credit</i>
Capital	an increase	<i>Debit / Credit</i>
Capital	a decrease	<i>Debit / Credit</i>

2. Complete the following table:

	Accounts (Debit)	Accounts (Credit)
a) Bought office machinery on credit from D Issacs Ltd.		
b) The proprietor paid a credit, C Jones, from his private money outside the firm.		
c) A debtor, N Fox, paid us in cash		
d) Repaid part of loan from P Exeter by cheque		
e) Returned some of office machinery to D Issacs Ltd.		
f) A debtor, N Lyn, pays us by cheque.		
g) Bought motor van by cash		

3. Write up the asset and liability and capital accounts to record the following transactions in the records of the G Powell.

200X

July 1	Started business with 2,500 in the bank
July 2	Bought office furniture by cheque 150
July 3	Bought machinery 750 on credit from Planers Ltd
July 5	Bought a motor van paying by cheque 600
July 8	Sold some of the office furniture- not suitable for the firm – for 60 on credit to J Walker & Sons
July 15	Paid the amount owing to Planers Ltd 750 by cheque
July 23	Received the amount due from J Walker 60 in cash
July 31	Bought more machinery by cheque 280

4. You are required to open the asset an liability an capital accounts and records the following transactions for June 200X in the records of C Williams.

200X

June 1	Started business with 2,000 in cash
June 2	Paid 1,800 of the opening cash into a bank account for the business
June 5	Bought office furniture on credit from Bette – Built Ltd for 120
June 8	Bought a motor van paying by cheque 950
June 12	Bought works machinery from Evans & Sons on credit 560
June 18	Returned faulty office furniture costing 62 to Betta – Built Ltd.
June 25	Sold some of the words machinery for 75 cash
June 26	Paid amount owing to Betta – Built Ltd 58 by cheque
June 28	Took 100 out of the bank and put it in cash till
June 30	J Smith lent us 500 – giving us the money by cheque.

#### WEEK 4

Over the week of lecture and tutorial, the focus will be to undertake the following:

- The Double Entry System for Purchases and Sales

#### Learning outcomes to be attained:

- To recognize the various meanings attributed to the term 'purchases'
- To record in double-entry form the purchases and the sale of goods for cash and on credit
- To appreciate the various reasons for the return of goods both inwards and outwards
- To show the entries arising on the return of goods
- To be able to balance the account

#### Readings and preparation to be undertaken by the student:

##### Text book:

	Chapter	Pages
Frank Wood and Alan Sangster, Business Accounting 1, 9th edition, Prentice Hall	3	24 - 33

#### Activities

1. What does the term 'purchases' refers to?
2. The sale of goods refers a decrease of an asset or increases of an asset?
3. State the differences between return inwards & return outwards. On whose account is the entry made?
4. Complete the following table:

	Debit	Credit
a. Sold goods on credit to Frank Tan		
b. Nathansamy returns goods to you		
c. You settle a creditor's account by cheque		
d. JK Sdn Bhd pays his accounts		
e. You pay George Carriage by cheque the amount due on the delivery vehicle previously purchased		
f. You return goods to Dodomex		

5. You are required to enter the following transactions of TTL Sdn Bhd in appropriate accounts:  
Year 20xx
 

Oct	2	Bought goods on credit RM370 from PerSteel
Oct	5	Sold goods for cash RM96
Oct	8	Bought delivery van (for company use) by cheque RM3,100
Oct	14	Returned goods to PreSteel RM30
Oct	20	Sold goods on credit RM490 to Maxima
Oct	24	Sent cheque to PreSteel RM340
Oct	27	Maxima returned goods RM35

6. Enter the following transactions of Security Max Sdn Bhd in appropriate accounts:

Year 20xx

Mac	1	Commenced business with RM10,000 in the bank
Mac	3	Bought office furniture and fittings by cheque RM460
Mac	5	Bought goods on credit RM375 from Timberload
Mac	8	Returned goods to Timberload RM55
Mac	12	Sold goods on credit RM156 to Mellon Sdn Bhd
Mac	15	Bought motor vehicle on credit from Scales Motor RM3,600
Mac	19	Mellon Sdn Bhd returned goods RM26
Mac	23	Sent cheque for RM3,600 to Scales Motor
Mac	26	Sent cheque to Timberload in settlement of account
Mac	30	Received cheque RM70 from Mellon Sdn Bhd

## WEEK 5

Over the week of lecture and tutorial, the focus will be to undertake the following:

- The Double Entry System for Expenses

Learning outcomes to be attained:

- To appreciate the nature of and types of expenses
- To record the withdrawal of profit by drawings
- To be able to calculate the amount of total profit of business transactions by using double entry system
- To be able to balance the account

Readings and preparation to be undertaken by the student:

Text book:

	Chapter	Pages
Frank Wood and Alan Sangster, Business Accounting 1, 9th edition, Prentice Hall	4	34 - 43

## Activities

- What are drawings?
- State which amount is to be debited and which is to be credited:

Debit      Credit

Reliance Sdn Bhd

- Paid insurance by cheque
- Bought goods on credit from Tapestry Bhd
- Sold goods for cash
- Paid general expenses in cash
- Received cheque from Waywave Sdn Bhd by way of a loan
- Bought goods by cheque

Nexcy Sdn Bhd

- Received commission in cash
- Bought office equipment by cheque
- Sold goods on credit to Tinti Aneka
- Motor vehicle bought by cheque for use of business
- Paid creditor by cheque
- Goods returned to us by customer

3. Record the following in appropriate accounts using the rules of double entry:

Year 20xx

Apr 1 Tina started business with RM5,000 in the bank  
 Apr 3 Bought office equipment for RM370 by cheque  
 Apr 5 Paid rent by cheque RM260  
 Apr 8 Purchased goods on credit RM420 from Ali & Sons  
 Apr 11 Returned goods to Ali & Sons RM35  
 Apr 14 Drew from bank for office cash Rm130  
 Apr 15 Paid wages in cash RM115  
 Apr 18 Sold goods on credit to Rahman Stores RM175  
 Apr 21 Bought stationery by cheque RM20  
 Apr 24 Sold goods for cheque RM85  
 Apr 27 Paid by cheque the amount owing to Ali & Sons  
 Apr 30 Tina paid a further RM1,000 into the bank account

4. You are required to enter the following transactions in the books of Jordan Lines Sdn Bhd:

Year 20xx

Aug 1 Started in business with RM7,000 in the bank  
 Aug 2 Paid rent by cheque RM280  
 Aug 5 Purchased goods on credit RM520 from Lima Go  
 Aug 8 Bought fixtures and fittings by cheque RM170  
 Aug 12 Returned goods to Lima Go RM45  
 Aug 15 Sold goods on credit to Langsir Sdn Bhd RM265  
 Aug 19 Jordan Lines Sdn Bhd withdrew from bank for private use RM160  
 Aug 22 Langsir Sdn Bhd returned goods RM30  
 Aug 24 Drew from bank for office cash RM240  
 Aug 26 Paid Lima Go by cheque the amount owing  
 Aug 28 Received cheque RM100 on account from Langsir Sdn Bhd  
 Aug 30 Paid wages in cash RM160  
 Aug 31 Bought office computer by cheque RM215

## WEEK 6

Over the week of lecture and tutorial, the focus will be to undertake the following:

- Book of Prime Entry 1

**Learning outcomes to be attained:**

- To understand the various journals and its users
- To understand the advantages of having a journal record
- To identify the link between the journals to ledger
- To be familiar with different divisions/sub-divisions of the ledger
- To select the sub-ledgers for recording various transactions

**Readings and preparation to be undertaken by the student:**

**Text book:**

	Chapter	Pages
Frank Wood and Alan Sangster, Business Accounting 1, 9th edition, Prentice Hall	11	107 -112
	14	139 – 147
	15	148 – 152
	16	153 -163
	17	164 -174

**Activities**

- Is there a difference between journal proper and general journal?
- What are the main uses of the journal?
- Does a journal provide any advantages? If so, what are they?
- Prepare the necessary journal entry to open Wesley's books on 1st July 20xx, his assets and liabilities being as follows:

Cash in hand	RM31,000	Cash at bank	RM200,000
Stock	RM400,000	Office furniture	RM70,000
Premises	RM1,000,000	Motor vans	RM350,000
Debtors: R Tilt	RM67,000	E Crocker	RM39,000
Creditor: L Bridges	RM40,000		

- Southern Bhd after being in business for a number of years, decides to keep a proper set of double-entry books. On 1 January 2006, his assets and liabilities are as follows. Construct the journal entry and open the general, sales and purchases ledger for his business.  
 Assets: Fixtures and fittings RM2,300, Office equipment RM2,800, Motor vehicle RM4,200, Stock RM3,650, Debtors RM905 (Abbas Sons RM305; Damin Bhd RM280; Titiwangsa RM320), Cash RM35  
 Liabilities Creditors RM420 (Queeny RM270; KK Mat RM150), Bank oversraft RM270

**WEEK 7**

Over the week of lecture and tutorial, the focus will be to undertake the following:

- Book of Prime Entry 2

**Learning outcomes to be attained:**

- To appreciate how cash discount might arise
- To make accounting entries in respect of cash discount
- To record transactions in cash book
- To be familiar with petty cash book and vouchers

**Readings and preparation to be undertaken by the student:****Text book:**

	Chapter	Pages
Frank Wood and Alan Sangster, Business Accounting 1, 9th edition, Prentice Hall	13	124 -138
	18	175 -182

**Activities**

- Write up two-column cash book from the following details, and balance off as at the end of the month:  
200X  
 May 1 Started business with capital in cash 100.  
 May 2 Paid rent by cash 10.  
 May 3 F Lake lent us 500, paid by cheque.  
 May 4 We paid B McKenzie by cheque 65  
 May 5 Cash sales 98.  
 May 7 N Miller paid us by cheques 62.  
 May 9 We paid B Burton in cash 22  
 May 11 Cash sales paid direct into the bank 53.  
 May 15 G Moores paid us in cash 65  
 May 16 We took 50 out of the cash till and paid it into the bank account  
 May 19 We repaid F Lake 100 by cheque  
 May 22 Cash sales paid direct into the bank 66  
 May 26 Paid motor expenses by cheque 12  
 May 30 Withdraw 100 cash from the bank for business use.  
 May 31 Paid wages in cash 97

2. Write up a two-column cash book from the following:

Nov 1	Balance brought forward from last month: Cash 105: Bank 2,614.
Nov 2	Cash sales 605.
Nov 3	Took 500 out of the cash till and paid it into the bank.
Nov 4	J Matthews paid us by cheque 217
Nov 5	We paid for postage stamps in cash 60
Nov 6	Bought office equipment by cheque 189
Nov 7	We paid J Lucas by cheque 50.
Nov 9	Received rates refund by cheque 72
Nov 11	Withdraw 250 from the bank for business use.
Nov 12	Paid wages in cash 239.
Nov 14	Paid motor expenses by cheque 112.
Nov 16	L Levy lent us 200 in cash
Nov 20	R Norman paid us by cheque 112.
Nov 28	We paid general expenses in cash 22.
Nov 30	Paid insurance by cheque 74.

3. The following is a summary of the petty cash transactions of Anna Ltd for May 200X.

May 1	Received from Cashier 300 as petty cash float.	18
May 2	Postages	12
May 3	Traveling	15
May 4	Cleaning	22
May 7	Petrol for delivery van	25
May 8	Traveling	17
May 9	Stationary	18
May 11	Cleaning	5
May 14	Postage	8
May 15	Traveling	9
May 18	Stationary	23
May 20	Postage	13
May 24	Delivery van 5,000 service	43
May 26	Petrol	18
May 27	Cleaning	21
May 29	Postage	5
May 30	Petrol	14

You are required to:

- Rule up a suitable petty cash book with analysis columns for expenditure on cleaning, motor expenses, postage, stationary, traveling.
- Enter the month's transactions.
- Enter the receipt of the amount necessary to restore the imprest and carry down the balance for the commencement of the following month.
- State how the double entry for the expenditure is completed.

## WEEK 8

**Over the week of lecture and tutorial, the focus will be to undertake the following:**

- Mid-term Examination
- Banking Facilities & Bank Reconciliation Statements

**Learning outcomes to be attained:**

- To appreciate the types of account and its features.

- To appreciate the key features of commonly used methods of payment through a bank: cheque, credit transfer, standing order, direct debit
- To recognize the procedure for cheque and cheque clearance.
- To reconcile the bank statement with the cash book
- To prepare a bank reconciliation statements

**Readings and preparation to be undertaken by the student:**

**Text book:**

	Chapter	Pages
Frank Wood and Alan Sangster, Business Accounting 1, 9th edition, Prentice Hall	12	113 - 123

**Activities**

- Take a photocopy of a blank cheque and complete the cheque with the following instructions to the bank:
  - to pay RM120.65 to Lam Yik King
  - the drawee is Frankie Miles
  - crossed the cheque for A/C Payee Only
  - dated today's date
- From the following details, you are required:
  - to bring the cash book up to date at 30 June Year 6
  - to draw up a bank reconciliation statement at 30 June Year 6, to obtain the balance at the date shown on the bank statements

Balance at bank as shown in the cash book at 30 June Year 6	RM2,814 Dr
Cheques paid into bank but not yet shown on the bank statement	RM460
Credit transfer from D Sage, recorded on bank statement but not yet in cash book	RM64
Cheques drawn but not yet presented	RM385
Direct debit to Presto Enterprises, shown on the bank statement But not yet in the cash book	RM80

- Johnson, a sole trader, received his bank statement for the year ended 31 March Year 6. At that date, it showed that his balance in the bank amounted to RM22,900 whereas the balance at bank in his cash book was RM23,399.

When he checked the bank statement with his cash book, Johnson found that the following:

- A standing order payment for rent of RM672 had not been entered in his cash book
- Cheques drawn by Johnson amounting to RM1,215 had not been presented to the bank.
- a credit transfer of RM814 from Brooks had not been entered in his cash book
- Johnson had entered a payment of RM470 to May as RM740 in his cash book
- Bank charges of RM46 had not been entered in his cash book
- The bank had not credited Johnson with receipts of RM2,186 paid into the bank on 31 March Year 6
- A cheque for RM520 from Halls had been returned by the bank marked 'refer to drawer' but this had not been recorded in his cash book
- Johnson had omitted sales receipts amounting to RM626 from his cash book but they were shown on his bank statement.

Required:

- Complete Johnson's cash book at 31 March Year 6
- Prepare a bank reconciliation statement commencing with the bank statement balance
- State briefly the main reasons for preparing a bank reconciliation statement.

5. The following information relates to the banking transactions of Norway Enterprise for the month of September 20xx

		CASH BOOK (Bank Column Only)			
		RM			RM
Sep 1	Bal b/d	2,420	Sep 2	General Expenses	67
4	Sales	835	9	Wages	330
23	Sales	716	12	Drawings	140
29	R Quaile	185	15	Purchases	406
31	Sales	640	24	Rent	290
			25	Wages	345
			27	Wagshire	502

Provisional Dr balance RM2,716

		Bank Statement		
		Dr	Cr	Balance
Aug 1	Balance			2,420 (Cr)
3	General Expenses	67		2,353
4	Credit		835	3,188
7	Standing order (rates)	136		3,052
11	Wages	330		2,722
15	Drawings	140		2,582
20	Purchases	406		2,176
22	Direct Debit (insurance)	153		2,023
23	Credit		716	2,739
27	Wages	345		2,394
20	Credit transfer – Palmer		268	2,662
30	Bank interest		8	2,670

Required:

- Starting with the cash book balance of RM2,716 on 30 September 20xx, bring the cash book up to date by entering the appropriate items at the end of September and bring down the revised balance at 1 October 20xx.
- Prepare the bank reconciliation statement for Norway Enterprise at 30 September 20xx starting with the bank account statement balance.

## WEEK 9

Over the week of lecture and tutorial, the focus will be to undertake the following:

- Trial Balance and Correction of Errors 1

Learning outcomes to be attained:

- To be able to extract a Trial Balance from the ledger accounts.
- To be able to understand how errors can occur and the different types of errors affecting and not effecting Trial Balance agreement
- To make correction or errors and suspense account.

Readings and preparation to be undertaken by the student:

**Text book:**

	Chapter	Pages
Frank Wood and Alan Sangster, Business Accounting 1, 9th edition, Prentice Hall	33	353 - 360

**Activities**

1. You are to enter up the necessary amounts for the month of May from the following details, and then balance off the accounts and extract a trial balance as at 31 May 200X

May 1	Started firm with capital in cash of 250
May 2	Bought goods on credit from the following persons: D Ellis 54; C Mandez 87; K Gibson 25; D Booth 76; Lower 64.
May 4	Sold goods on credit to: C Bailey 43; B Hughes 62; H Spencer 176
May 6	Paid rent by cash 12
May 9	Bailey paid us his account by cheque 43
May 10	H Spencer paid us 150 by cheque
May 12	We paid the following by cheque: K Gibson 25; D Ellis 54
May 15	Paid carriages by cash 23
May 18	Bought goods on credit from C Mendez 43; D Booth 110.
May 21	Sold goods on credit to B Hughes 67
May 31	Paid rent by cheque 18

2. Enter up the books from the following details for the month of March, and extract a trial balance as at 31 March 200X.

March 1	Started business with 800 in the bank
March 2	Bought goods on credit from the following persons: K Henriques 76; M Hyatt 27; T Braham 56.
March 5	Cash sales 87
March 6	Paid wages in cash 14.
March 7	Sold goods on credit to H Elliott 35; L Lane 42; J Carlton 72
March 9	Bought goods for cash 46
March 10	Bought goods on credit from M Hyatt 57; T Braham 72
March 12	Paid wages in cash 14
March 13	Sold goods on credit to L Lane 32; J Carlton 23
March 15	Bought shop fixtures on credit from Betta Ltd 50
March 17	Paid M Hyatt by cheque 84
March 18	We returned goods to T Braham 20
March 21	Paid Betta Ltd a cheque for 50
March 24	J Carlton paid us his account by cheque 95
March 27	We returned goods to K Henriques 24
March 30	J King lent us 60 by cash
March 31	Bought a motor van by paying cheque 400.

3. Your bookkeeper extracted a trial balance on 31 December 2005 that failed to agree by 330, a shortage on the credit side of the trial balance. A suspense account was opened for the difference:

In January 2005 the following errors made in 2004 were found:

- I. Sales of book had been under cast by 100
- II. Sales of 250 to J Cantrell had been debited in error to J Cochrane's account
- III. Rent account had been under cast by 70
- IV. Discounts received account had been under cast by 300
- V. The sale of a motor vehicle at book value had been credited in error to sales account 360.

You are required to:

- a. Show the journal entries necessary to correct the errors.
- b. Draw up the suspense account after the errors described have been corrected.
- c. If the net profit had previously been calculated at 7,900 for the year ended 31 December 2004, show the calculation of the corrected net profit.

**WEEK 10**

**Over the week of lecture and tutorial, the focus will be to undertake the following:**

- Trial Balance and Correction of Errors (2)

**Learning outcomes to be attained:**

- To be able to extract a Trial Balance from the ledger accounts
- To be able to understand how errors can occur and the different types of errors affecting and not effecting Trial Balance agreement
- To be able to make correction or errors and suspense account

**Readings and preparation to be undertaken by the student:**

**Text book:**

	Chapter	Pages
Frank Wood and Alan Sangster, Business Accounting 1, 9th edition, Prentice Hall	33	353 - 360

**Activities**

Business Accounting 1 by Frank Wood

Text Book Chapters 6 and Chapters 32 ( Do questions 6.3, 6.4 and 32.3, 32.4 and 32.5)

**WEEK 11**

**Over the week of lecture and tutorial, the focus will be to undertake the following:**

- Financial Statements

**Learning outcomes to be attained:**

- To know what the final accounts are and its uses
- To understand the differences between Trading Account, Profit and Loss Account and the Balance Sheet and to draw up the Final Accounts with adjustments.
- To be able to draw up the Financial Statements with adjustments.

**Readings and preparation to be undertaken by the student:**

**Text book:**

	Chapter	Pages
Frank Wood and Alan Sangster, Business Accounting 1, 9th edition, Prentice Hall	7	665 – 74
	8	76 -81
	9	82 - 92

**Activities**

1. From the following details draw up the trading account of T Clarks for the year ended 31 December 20X3 which was first year in business.

Carriage inwards	670
Returns outwards	495
Returns inwards	890
Sales	38,742
Purchases	33,333
Stocks of goods	7,489

2. The following details for the year ended 31 March 20X8 are available. Draw up the trading account of K Taylor for that year

Stocks: 31 March 20X8	18,504
Returns inwards	1,372
Returns outwards	2,896
Purchases	53,397
Carriage inwards	1,122
Sales	54,600

3. The following trial balance was extracted from the books of B Jackson on 30 April 20X7. From it, and the note re stock, prepare his trading and profit and loss account for the year ended 30 April 20X7, and a balance sheet as at the date.

Sales	11,556
Purchases	3,776
Stock 1 May 19X6	326
Carriage outwards	234
Carriage inwards	440
Returns inwards	
Returns outwards	
Salaries and wages	2,447
Motor expenses	664
Rent	576
Sundry expenses	1,202
Motor vehicles	2,400
Fixtures and fittings	600
Debtors	4,577
Creditors	
Cash at bank	3,876
Cash at hand	120
Drawings	2,050
Capital	34,844
Stock at 30 April 20X7 was	4,998.

## WEEK 12

Over the week of lecture and tutorial, the focus will be to undertake the following:

- Basic Interpretation of Financial Statements

**Learning outcomes to be attained:**

- To calculate the basic ratios
- To understand how the use of ratios can help to analyze the effectiveness of a business
- To interpret the Trading Account, Profit and Loss Account and the Balance Sheet.

**Readings and preparation to be undertaken by the student:**

**Text book:**

	Chapter	Pages
Frank Wood and Alan Sangster, Business Accounting 1, 9th edition, Prentice Hall	47	565 - 594

## Activities

Business Accounting 1 by Frank Wood  
Text Book Chapter 47

**WEEK 13****(NOT TO BE ASSESSED)**

Over the week of lecture and tutorial, the focus will be to undertake the following:

- Accounting For Fixed Assets
- Accruals And Prepayments

**Learning outcomes to be attained:**

- To understand depreciation
- To calculate and record by using different methods of calculation
- To understand how it effects the Profit and Loss and Balance Sheet
- To know the disposal of fixed assets.
- To understand what accruals and prepayment are
- To differentiate income and expenditure accruals and prepayments
- To enter the transactions in the ledger
- To understand how it effects the Profit and Loss and the Balance Sheet

**Readings and preparation to be undertaken by the student:****Text book:**

	Chapter(s)	Pages
Frank Wood and Alan Sangster, Business Accounting 1, 9th edition, Prentice Hall	26	263 – 271
	27	272 – 288
	28	289 - 307

**Activities**

1. Sankey, a manufacturer, purchases a lathe for the sum of \$4000. It has an estimated life of 5 years and a scrap value of %500. Sankey is not certain whether he should use the straight line or the reducing balance basis for the purpose of calculating depreciation on the machine. You are required to calculate the depreciation on the lathe using both methods, showing clearly the balance remaining in the lathe account at the end of each of the five years for each method. (Assume that 40% per annum is to be used for the reducing balance method.)
2. A machine costs \$12,500. It will be kept for 4 years, and then sold for an estimated figure of \$5,120. Show the calculations of the figures for depreciation for each of the four years using (a) the straight-line method, (b) the reducing balance method, for this method using a depreciation rate of 20%
  - a. A company, which makes up its accounts annually to 31 December, provides for depreciation of its machinery at the rate of 10% per annum on the diminishing balance system.  
On 31 December 2006, the machinery consisted of three items purchased as under:

On 1 January 2004	Machine A	Cost 3,000
On 1 April 2005	Machine B	Cost 2,000
On 1 July 2006	Machine C	Cost 1,000

Required: Your calculations showing the depreciation provision for the year 2006

3. The financial year of H Saunders ended on 31 December 20-6. Show the ledger accounts for the following items including the balance transferred to the necessary part of the final accounts, also the balances carried down to 20-7:
  - a) Motor Expenses: Paid in 20-6 \$744; owing at 31 December 20-6 \$28
  - b) Insurance: Paid in 20-6 \$420; Prepaid as at 31 December 20-6 \$35
  - c) Stationery: Paid during 20-6 \$1,800; Owing as at 31 December 20-5 \$250; Owing as at 31 December 20-6 \$490
  - d) Rent: Paid during 20-6 \$950; Prepaid as at 31 December 20-5 \$220; Prepaid as at 31 December 20-6 \$290
  - e) Saunders sub-lets part of the premises. Receives \$550 during the year ended 31 December 20-6.  
Tenant owned Saunders \$180 on 31 December 20-5 \$210 on 31 December 20-6.

4. The balances on certain accounts of Foster Hardware Co as at 1 April 20-1 were:

Rent and rates payable – accruals	\$
- prepayments	2200
- prepayments	1940
	625
Vehicles (at cost)	10450
Provision for depreciation of vehicles	4720
During the financial year the business	
Paid rent by cheque	5200
Paid rates by cheque	3050
Received cheque for rent of sub-let Premises	960
Traded in a vehicle – original cost	4710
- accumulated depreciation	3080
- part exchange allowance	1100
Paid balance of price of new vehicle by cheque	5280
Closing balances as at 31 March 20-2 were:	
Rent and rates payable – accruals	2370
- prepayments	1880
- prepayments	680
Vehicle (at cost)	(to be derived)
Provision for depreciation of vehicles	3890

Required: Post and balance the appropriate accounts for the year ended 31 March 20-2, deriving the transfer entries to profit and loss account where applicable.

#### WEEK 14

#### **(NOT TO BE ASSESSED)**

Over the week of lecture and tutorial, the focus will be to undertake the following:

- Bad Debts and Provision For Bad Debts

Learning outcomes to be attained:

- To understand what bad debts is and the use of provision for bad debts
- To enter the transactions in the ledger
- To understand how it effects the Profit and Loss Account and The Balance Sheet

Readings and preparation to be undertaken by the student:

Text book:

	Chapter	Pages
Frank Wood and Alan Sangster, Business Accounting 1, 9th edition, Prentice Hall	25	249 - 262

#### Activities

1. The balance Sheet as at 31 December 2004 of Zoom Products limited included:

Trade debtors                      \$85,360

The account for the year ended 31 December 2004 included a provision for doubtful debts at 31 December 2004 of 3% of the balance outstanding from debtors. During 2005, the company's sales totaled \$568,000 of which 90% in value were on credit and \$510,150 was received from credit customers in settlement of debt which had been written off as bad in 2004; this receipt has been credited to K Dodd's account in the debtors' ledger.

On 30 December 2005, the following outstanding debts were written off as bad:

J Sinder	\$600
K Lambert	\$2,000

Entries relating to bad debts are passed through the provision for doubtful debts account whose balance at 31 December 2005 is to be 3% of the amount due to the company from debtors at that date.

Required:

- b. Write up the provision for doubtful debts accounts for the year ended 31 December 2005 bringing down the balance at 1 January 2006.
  - c. Prepare a computation of the amount to be shown as Trade Debtors in the company's balance sheet at 31 December 2005
2. A business started trading on 1 January 20-6. During the two years ended 31 December 20-6 and 20-7 the following debts were written off to bad debts account on the dates stated.

31 August 20-6	W Best	\$85
30 September 20-6	S Avon	\$140
28 February 20-7	L J Friend	\$180
31 August 20-7	N Kelly	\$60
30 November 20-7	A Oliver	\$250

On 31 December 20-6 there had been a total of debtors remaining of \$ 40,500. It was decided to make a provision for doubtful debts of \$550.

On 31 December 20-7 there had been a total of debtors remaining of \$47,300. It was decided to make a provision for doubtful debts of \$600.

- i. The Bad debts account and the provision for bad debts account for each of the two years.
- ii. The charges to the Profit and Loss Account for each of the two years.
- iii. The relevant extracts from the balance sheets as at 31 December 20-6 and 20-7.

**WEEK 15**

<b>FINAL EXAM</b>
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