## ACCOUNTS TEST

Marks: 41
Time allowed: 50 minutes

## QUESTION 1

Karishma runs her own business. The balances in her books on 1 October 2020 included the following.

| Insurance account | 1700 prepaid |
| :--- | :--- |
| Electricity account | 1800 owing |

During the financial year ended 30 September 2021 Karishma made the following payments by cheque.

Insurance payments

## \$

7 February 20213400
13 August 20213500
Electricity payments
14 October $2020 \quad 1800$
24 January 20211800
26 May 20211800
A refund of $\$ 300$ for insurance overpaid was received by bank transfer on 28 February 2021. The insurance paid on 13 August 2021 covered a period of five months to 31 December 2021.

At 30 September 2021, an amount of $\$ 2000$ was owing for electricity.

## REQUIRED

(a) Prepare the following accounts for the year ended 30 September 2021. Balance the accounts and bring down the balances on 1 October 2021.


## Electricity account



Karishma is considering changing her electricity supplier. The new supplier has offered Karishma a two-year contract at a fixed monthly amount of $\$ 450$ payable by direct debit.

## REQUIRED

(b) Advise Karishma whether she should change to the new electricity supplier. Justify your answer with two advantages and two disadvantages of changing supplier.
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On 1 October 2020 Karishma decided to rent out part of her premises to Noor at an annual rent of \$1965.

During the financial year ended 30 September 2021 Noor made the following payments to Karishma by cheque.

|  | $\$$ |
| :--- | :---: |
| 1 October 2020 | 800 |
| 2 March 2021 | 825 |
| 8 August 2021 | 850 |

The amount received on 8 August 2021 included rent of $\$ 510$ covering the period 1 October 2021 to 31 December 2021.

## REQUIRED

(c) Prepare the rent receivable account for the year ended 30 September 2021. Balance the account and bring down the balance on 1 October 2021.

Karishma
Rent receivable account

(d) Identify the section of the statement of financial position at 30 September 2021 in which the balance on the rent receivable account would appear.
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## Question 2

An extract from Jas's statement of financial position at 31 December 2019 showed the following:

|  | Cost | Accumulated <br> depreciation | Net book <br> value |
| :---: | :---: | :---: | :---: |
| Fixtures | $\$$ | $\$ 15000$ | 77625 |

During the year ended 31 December 2020 the following transactions took place.
On 1 January 2020 fixtures, $\$ 30000$, were purchased by cheque.
On 30 June 2020 fixtures were sold for $\$ 6000$, which was received by cheque. These fixtures had originally been purchased on 1 January 2018 for $\$ 20000$.

Jas depreciates fixtures on a straight-line basis. She assumes fixtures will have a useful life of four years, at which time the residual value will be $10 \%$ of original cost. Depreciation is charged for each part of the year for which the fixtures are owned

## REQUIRED

(c) Prepare the following accounts for the year ended 31 December 2020. Balance each account and bring down the balance on 1 January 2021.

Jas
Fixtures account


Provision for depreciation of fixtures account

| Date | Details | S | Date 2020 <br> Jan 1 | Details Balance b/d | 77625 |
| :---: | :---: | :---: | :---: | :---: | :---: |
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(d) Prepare the fixtures disposal account for the year ended 31 December 2020.

Jas
Fixtures disposal account


## Question 3

Tej is a trader who sells goods on credit. His year end is 28 February.
Tej provided the following information.
At 1 March 2020
Trade receivables 6250
Other receivables (rent prepaid) 300
For the year ended 28 February 2021
Rent charge for the year 3900
Cheque payments for rent 30 June $2020 \quad 1950$
30 November 20202100
At 28 February 2021
Trade receivables 7000

The provision for doubtful debts was 4\% of trade receivables at 1 March 2020 and $6 \%$ of trade receivables at 28 February 2021.

## REQUIRED

(a) Prepare the rent payable account for the year ended 28 February 2021. Balance the account and bring down the balance on 1 March 2021.

Tej
Rent payable account

| Date | Details | \$ | Date | Details | \$ |
| :---: | :---: | :---: | :---: | :---: | :---: |
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(b) Prepare the provision for doubtful debts account for the year ended 28 February 2021. Balance the account and bring down the balance on 1 March 2021.

Tej
Provision for doubtful debts account

| Date | Details | \$ | Date | Details | \$ |
| :---: | :---: | :---: | :---: | :---: | :---: |
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