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.

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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

S

7 February 2021 3400 13 August 2021 3500

Electricity payments

\$

14 October 2020 1800 24 January 2021 1800 26 May 2021 1800

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.

Karishma Insurance account

Date	Details	\$	Date	Details	\$

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		************	************		

Electricity account

Date	Details	\$	Date	Details	\$
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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

)	Advise Karishma whether she should change to the new electricity supplier. Justify your answer with two advantages and two disadvantages of changing supplier.
	1
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	(5)

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

Date	Details	\$ Date	Details	s

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[4]

d)	Identify the section of the	statement of fina	ancial position	at 30	September	2021 i	n which	the
	balance on the rent receiv	able account wo	ould appear.					

[1]

[Total: 20]

Question 2

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

	Cost	Accumulated depreciation	Net book value
Fixtures	\$	\$	\$
	115,000	77625	37375

During the year ended 31 December 2020 the following transactions took place.

On 1 January 2020 fixtures, \$30,000, 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

Date 2020	Details	\$	Date	Details	\$
Jan 1	Balance b/d	115000			

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Provision for depreciation of fixtures account

Date	Details	\$ Date 2020	Details	\$
		 Jan 1	Balance b/d	77625

(d) Prepare the fixtures disposal account for the year ended 31 December 2020.

Jas Fixtures disposal account

Date	Details	\$ Date	Details	\$

[8]

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 pre	epaid)	300
For the year ended 28 Februar	y 2021	
Rent charge for the year	and the second	3900
Cheque payments for rent	30 June 2020	1950
Control of the Contro	30 November 2020	2100
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	S	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	s	Date	Details	\$
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