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Candlelight Inc.

BTRN

You are employed by Candlelight Incorporated as an accounts assistant. The business has a manual accounting system and double entry takes place in the main ledger. Individual accounts for Receivables are kept as memorandum accounts in the sales ledger. The VAT rate is 20%.

- a) The following credit transactions all took place on 31st October 2016. They have been recorded in the Sales Day Book but no entries have yet been made in the ledgers.

Sales Day Book

Date	Details	Invoice number	Total £	VAT £	Net £
31-Oct	Titania Traders	754	2,430	405	2,025
31-Oct	Lysander Ltd	755	3,306	551	2,755
31-Oct	Helena and Co	756	4,140	690	3,450
31-Oct	Oberon Operations	757	2,100	350	1,750
	Totals		11,976	1,996	9,980

What will be the entries in the Sales Ledger?

Account Name	Amount £	Dr	Cr
Titania Traders	2,430	DR	
Lysander Ltd	3,306	DR	
Helena and Co	4,140	DR	
Oberon Operations	2,100	DR	

What will be the entries in the main ledger?

Account Name	Amount £	Dr	Cr
SLCA	11,976	DR	
SALES	9,980		CR
VAT	1,996		CR

b)

The following transactions all took place on 31st October 2016 and have been entered into the sales returns day book as shown below. No entries have yet been made in the ledgers

Sales Returns Day Book

Date	Details	Credit note number	Total £	VAT £	Net £
31-Oct	Lysander Ltd	CN25	900	150	750
31-Oct	Helena and Co	CN26	270	45	225
	Totals		1,170	195	975

What will be the entries in the Sales Ledger?

Account Name	Amount £	Dr	Cr
Lysander Ltd	900		Cr
Helena and Co	270		Cr

What will be the entries in the Main Ledger?

Account Name	Amount £	Dr	Cr
SLCA	1,170		Cr
Sales Returns	975	Dr	
VAT	195	Dr	

- c) It is now the 12th November and you have been given the following remittance list. You are to update the payments received to the cash book and the discounts taken to the discounts allowed day book given below.

Lysander Ltd, Cheque No 10265, £2345.85 in full settlement of his account, taking advantage of a 2.5% discount for early settlement.

Titania Traders, cheque No 21278, £2344.95, taking advantage of a 3.5% discount for early settlement.

Cash Received Book

Date	Details	Cheque Number	Bank £	Cash £
12/11	Lysander Ltd	10265	2345.85	
12/11	Titania Traders	21278	2344.95	

Discounts Allowed Day Book

Date	Customer	Credit note number	Total £	VAT £	Net £
12/11	Lysander Ltd	CN 27	60.15	10.02	50.13
12/11	Titania Traders	CN 28	85.05	14.17	70.88

- d) What will be the entries in the Sales Ledger?

Account Name	Amount £	Dr	Cr
Lysander Ltd	2345.85		CR
Lysander Ltd	60.15		CR
Titania Traders	2344.95		CR
Titania Traders	85.05		CR

- e) What will be the entries in the Main Ledger?

Account Name	Amount £	Dr	Cr
SLCA	4836.00		CR
Bank	4690.80	DR	
Discount Allowed	121.01	DR	
VAT	24.19	DR	