

Cambridge A Level 9706 Syllabus

ACCOUNTING

TOPICAL PAPER &

for Cambridge 2020 and CBK UFXG Exams

Questions with Mark Scheme

2020/2021 All variants

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Topic 1

Bank Reconciliation Statement

Accounting 9706
Topical Paper 2

Javaid Iqbal Sabri

03218452121



1 9706/23/M/J/11/Q2 (c,d)

At 30 April 2011 Robbie and Liza had a debit balance in the bank column of their cash book of \$12 000. Their bank statement, however, showed that the partnership had \$9 000 in the bank at that date.

On comparing the cash book with the bank statement the following differences were found:

- 1 Bank charges of \$250 appeared in the bank statement but had not been entered in the cash book.
- 2 Cheques received from customers amounting to \$3750 had been entered in the cash book but had not been credited by the bank.
- 3 A cheque for \$600 received from a debtor had been entered in the cash book but had been returned by the bank marked 'insufficient funds for payment'.
- 4 Cheques issued by the business amounting to \$1600, recorded in the cash book, did not appear in April's bank statement.

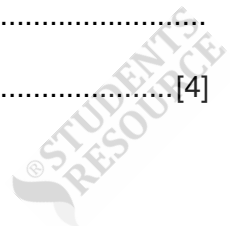
REQUIRED

(a) (i) Update Robbie and Liza's cash book for the month of April 2011.

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.....[4]

(ii) Prepare a bank reconciliation statement at 30 April 2011 to reconcile the bank statement balance with the updated cash book balance.

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2 9706/21/O/N/14/Q1(c,d)

At 31 July 2014 Cha Ya Wen had a debit balance of \$8000 in the bank column of his cash book. His bank statement showed a credit balance of \$5600 at the same date.

On comparing the cash book with the bank statement the following discrepancies were found:

- 1 Bank charges of \$150 appeared in the bank statement but had not been entered in the cash book.
- 2 A credit of \$450 for dividends received had not been entered in the cash book.
- 3 Cheques received from customers amounting to \$3500 had been entered in the cash book but had not yet been credited by the bank.
- 4 A cheque for \$1200 received from a debtor had been returned by the bank marked 'insufficient funds for payment'.
- 5 Cheques issued by the business amounting to \$2000 were recorded in the cash book but did not appear in the bank statement.

REQUIRED

(a) Update the bank columns of Cha Ya Wen's cash book for the month of July 2014.

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(b) Prepare a bank reconciliation statement as at 31 July 2014.

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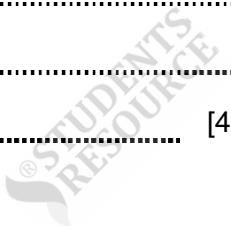
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[4]



3 9706/21/O/N/19/Q2

Jacques is a sole trader.

On 31 January 2019, the balance on the bank statement was \$1875 debit. This did not agree with Jacques’s cash book balance of \$4327 credit.

The following transactions were included **only** on the bank statement.

- 1 A payment for wages of \$850.
- 2 A transfer of \$3500 from Smith, a credit customer.

The following transactions were included **only** in the cash book.

- 1 A cheque payment to a supplier for \$340.
- 2 A receipt of \$560 from a customer.

The following errors have also been identified.

- 1 A direct debit payment for insurance of \$180 had been incorrectly recorded on the bank statement as \$108.
- 2 A standing order for electricity of \$175 had been incorrectly recorded in the cash book as \$275.
- 3 Bank interest paid of \$75 had been recorded as interest received in the cash book.

REQUIRED

(a) Prepare the updated cash book at 31 January 2019. Dates are **not** required.

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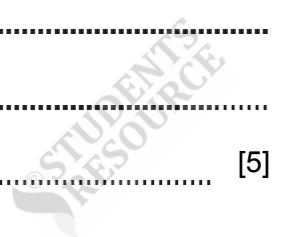
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(b) Prepare the bank reconciliation statement at 31 January 2019.

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(c) State **two** reasons why a business would prepare a bank reconciliation statement.

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..... [2]



4 9706/21/O/N/20/Q2

Noor, a sole trader, prepares bank reconciliation statements at the end of each month.

REQUIRED

(a) State **four** benefits to a business of preparing a bank reconciliation statement.

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[4]

(b) State **two** differences between a bank standing order and a direct debit.

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[2]

Additional information

On 31 October 2019 Noor received the following bank statement for her business account.

Date	Details	Dr \$	Cr \$	Balance \$
1 Oct	Balance b/d			292.22 Cr
3 Oct	Credit		927.40	1 219.62 Cr
6 Oct	Direct debit: P Ltd	334.80		884.82 Cr
7 Oct	Cheque 626344	118.48		766.34 Cr
9 Oct	Cheque 626346	723.21		43.13 Cr
18 Oct	Credit transfer: Tahir		184.95	228.08 Cr
21 Oct	Bank charges	59.60		168.48 Cr
22 Oct	Direct debit: Ayesha	172.80		4.32 Dr
24 Oct	Credit		841.67	837.35 Cr
27 Oct	Cheque 626347	1 206.22		368.87 Dr
29 Oct	Credit transfer: H Ltd		229.48	139.39 Dr



Noor’s cash book (bank columns) for October 2019 was as follows.

Cash Book (bank columns)					
		\$			\$
Oct			Oct		
	1	Balance b/d	2	Z Ltd (cheque 626344)	118.48
	1	Sales	4	J Ltd (cheque 626345)	276.93
	22	Tahir (credit transfer)	5	Ayan (cheque 626346)	723.21
	23	Sales	6	P Ltd (direct debit)	334.80
	29	Sales	22	Huma (cheque 626347)	1206.22
	31	Balance c/d	26	Usman (cheque 626348)	985.33
		3644.97			3644.97
			Nov	1	Balance b/d
					625.48

REQUIRED

(c) Prepare Noor’s updated cash book.

Cash Book (bank columns)					
		\$			\$
				Balance b/d	625.48

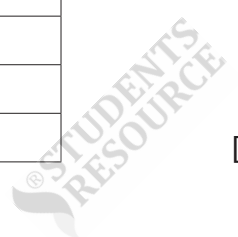
[4]

(d) Prepare a bank reconciliation statement at 31 October 2019.

Start with the balance per the bank statement.

Bank reconciliation statement at 31 October 2019

	\$
Balance per bank statement	



[5]

Topic 2

Control Accounts

Accounting
9706 Topical
Paper 2

Javaid Iqbal Sabri

03218452121



1 9706/21/O/N/16/Q2

Raheem is a trader who makes all his sales on credit. He prepared the following sales ledger control account for the month of December 2015:

	\$		\$
Balance b/d	22 380	Sales returns journal	1 440
Sales journal	16 910	Bank	17 380
	<u>39 290</u>	Balance c/d	<u>20 470</u>
Balance b/d	20 470		<u>39 290</u>

Raheem extracted a list of customer account balances from the sales ledger at 31 December 2015 totaling \$18 740. This did not agree with the balance on the control account.

The following errors were found:

- 1 A sales invoice for \$960 had been correctly recorded in the sales journal, but had not been posted to the customer’s ledger account.
- 2 A customer’s irrecoverable debt of \$250 had not been written off in any of Raheem’s books of account.
- 3 A cheque received, \$670, from a customer had been correctly recorded in the cash book. It had been entered on the debit side of the customer’s ledger account as \$760.
- 4 A cheque received, \$200, from a customer had been returned unpaid by the customer’s bank. No entry in respect of the returned cheque had been made in any of Raheem’s books of account.
- 5 Discounts allowed of \$830 had not been entered in the control account. They had been entered in the customers’ ledger accounts.
- 6 A contra to the purchases ledger of \$1370 had been entered in the customer’s sales ledger account, but had not been included in the control account.

REQUIRED

- (a) Prepare the updated sales ledger control account for the month of December 2015. Start your answer with the balance brought down of \$20 470.

Sales ledger control account

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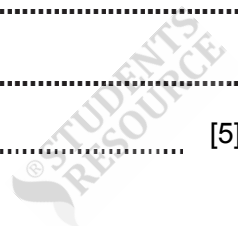
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[5]



(b) Prepare a statement to reconcile the original total of sales ledger balances of \$18 740 with the closing balance on the amended sales ledger control account.

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..... [5]

(c) State **three** advantages to a business of maintaining a sales ledger control account.

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..... [3]

(d) State **two** types of errors that will **not** be identified by producing a sales ledger control account.

1

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2

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..... [2]



2 9706/21/M/J/17/Q3

Meena did not keep full accounting records. She was advised to keep her books of account using the double entry system.

REQUIRED

(a) State three benefits a business gains from maintaining a system of double entry book-keeping.

- 1
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- 2
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- 3
- [3]

Additional information

Meena now uses the double entry system of book-keeping. At the end of January the total of the balances in the sales ledger was \$34 524. However, the balance on the sales ledger control account was \$33 205.

On investigation she found the following errors:

- 1 The sales journal had been undercast by \$1649.
- 2 A cheque received had been correctly entered in the cash book as \$650 but was entered in the sales ledger as \$560.
- 3 An irrecoverable debt, \$420, had been written off in the sales ledger but not entered in the control account.
- 4 A credit note issued for \$160 had been completely omitted from the books of account.



REQUIRED

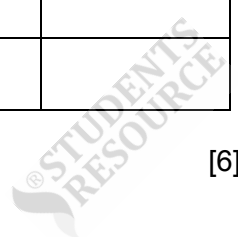
- (b) Prepare a reconciliation between the sales ledger control account and the sales ledger balances at 31 January.

Sales ledger control account

Description	Add (\$)	Less (\$)	Total (\$)
Opening balance			33 205

Sales ledger balances

Description	Add (\$)	Less (\$)	Total (\$)
Opening balance			34 524



[6]

(c) State **three** reasons why there might be a credit balance on a customer’s account in the sales ledger.

1

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2

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3

..... [3]

Additional information

Meena is considering charging interest on the full account balances of her customers who do not pay promptly.

REQUIRED

(d) Advise Meena whether or not she should take this course of action. Justify your answer.

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..... [3]



3 9706/22/O/N/17/Q2

Trott provided the following information for the year ended 30 April 2017:

	\$
Sales ledger control account balance	93 185
Sales ledger balances	78 370

The following errors were identified:

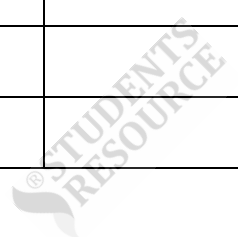
- 1 The sales journal total had been overcast by \$30 420.
- 2 A dishonoured cheque for \$9745 had not been entered in the customer's account.
- 3 Interest charged on an overdue amount, \$720, had been completely omitted from the books of account.
- 4 The sales returns journal had been overcast by \$4560.
- 5 Discount allowed of \$1520 had been completely omitted from the books of account.
- 6 Receipts from credit customers entered in the cash book had been overcast by \$18 965.
- 7 An irrecoverable debt of \$1825 had been written off in the sales ledger control account but no entry had been made in the customer's account.

REQUIRED

- (a) Complete the following tables to update the sales ledger control account balance and the sales ledger balances at 30 April 2017.

Sales ledger control account

Description	Add (\$)	Less (\$)	Total (\$)
Opening balance			93 185



Sales ledger balances

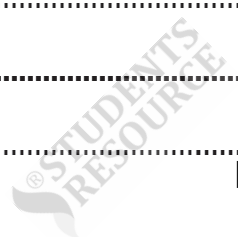
Description	Add (\$)	Less (\$)	Total (\$)
Opening balance			78 370

[11]

(b) State **four** advantages to a business of preparing a sales ledger control account.

- 1
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- 2
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- 3
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- 4
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[4]



4 9706/21/M/J/19/Q2

Lawrence provided the following information at 30 November 2018.

	\$
Purchases ledger control account balance	16 970
Sales ledger control account balance	42 350

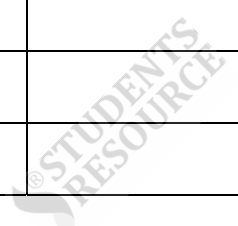
These did not agree with the list of balances taken from the purchases ledger and sales ledger respectively. The following items were discovered:

- 1 A discount received of \$280 had been omitted from the books.
- 2 A credit note for a sales returns of \$230 had been treated as a sales invoice and entered in the sales journal.
- 3 An irrecoverable debt of \$190 had been written off in the sales ledger. No entry had been made in the control account.
- 4 A contra entry for \$1070 had been debited twice in the purchases ledger control account.
- 5 A payment of \$120 to a credit supplier had not been recorded.
- 6 Discount allowed of \$70 had been posted to the debit side of both the sales ledger control account and the purchases ledger control account.
- 7 Lawrence owes Kalim \$380 and Kalim owes Lawrence \$1590. They have agreed to set off the balance, on Lawrence’s account in Kalim’s sales ledger.
- 8 A customer’s dishonoured cheque had been entered in the cash book as \$1560 instead of \$1650.

REQUIRED

(a) (i) Prepare the corrected purchases ledger control account at 30 November 2018.

	\$		\$
		Balance b/d	16 970



[4]

(ii) Prepare the corrected sales ledger control account at 30 November 2018.

	\$		\$
Balance b/d	42 350		

[5]

(b) Explain what is meant by the term 'error of commission'.

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(c) Explain the effect on a business of not updating:

(i) customers' accounts in the sales ledger

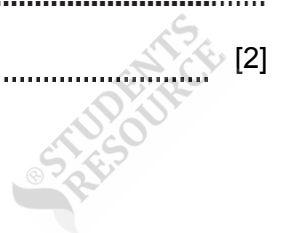
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(ii) suppliers' accounts in the purchases ledger.

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[Total: 15]

5 9706/23/M/J/19/Q3

Cheng, a sole trader, maintains control accounts.

REQUIRED

(a) Explain **two** benefits to a business of maintaining control accounts.

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..... [4]

Additional information

At 31 December 2018, Cheng's bookkeeper prepared a purchases ledger control account and a sales ledger control account. However, the balances of the control accounts did not agree with the total of the individual balances recorded in the relevant ledgers. The details were as follows:



	\$	
Purchases ledger		
Total of ledger accounts	18 496	
Control account balance	18 981	
Sales ledger		
Total of ledger accounts	11 117	
Control account balance	12 385	

Cheng’s bookkeeper has discovered the following:

- 1 Cash sales of \$480 had been recorded in the sales ledger control account.
- 2 A credit note for \$228 had been recorded as \$282 in both the purchases returns journal and the supplier’s account.
- 3 The account of a customer with a balance of \$485 had been set off against his account in the purchases ledger. No record of this transaction had been made in the purchases ledger control account.
- 4 Interest of \$67 charged by a trade supplier on an overdue account had not been recorded in the books of account.
- 5 A dishonoured cheque of \$394 had been correctly recorded in the cash book but had been posted to the credit side of the customer’s account.

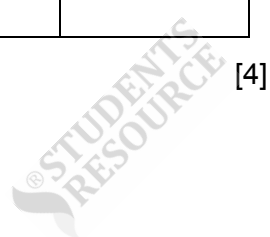
REQUIRED

(b) Prepare a corrected:

(i) Purchases ledger control account

	\$		\$
		Balance b/d	18 981

[4]



(ii) Sales ledger control account

	\$		\$
Balance b/d	12 385		

[2]

(c) Calculate amended totals for the:

(i) purchases ledger accounts

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[3]

(ii) sales ledger accounts.

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