

**PRINCIPLES OF ACCOUNTS**  
**SBA Assignment for June 2021 Examination**

The owner of a sole proprietorship has assigned you the task of completing the accounting records for the month of February 2020. Transactions details are presented below.

The ledger account balances as at February 1, 2020 were as follows:

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Equipment	6,664	
Inventory	1,669	
Accounts Receivable	6,771	(Y.Yarde - \$3,538; J.Sealy - \$3,233)
Cash at Bank	2,193	
Cash at Hand	68	
Accounts Payable	7,088	(A. Ward - \$4,003; N. Broomes - \$3,085)
Loan (3 month)	1,875	
Capital	8,402	

The following transactions took place during the month of February:

Feb-02-18	Purchased goods on credit from A. Ward, \$2,639, Invoice No. 3187.
Feb-03-18	Paid rent, \$550, Cheque No. 412
Feb-04-18	Cash purchases, \$1,985, Cheque No. 413
Feb-04-18	Sold goods on credit to Y. Yarde, \$4,798, Invoice No. 1515.
Feb-04-18	Received payment on account by cheque from Y. Yarde, \$1,238. Issued Cash Receipt No. 163.
Feb-05-18	Received payment on account by cheque from J. Sealy, \$3,000. Issued Cash Receipt No. 164.
Feb-05-18	Cash received from sale of goods, \$1,920.
Feb-08-18	Made payment on account to A. Ward, \$2,400, Cheque No. 414.
Feb-08-18	Deposited cash at the bank, \$1,500.
Feb-09-18	Purchased goods on credit from N. Broomes, \$2,573, Invoice No. 5231.
Feb-09-18	Sold goods on credit to Y. Yarde, \$4,050, Invoice No. 1516.
Feb-10-18	Cash purchases, \$325, Cheque No. 415.
Feb-11-18	Goods returned to us by Y. Yarde, \$457, Credit Note No. 308.
Feb-12-18	Cash received from sale of goods, \$1,925.
Feb-15-18	Deposited cash on the bank, \$1,800.
Feb-16-18	Owner withdrew \$200 from cash on hand for personal use.
Feb-16-18	Sold goods on credit to J. Sealy, \$754, Invoice No. 1517.
Feb-18-18	Paid utilities expenses, \$280, Cheque No. 416.
Feb-19-18	Purchased goods on credit from N. Broomes, \$1,712, Invoice No. 6312.
Feb-19-18	Cash received from sale of goods, \$2,624.
Feb-19-18	Goods returned to us from J. Sealy, \$73, Credit Note No. 309.
Feb-22-18	Deposited cash at the bank, \$2,125.
Feb-22-18	Purchased goods on credit from N. Broomes, \$2,940, Invoice No. 6397.
Feb-23-18	Made payment on account to N. Broomes, \$5,845, Cheque No. 417.
Feb-26-18	Paid \$625 towards the loan, Cheque No. 418.
Feb-26-18	Received payment on account by cheque from Y. Yarde, \$3,187, Issued Cash Receipt No. 165.
Feb-26-18	Cash received from sale of goods, \$2,560.
Feb-26-18	Paid salaries, \$1,800, Cheque No. 419.
Feb-26-18	Deposited cash at the bank, \$2,650.
Feb-28-18	Depreciation expense for the month on equipment, \$139.

Additional Information:

The closing stock on February 28, 2020 was valued at \$891.

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Required:

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| Task 1  | Aims of the project  |
| Task 2  | Information about the business   |
| Task 3  | Draw up the General Journal and prepare journal entries to record:<br>(a) The financial position of the business at February 1, 2020<br>(b) Depreciation expense for the month of February |
| Task 4  | Draw up the Sales Journal, Purchases Journal, Sales Returns Journal and Cash Book and record the relevant transactions.  |
| Task 5  | (a) Enter the account balances as at February 1, 2020 in the relevant ledger accounts.<br>(b) Post the transaction from the Journals to the relevant ledger accounts.                      |
| Task 6  | Close the nominal/temporary accounts to the Income Statement at February 28.   |
| Task 7  | Balance off the permanent accounts at February 28 and carry forward the balances to March 1.   |
| Task 8  | Income Statement for the month ended February 28, 2020.  |
| Task 9  | Statement of Financial Position as at February 28, 2020.   |
| Task 10 | Report on the performance of the business.   |
| Task 11 | Recommendations for improving business performance.  |
| Task 12 | Conclusion (related to aims)   |
| Task 13 | 4 Source Documents (Invoice, cash receipt, banking document, credit note).   |
| Task 14 | Relevant graphs and diagrams.  |