**Question 26**

Robert Rose owns a business which specialises in golf equipment. Credit customers are offered the following terms:

Trade discount 10%

VAT 20%

Cash discount 5% one month

On 31 March 2011, a statement of account is sent to Terry Woods containing the following details:

1 March Balance due £600·00 (for items bought on 22 and 27 February).

7 March Terry Woods bought equipment costing £780·00 (before the above terms were applied).

10 March Terry Woods paid Robert Rose £570·00 by cheque, in full settlement of the balance outstanding on 1 March.

Robert Rose then issued a Terry Woods credit note for a VAT refund for the amount of VAT that was included on the original invoices that now no longer needs to be paid. The VAT on the original invoices amounted to £100·00.

15 March Terry Woods returned some of the equipment purchased on 7 March, as it was faulty. The value of the goods (**after** the above terms were applied) was £265·00.

Complete the Statement of Account (on the worksheet provided) to be sent to Terry Woods on 31 March.

|  |  |
| --- | --- |
| **Total marks** | 10 |

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| [watering flowers in garden centre - stock photo](http://www.shutterstock.com/subscribe.mhtml) | | | |  | | |  | | | |  | | |
| **Statement of Account** | | | | | | |  | | |
| **Robert Rose Golf Supplies** | | | | | | | | | |
| 18 Fairview Road | | | | | | | | | |
| Glasgow | | | |  | | | | | |
| G19 4FR | | | | Tel: 0141 423 1212 | | | | | |
|  | | |  | | | | | | |  | |  | |
|  | | |  | | | | | | |  | |  | |
| To: | Terry Woods | | | | | | | VAT No: 135 787 337 | | | | | |
|  | “The Bunker” | | | | | | |  | | | |  | |
|  | AYR  ST1 1AR | | | | | Date: 31 March | | | | | | | |
| **Date** | | **Details** | | | **Debit** | | | | **Credit** | | | | **Balance** |
|  | |  | | |  | | | |  | | | |  |

| **Question** | **Expected answer(s)** | **Max mark** | **Additional guidance** |
| --- | --- | --- | --- |
| **26** | |  |  |  |  |  | | --- | --- | --- | --- | --- | | **Date** | **Details** | **Debit** | **Credit** | **Balance** | | 1 Mar | Balance | 600·00 |  | 600·00 | | 7 Mar | Sales and VAT | 842·40 |  | 1,442·40 | | 10 Mar | Bank |  | 570·00 | 872·40 | | 10 Mar | VAT Refund |  | 5·00 | 867·40 | | 10 Mar | Discount Allowed |  | 25·00 | 842·40 | | 15 Mar | Returns |  | 265·00 | 577·40 | | **1**  **3**  **1**  **2**  **1**  **1**  **1** | Any figure entered as Dr **(1)**  **PLUS**  780 x 90% = 702 **(1)**  702 x 20% = 140·40  702 + 140·40 = 842·40 **(1)**  Any figure entered as Cr **(1)** £100·00 x 5% = £5·00 **(1)**  (Consequential on VAT calculation.)  For arithmetically correct closing balance, dates and nomenclature. |
|  | **Total marks** | **10** |  |