

Chapter 2

Level I

E2.8 *Time allowed – 45 minutes*

His background and experience more than adequately equipped William Bunter to set up Bunter's Tuck Shop close to a large local school, Greyfriars. The Tuck Shop sold individual buns to children at lunch and break times and in bulk to another shop, Singh's Cakes, on the other side of town. Billy's mother had financed the Tuck Shop project by transferring £15,000 into the Tuck Shop bank account on 31 December 2000.

During January 2001, the first four weeks of business, the Tuck Shop recorded the following transactions:

	£	
Receipt of transfer from Mrs Bunter	15,000	week 1
Purchase of a 5 year lease on the shop by cheque	10,000	week 1
Purchase of shop fittings by cheque	2,500	week 1
Purchase of a computer on 2 weeks credit	1,500	week 2
Cash paid for till rolls and computer stationery	325	week 2
Purchases of buns from Master Baker Ltd, payable one week later (3,500 buns at 40p each)	1,400	weeks 1, 2, 3 &4
Sales of buns to children for cash (1,500 buns at 70p each)	1,050	weeks 1, 2, 3 &4
Sales of buns to Singh's Cakes, receivable one week later (1,800 buns at 60p each)	1,080	weeks 1, 2, 3 &4
Purchases of buns from Master Baker Ltd, payable one week later (2,700 buns at 40p each)	1,080	week 4

Prepare a simple profit and loss account in tabular format for each of the first four weeks of business and show the weekly cumulative profit or loss and the four week totals.

E2.9 *Time allowed – 45 minutes*

Using the data from Exercise E2.8 prepare a simple cash flow statement in tabular format for each of the first four weeks of business and show the weekly opening and closing balances and the four week totals.

E2.10 *Time allowed – 45 minutes*

Using the data from Exercise E2.8 prepare a simple balance sheet in tabular format for each of the first four weeks of business and show the four week totals.