



ACCOUNTING FUNDAMENTALS (LCB4001)

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Task 1

(a) <u>Journal Entries in the Books of Maxim</u> (b)			
			(In £)
<u>Date</u>	<u>Particulars</u>	<u>Debit</u>	<u>Credit</u>
05-04-18	Cash A/c Dr.	300	
	To Capital A/c		300
	(Being Capital introduced in the business)		
07-04-18	Purchases A/c Dr.	200	
	To Cash A/c		200
	(Being goods is purchased)		
08-04-18	Cash A/c Dr.	250	
	To Tatiana A/c		250
	(Being loan is received from Tatiana)		
15-04-18	Motor Van A/c Dr.	150	
	To Cash A/c		150
	(Being Motor van purchased in cash)		
20-04-18	Cash A/c Dr.	350	
	To Sales A/c		350
	(Being goods is sold)		
28-04-18	Rent A/c Dr.	50	
	To Cash A/c		50
	(Being rent is paid in cash)		
29-04-18	Tatiana A/c Dr.	200	
	To Cash A/c		200
	(Being part of loan is repaid)		

30-04-18	Capital A/c Dr.	60	
	To Cash A/c		60
	(Being cash is withdrawal by owner)		

	Capital Account		
Drawings	60.00	Cash	300.00
Bal c/f	240.00		
	300		300
		Bal b/f	240

	Cash Account		
Capital	300.00	Purchases	200.00
Loan	250.00	Loan repayment	200.00
Sales	350.00	Motor van	150.00
		Rent	50.00
		Drawings	60.00
		Bal c/f	240.00
	900.00		900
Bal b/f	240		

Purchases Account			
Cash	200.00	Cost of goods sold	100.00
		Closing stock	100.00
	200.00		200

Loan Account			
Cash	200.00	Cash	250.00
Balance c/f	50.00		
	250.00		250.00
		Bal b/f	50.00

Motor Van Account			
Cash	150.00	Bal c/f	150.00
	150.00		150
Bal b/f	150.00		

Sales Account			
Bal c/f	350.00	Cash	350.00
	350.00		350.00
		Bal b/f	350.00

	Rent Expense Account		
Cash	50.00	Bal c/f	50.00
	50.00		50.00
Bal b/f	50.00		

	Drawings Account		
Cash	60.00	Capital	60.00
	60.00		60.00
Bal b/f	60.00		

	Stock Account		
closing stock	100.00	Bal c/f	100.00
	100.00		100.00
Bal b/f	100.00		

MAXIM BAKERY		
Trial Balance		
As at 30th April		
	Dr	Cr
Capital		240.00

Cash	240.00	
Loan		50.00
Motor Van	150.00	
Sales		350.00
Cost of goods sold	100.00	
Rent Expense	50.00	
Stock	100.00	
	640.00	640.00

MAXIM BAKERY	
Statement of Profit and Loss	
As of 30th April	
Sales	350.00
less cost of goods sold	100.00
Gross profit	250.00
Expenses	
Rent Expense	50.00
Total expenses	50.00
NET PROFIT (Net Income)	200.00

MAXIM BAKERY	
Statement of financial position	
As at 30th April	
	USD
Assets	
Non-Current Assets	
Motor Van	150.00
	150.00
Current Assets	
Inventories	100.00
Cash and cash equivalents	240.00
	340.00
Total Assets	490.00
Equity and Liabilities	
Equity	
Share Capital	300.00
less: Drawings	60.00
Retained earnings	200.00
Total Equity	440.00
Current liabilities	
Loan	50.00
Total current liabilities	50.00
Total liabilities	50.00
Total equity and liabilities	490.00

TASK 2:

(a) Journal Entries in the books of Pendo for the month of January			
			(In £)
Date	Particulars	Debit	Credit
01-01-18	Cash A/c Dr.	5000	
	To Capital A/c		5000
	(Being Capital is introduced in the business)		
02-01-18	Motor Van A/c Dr.	600	
	To Cash A/c		600
	(Being Motor Car is purchased in cash)		
03-01-18	Purchases A/c Dr.	1300	
	To Cash A/c		1300
	(Being goods is purchased)		
04-01-18	Cash A/c Dr.	1000	
	To Sergei A/c		1000
	(Being loan is received from Sergei)		
10-01-18	Motor Van Expenses A/c Dr.	200	
	To Cash A/c		200
	(Being Expenses is paid on motor van)		
13-01-18	Cash A/c Dr.	300	
	To Sales A/c		300
	(Being goods is sold on cash)		
20-01-18	Cash A/c Dr.	500	
	To Sales A/c		500
	(Being goods is sold on cash)		
24-01-18	Storage Expenses A/c Dr.	150	
	To Cash A/c		150

	(Being storage Expense is paid)		
27-01-18	Sergei A/c Dr.	350	
	To Cash A/c		350
	(Being part of loan is repaid to Sergei)		
30-01-18	Capital A/c Dr.	175	
	To Cash A/c		175
	(Being Cash is Withdrawal from business)		

	Capital Account		
Drawings	175.00	Cash	5,000.00
Balance c/f	4,825.00		
	5,000.00		5,000.00
		Bal b/f	4,825.00

	Cash Account		
Capital	5,000.00	Motor Van	600.00
Loan	1,000.00	Purchases	1,300.00
Sales	300.00	Motor van expenses	200.00
Sales	500.00	Storage expenses	150.00
		Loan	350.00
		Drawing	175.00
		Balance c/f	4,025.00

	6,800.00		6,800.00
Bal b/f	4,025.00		

	Purchases Account		
Cash	1,300.00	Closing Inventory	800.00
		Cost of goods sold	500.00
	1,300.00		1,300.00

	Loan Account		
Cash	350.00	Cash	1,000.00
Balance c/f	650.00		
	1,000.00		1,000.00
		Bal b/f	650.00

	Motor Van Account		
Cash	600.00	Balance c/f	600.00
	600.00		600
Bal b/f	600.00		

	Sales Account		
Bal c/f	800.00	Cash	300.00
		Cash	500.00
	800.00		800.00
		Bal b/f	800.00

	Motor Van Expense Account		
Cash	200.00	Bal c/f	200.00
	200.00		200.00
Bal b/f	200.00		

	Storage Expenses Account		
Cash	150.00	Bal c/f	150.00
	150.00		150.00
Bal b/f	150.00		

	Drawings Account		
Cash	175.00	Capital	175.00
	175.00		175.00

	Stock Account		
Closing stock	800.00	Bal c/f	800.00
	800.00		800.00
Bal b/f	800.00		

Pendo Furniture		
Trial Balance		
As at 31st January		
	Dr	Cr
Capital		4,825.00
Cash	4,025.00	
Loan		650.00
Motor Van	600.00	
Sales		800.00
Cost of goods sold	500.00	
Motor van expense	200.00	
Storage expense	150.00	
Closing Inventory	800.00	
	6,275.00	6,275.00

Pendo Furniture	
Statement of Profit and Loss	
As of 31st January	
Sales	800.00
less cost of goods sold	500.00
Gross profit	300.00
Expenses	
Motor van expense	200.00
Storage expense	150.00
Total expenses	350.00
NET PROFIT / Loss (Net Income)	- 50.00

Pendo Furniture	
Statement of financial position	
As at 31st January	
Assets	
Non-Current Assets	
Motor Van	600.00
	600.00
Current Assets	
Inventories	800.00

Cash and cash equivalents			4,025.00
			4,825.00
Total Assets			5,425.00
Equity and Liabilities			
Equity			
Share Capital			5,000.00
less: Drawings			175.00
Retained earnings			- 50.00
			4,775.00
Current liabilities			
Loan			650.00
Total current liabilities			650.00
Total liabilities			650.00
Total equity and liabilities			5,425.00

TASK 3:**Journals**

<u>(a) Journal Entries In the Books of Mufta</u>			
			(In £)
Date	Particulars	Debit	Credit
02-01-18	Harvey A/c Dr.	124	
	To Sales A/c		124
	(Being Goods sold to Harvey on credit)		
05-01-18	Wages A/c Dr.	12	
	To Cash A/c		12
	(Being wages paid in cash)		
05-01-18	Purchases A/c Dr.	150	
	To Rich A/c		150
	(Being goods purchased on credit from rich)		
07-01-18	Cash A/c Dr.	18	
	To Smith A/c		18
	(Being smith settled his dues)		
09-01-18	Max A/c Dr.	21	-
	To Cash A/c		21
	(Being amount paid owing to max)		
11-01-18	Cash A/c Dr.	64	
	To Sales A/c		64
	(Being goods sold in cash)		
14-01-18	Wages A/c Dr.	14	
	To Cash A/c		14
	(Being wages paid in cash)		

14-01-18	Purchases A/c Dr.	75	
	To Cash A/c		75
	(Being goods purchased in cash)		
15-01-18	Rich A/c Dr.	162	
	To Cash A/c		162
	(Being amount is paid to rich)		
20-01-18	Furniture and Fittings A/c Dr.	32	
	To Cash A/c		32
	(Being office desk is purchased in cash)		
21-01-18	Wages A/c Dr.	17	
	To Cash A/c		17
	(Being wages paid in cash)		
21-01-18	Cash A/c Dr.	110	
	To Sales A/c		110
	(Being goods sold in cash)		
23-01-18	Office expenses A/c Dr.	3	
	To Cash A/c		3
	(Being Office expenses paid in cash)		
23-01-18	Cash A/c Dr.	25	
	To Harvey A/c		25
	(Being Cash is received from Harvey)		
28-01-18	Cash A/c Dr.	84	
	To Sales A/c		84
	(Being goods sold in cash)		
28-01-18	Wages A/c Dr.	15	

	To Cash A/c		15
	(Being wages paid in cash)		
31-01-18	Cash A/c Dr.	30	
	To Sales A/c		30
	(Being goods sold in cash)		

	Office Expense Account		
Cash	3.00	Bal c/f	3.00
	3.00		3.00
Bal b/f	3.00		

	Cash Account		
Balance b/f	343.00	Wages	12.00
Accounts receivable:Smith	18.00	Accounts payables:Smith	21.00
Sales	64.00	Wages	14.00
Sales	110.00	Purchase	75.00
Accounts receivable:Harvey	25.00	Accounts payables:Rich	162.00
Sales	84.00	Office desk	32.00
Sales	30.00	wages	17.00

		Office expense	3.00
		wages	15.00
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		Balance c/f	323.00
	674.00		674.00
Bal b/f	323.00		

	Inventory Account		
Balance b/f	458.00		
Rich: Accounts Payables	150.00	cost of goods sold	309.00
Cash	75.00		
		Balance c/f	374.00
	683.00		683.00
Bal b/f	374.00		

	Wages Expenses Account		
Cash	12.00	Bal c/f	58.00
Cash	14.00		
Cash	17.00		
cash	15.00		
	58.00		58.00
Bal b/f	58.00		

	Sales Account		
Bal c/f	412.00	Harvey	124.00
		Cash	64.00
		Cash	110.00
		Cash	84.00
		Cash	30.00
	412.00		412.00
		Bal b/f	412.00

	Accounts Payables Account		
Cash	21.00	Rich:Bal b/f	12.00
Cash	162.00	Max:Bal b/f	21.00
		Sales:Rich	150.00
	183.00		183.00

	Furniture and Fittings Account	
Balance b/f	198.00	Balance c/f
Office desk	32.00	
	230.00	
Balance b/f	230.00	

	Accounts Receivables Account		
Smith:Bal b/f	18.00	Cash	18.00
Harvey:Bal b/f	39.00	Harvey cash payment	25.00
Moon:Bal b/f	26.00		
Harvey	124.00	bal c/f	164.00
	207.00		207.00
Bal b/f	164.00		

Mafuta			
Trial Balance			
As at 31st January			
	Dr	Cr	
Furniture and fittings	230.00		
Cash	323.00		
Accounts Receivable	164.00		
Sales		412.00	
Cost of goods sold	309.00		
Office expense	3.00		
Wages expense	58.00		
Capital		1,049.00	
Closing Inventory	374.00		
	1,461.00	1,461.00	

Mafuta	
Statement of Profit and Loss	
As of 31st January	
Sales	412.00
less cost of goods sold	309.00
Gross profit	103.00

Expenses	
Office expense	3.00
Wages expense	58.00
Total expenses	61.00
NET PROFIT/Loss (Net Income)	42.00

Mafuta				
Statement of financial position				
As at 31st January				
Assets				
Non-Current Assets				
Furniture and fittings				230.00
				230.00
Current Assets				
Inventories				374.00
Accounts Receivables				164.00
Cash and cash equivalents				323.00
				697.00

Total Assets			927.00
Equity and Liabilities			
Equity			969.00
Retained earnings			42.00
Total Equity			927.00
Current liabilities			
Accounts Payable			-
Total current liabilities			-
Total liabilities			-
Total equity and liabilities			927.00

TASK 4:

	Sales Account		
balance c/f	28,500.00	Accounts receivable (Claire)	8,500.00
		Accounts receivable (Huwel)	9,000.00
		Cash (Jane)	6,000.00
		Accounts receivable (Mandy)	5,000.00
	28,950.00		28,950.00
		balance b/f	28,500.00

	Accounts Receivable Account		
Sales (Claire)	8,500.00	Sales Returns	1,000.00
Sales (Huwel)	9,000.00	Cash: Claire	7,500.00
Sales	5,000.00	Cash: Hywel	9,000.00
		balance c/f	5,000.00
	22,500.00		22,500.00
balance b/f	5,000.00		

	Discount Offered Account		
balance c/f	825.00	Discount on sales	450.00
		Discount on sales	375.00
	825.00		825.00
		balance c/f	825.00

	Discount Expense Account		
Discount on sales	450.00	balance c/f	825.00
Discount on sales	375.00		
	825.00		825.00
balance b/f	825.00		

	Cash Account		
Sales	6,000.00	Accounts payable	11,160.00
Accounts receivable	7,125.00	Accounts payable	4,410.00
Accounts receivable	9,000.00	balance c/f	6,555.00
	22,125.00		22,125.00
balance b/f	6,555.00		

	Sales Returns Account			
Accounts receivable	1,000.00	balance c/f	1,000.00	
	1,000.00		1,000.00	

balance b/f	1,000.00			
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	Discount Received Account		
Discount Revenue	840.00	balance c/f	930.00
Discount Revenue	90.00		
	930.00		930.00
balance c/f	930.00		

	Discount Revenue Account		
balance c/f	930.00	Discount on Purchases	840.00
		Discount on Purchases	90.00
	930.00		930.00
		balance c/f	930.00

Ricardo		
Trial balance		
at 27th June		
	Dr	Cr
Sales		28,950.00
Accounts receivable M	5,000.00	
Accounts payable		
Discount expenses	825	
Discount revenue		930
Cash	6,555.00	
Sales Returns	1000	
Cost of goods sold	16,500.00	
	29,880.00	29,880.00

TASK 5:

Capital expenditures are those which will increase the value of an Assets or which are spent to purchase the replacement of fixed assets -

These expenditures do not reoccur very often.

Revenue expenditures are those which are reoccurring and do not increase the value of assets i.e. maintenance, repair etc.

To make them understand, these could be classified with examples

Capital Expenditure:

→ Assets purchase

Revenue Expenditure:

→ Repairing

→ Assets upgrade

→ Installation cost of assets

→ Maintenance

→ Repairing expenses

(Accounting and Finance for Non-specialists, 2013)

References

Accounting and Finance for Non-specialists (2013), 8th edition, Pearson: London