

Assignment 1

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Moodle Title: Accounting Fundamentals

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Task 1

(a)

Cash			
Particulars	£	Particulars	£
To capital a/c	300	By purchases a/c	200
To loan from Tatiana	250	By motor van a/c	150
To sales a/c	350	By rent a/c	50
		By loan from Tatiana a/c	200
		By drawing a/c	60
		By balance c/d	240

Capital a/c			
Particulars	£	Particulars	£
To drawings a/c	60	By cash a/c	300
To balance c/d	240		

Purchases a/c			
Particulars	£	Particulars	£
To cash a/c	200		
		By trading a/c	200

Drawings a/c			
Particulars	£	Particulars	£
To cash a/c	60	Capital a/c	60

Loan from Tatiana a/c			
Particulars	£	Particulars	£
To cash a/c	200	By cash a/c	250
To balance c/d	50		

Motor van a/c			
Particulars	£	Particulars	£
To cash a/c	150		
		By balance c/d	150

Sales a/c			
Particulars	£	Particulars	£
		By cash a/c	350
To trading a/c	350		

Rent a/c			
Particulars	£	Particulars	£
To cash a/c	50		
		By profit and loss, a/c	50

Inventory a/c			
Particulars	£	Particulars	£
To trading a/c	100		
		By closing a/c	100

(b)

Statement of balance		
Particulars	Debit £	Credit £
Capital		240
Loan from Tatiana		50
Motor van	150	
Cash	240	
Inventory	100	
Purchases a/c	100	
Sales a/c		350
Rent a/c	50	
	<u>640</u>	<u>640</u>

(c)

Profit and loss statement			
Particulars	£	Particulars	£
To opening inventory	0	By sales	350
To purchases	200	By closing inventory	100
To gross profit	250		
	<u>450</u>		<u>450</u>
To rent	50	By gross profit b/d	250
To net profit transferred to capital a/c	200		
	<u>250</u>		<u>250</u>

Balance sheet			
Liabilities	Amount (£)	Assets	Amount (£)
Capital	240	Motor van	150
Loan from Tatiana	50	Cash	240
Net profit	200	Inventory	100
	<u>490</u>		<u>490</u>

Task 2

Date	Transactions and narrations	Dr/ Cr	Amount (£) debit	Amount (£) credit
January				
1	Cash A/C	Dr	5000	
	to Capital A/C			5000
	(being amount invested in the company by Pando)			
2	motor van A/C	Dr	600	
	to cash A/C			600
	(being motor car bought)			
3	Purchases A/C	Dr	1300	
	to cash A/C			1300
	(being new goods purchased)			
4	Cash A/C	Dr	1000	
	To loan from Sergei A/C			1000
	(being loan taken from Sergei)			
10	Motor van expense A/C	Dr	200	
	To cash A/C			200
	(being expenses related to motor car paid)			
13	Cash A/C	Dr	300	
	To sales A/c			300
	(being sales made)			
20	Cash A/C	Dr	500	
	To sales A/c			500
	(being sales made)			
24	storage expenses A/C	Dr	150	
	To cash A/c			150
	(being storage expanses paid off			
27	loan from Sergei A/C	Dr	300	
	To cash A/c			300
	(being some portion of Sergei's loan			

	paid off)			
30	Drawing A/C	Dr	175	
	To cash A/c			175
	(being cash withdrawn from business)			
31	Inventory A/C	Dr	800	
	to trading a/c			800
	(being closing entry made for stock)			

(b)

Cash			
Particulars	£	Particulars	£
to capital A/C	5000	By Purchases A/c	600
To motor van A/C	600	by Motor van expanse A/C	200
To loan from Sergei A/C	1000	by storage expenses A/C	300
to Sales A/c	300	By Drawings A/C	175
to Sales A/c	500	By loan from Sergei A/C	350
		By balance c/d	5775
purchases a/c			
Particulars	£	Particulars	£
To cash A/C	1300		
		by trading A/c	1300

storage expenses A/C			
Particulars	£	Particulars	£
To Cash A/C	150		
		By balance c/d	150

inventory a/c			
Particulars	£	Particulars	£
to trading a/c	800		
		by closing a/c	800

Capital a/c			
Particulars	£	Particulars	£
To drawings A/C	175	By cash a/c	5000
to balance c/d	4825		

sales a/c			
Particulars	£	Particulars	£
		By cash A/C	300
To trading a/c	1000	By cash A/C	500
Motor van expanse			
Particulars	£	Particulars	£
To cash A/c	200		
		By balance c/d	200
motor van			
Particulars	£	Particulars	£
To cash A/c	600		
		By balance c/d	600
Drawings A/C			
Particulars	£	Particulars	£
To Cash A/c	175	By capital A/C	175

profit and loss statement			
Particulars	£	Particulars	£
to opening inventory	0	sales	800
to purchases	1300	by closing stock	800
to gross profit c/d	300		
	<u>1600</u>	-	<u>1600</u>
to Motor van expanse A/C	200		
to storage expenses A/c	150	By gross profit c/d	300
		by net loss	50

balance sheet			
liabilities	Amount (£)	Assets	Amount (£)
capital	4825	motor van	600
loan from Sergei	650	inventory	800
		cash	4025
		net loss	50
	5475		5475

Task 3

(a)

Date	Transactions and narrations	Dr/ Cr	Amount(£) debit	Amount(£) credit
January				
1	cash in hand a/c	Dr.	343	
	inventory a/c	Dr.	458	
	furniture and fittings a/c	Dr.	198	
	receivables a/c			
	Smith	Dr.	18	
	Harvey	Dr.	39	
	Moon	Dr.	26	
	to Rich a/c			12
	To Max a/c			21
	To capital a/c			1049
	(being opening entry made)			
2	Harvey a/c	Dr	124	
	to sales a/c			124
	being good sold on credit to Harvey)			
5	Wages a/c	Dr	12	
	to Cash a/c			12
	(being payment of wages made)			
7	Purchases a/c	Dr	150	
	to Rich			150
	(being Rich purchased goods on credit)			
9	Max a/c	Dr	21	
	to cash a/c			21
	(being amount paid to max that was owened from him)			

11	Cash a/c	Dr	64	
	to sales a/c			64
	(being goods sold in cash)			
14	Wages a/c	Dr	14	
	to cash a/c			14
	(being payment of wages made)			
	purchases a/c	Dr	75	
	to cash			75
	(being goods are purchased by making payment in cash)			
15	Rich a/c	Dr	12	
	to Cash a/c			12
	(being amount repaid to rich)			
20	New office desk a/c	Dr	32	
	to cash a/c			32
	(being new asset purchased)			
21	Wages a/c	Dr	17	
	to cash a/c			17
	(being payment of wages made)			
	0			
	Cash a/c	Dr	110	
	to sales a/c			110
	(being sale of goods made in cash)			
23	Office expense a/c	Dr	3	
	to cash a/c			3
	(being expenses related to office paid off)			

28	Cash a/c	Dr	84	
	to sales a/c			84
	(being sale of goods made in cash)			
	Wages a/c	Dr	15	
	to cash a/c			15
	(being payment of wages made)			
31	Cash a/c	Dr	30	
	to sales a/c			30
	(being sale of goods made in cash)			
	Cost of goods sold a/c	Dr	374	
	to Inventory A/c			374
	(being inventory valued at cost)			

Cash			
Particulars	£	Particulars	£
to balabce b/d	343	by wages	12
to sales	64	by max a/c	21
to sales a/c	110	by wages	14
to Harvey a/c	25	by purchases a/c	75
		by Rich a/c	12
		by new office desk a/c	32
		by wages	17
		by office expenses a/c	3
		by sales a/c	84
		by wages	15
		by sales a/c	30
		by balancer c/d	227

purchases a/c			
Particulars	£	Particulars	£
to rich a/c	150	by inventory a/c	225
to cash a/c	75		
furniture and fitting a/c			
Particulars	£	Particulars	£
to balance b/d	198		
		by balance c/d	198

wages a/c			
Particulars	£	Particulars	£
to cash a/c	112		
to cash a/c	14		
to cash a/c	17	by P&L a/c	58
to cash a/c	15		

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Capital a/c			
Particulars	£	Particulars	£
		by balance b/d	1049
to balance c/d	1049		

sales a/c			
Particulars	£	Particulars	£
to cash a/c	84	by Harvey a/c	124
to cash a/c	30	by cash a/c	64
to trading a/c	184	by cash a/c	110

inventory a/c			
Particulars	£	Particulars	£
to balance b/d	458	by cost of goods sold a/c	374
to purchases a/c	225	by balance c/d	309

New office desk a/c			
Particulars	£	Particulars	£
to cash a/c	32		
		by balance c/d	32
Office expenses a/c			
Particulars	£	Particulars	£
to cash a/c	3		
creditors a/c			
		by profit and loss, a/c	3
Rich a/c			
Particulars	£	Particulars	£
to cash a/c	12	by balance c/d	12

to balance c/d	150	by purchases a/c	150
Max a/c			
Particulars	£	Particulars	£
to cash a/c	21		
		by balance c/d	21

receivables a/c			
smith a/c			
Particulars	£	Particulars	£
to balance b/d	18		
		by balance c/d	18
Harvey a/c			
Particulars	£	Particulars	£
to balance b/d	39	by cash a/c	25
to sales a/c	124	by balance c/d	138
moon a/c			
Particulars	£	Particulars	£
to balance b/d	26		
		by balance c/d	26

(b)

profit and loss statement			
Particulars	£	Particulars	£
to opening stock	458	by sales	184
to purchase225		by closing stock	309
		by gross loss a/c	190
to gross loss a/c	190		
to wages a/c	58		
to office expenses a/c	3	by net loss a/c	251

(c)

balance sheet			
liabilities	Amount (£)	Assets	Amount (£)
capital a/c	1049	furniture and fittings	198
creditors		office desk	32
Rich	150	Receivables	
		Smith	18
		Harvey	138
		Moon	26
		inventory	309
		cash	227
		Net loss	251
	1199		1199

Task 4

Da te	Transactions and narrations	Dr/ Cr	Amount (£) debit	Amount (£) credit
June				
2	Claire a/c	Dr	8500	
	to sales a/c			8075
	Discount allowed a/c			425
	(being goods sold and 5 % quick discount provided)			
13	purchases a/c	Dr	11160	
	discount received a/c	Dr	840	
	to Georgina			12000
	(being goods are purchased from Georgina and discount also received at 7 %)			
14	Hywel a/c	Dr.	8550	
	to sales a/c			8550
	(being goods sold on credit with trade discount			
21	cash a/c	Dr.		6000
	to sales a/c			
	(being goods sold on cash)			
21	purchases a/c	Dr	4410	
	discount received a/c	Dr	90	
	to Andrew a/c			4500
	(being goods are purchased from Georgina and discount also received at 2 %)			
22	sales return a/c	Dr.	1000	
	to Claire a/c			1000
	(being good sold return back			
24	purchases a/c	Dr	4850	
	discount received a/c	Dr	150	
	to cash a/c			5000
	(being goods are purchased from Georgina and discount also received at 2 %)			
24	Ricardo a/c	Dr.	8075	
	to Claire a/c			8075
	(being payment made after settlement)			
25	cash a/c	Dr.	8550	
	to Hywel a/c			8550
	(being amount settled			

25	Georgina a/c	Dr	11160	
	to Ricardo a/c			11160
	(being payment made)			
27	Andrew a/c	Dr	4410	
	to Ricardo a/c			4410
	(being payment made after full settlement)			

Task 5

The major variance between the capital and revenue expenditure

particulars	Capital expenditure	Revenue expenditure
meaning	The capital expenditure are all these expenses which company did once in year or once in 3-4 years. Or the large expenses of the company.	Revenue expenditures are all those expenses of the company that occurred randomly, or the small expenses of the company
consumption	These expenditures are consumed over the useful life of the fixed asset of the company	As the nature of this type of expenditure is short term so consumed in the current period.
size	The sum involved in the capital expenditure is large, because these types of expenditure is done on the large monetary terms	The size of the revenue expenditure is small