



ACCOUNTING FUNDAMENTALS

Student name: Desislava Markova

Student number: 1817317

Lecturer name: Dr Rexon Nting

Module: Accounting fundamentals

Module code: LCBB 4001

TASK 1

A)

Cash

DATE	DESCRIPTION	DEBIT	DATE	DESCRIPTION	CREDIT
		£			£
05-Apr	Capital	300.00	07-Apr	Goods	200.00
08-Apr	Loan	250.00	15-Apr	VAN	150.00
20-Apr	Sales	350.00	28-Apr	Rent	50.00
			29-Apr	Loan	200.00
			30-Apr	Drawings	60.00
			30-Apr	Balance	240.00
		900			900

Capital

DATE	DESCRIPTION	DEBIT	DATE	DESCRIPTION	CREDIT
		£			£
			05-Apr	Cash	300.00

Purchased Goods

DATE	DESCRIPTION	DEBIT	DATE	DESCRIPTION	CREDIT
		£			£
07-Apr	Cash	200.00		Cost of sold goods	100.00
				Balance ending	100.00
				Inventory period	

200	200
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VAN

DATE	DESCRIPTION	DEBIT	DATE	DESCRIPTION	CREDIT
		£			£
15-Apr	Cash	150.00	30-Apr	Balance	150.00
		150.00			150.00

Rent

DATE	DESCRIPTION	DEBIT	DATE	DESCRIPTION	CREDIT
		£			£
28-Apr	Cash	50.00	30-Apr	Balance	50.00
		50.00			50.00

Drawings

DATE	DESCRIPTION	DEBIT	DATE	DESCRIPTION	CREDIT
		£			£
30-Apr	Cash	60.00	30-Apr	Balance	60.00
		60.00			60.00

Loan

DATE	DESCRIPTION	DEBIT	DATE	DESCRIPTION	CREDIT
		£			£
29-Apr	Cash	200.00	08-Apr	Cash	250.00
30-Apr	Balance	50.00			250.00
		250.00			

Sales

DATE	DESCRIPTION	DEBIT	DATE	DESCRIPTION	CREDIT
		£			£
30-Apr	Balance	350.00	20-Apr	Cash	350.00
		350.00			350.00

P&L account

Sales		£350.00
Cost of goods sold	£100.00	£100.00
Gross profit		£250.00
Less Expenses		
Rent	£50.00	£50.00
Net profit		£200.00
Capital	£300.00	
Add Net profit	£200.00	
Less Drawing	£60.00	
Net Capital	£440.00	

B)

Balance 30-Apr

Account	DEBIT	CREDIT
Sales		350.00
Capital		300.00
VAN	150.00	
Goods	200.00	
Rent	50.00	
Cash	240.00	
Loan		50.00
Drawings	60.00	
	700.00	700.00

C)

Sales		350.00
Cost of goods sold:		
Purchases	200.00	
Less Closing Stock	100.00	100.00
Gross Profit		250.00
Less Expenses:		
Rent	50.00	50.00
Net Profit		200.00

Fixed assets:		
VAN	150.00	150.00
Current assets:		
Stock	100.00	
Cash	240.00	340.00
Less Current Liabilites:		
Loan	50.00	
Capital:	300.00	
Add Net Profit	200.00	
Less Drawings	60.00	440.00

TASK 2

A)

Cash

DATE	DESCRIPTION	DEBIT	DATE	DESCRIPTION	CREDIT
		£			£
01-Jan	Capital	5.000	02-Jan	VAN	600.00
04-Jan	Loan	1.000	03-Jan	Goods	1.300
13-Jan	Sales	300.00	10-Jan	Expenses	200.00
20-Jan	Sales	500.00	24-Jan	Expenses	150.00
			27-Jan	Loan	350.00
			30-Jan	Drawings	170.00
			31-Jan	Balance	4025
		6.800			6.800

Capital

DATE	DESCRIPTION	DEBIT	DATE	DESCRIPTION	CREDIT
		£			£
31-Jan	Balance	5.000	01-Jan	Cash	5.000
		5.000			5.000

VAN

DATE	DESCRIPTION	DEBIT	DATE	DESCRIPTION	CREDIT
		£			£
02-Jan	Cash	600.00	31-Jan	Balance	600.00
		600.00			600.00

Goods

DATE	DESCRIPTION	DEBIT	DATE	DESCRIPTION	CREDIT
		£			£
03-Jan	Cash	1300		Cost of sold goods	500.00
			11-Jan	Balance	800.00
		1300			1300

Loan

DATE	DESCRIPTION	DEBIT	DATE	DESCRIPTION	CREDIT
		£			£
27-Jan	Cash	350.00	04-Jan	Cash	1.000
31-Jan	Balance	650.00			
		1.000			1.000

Expenses

DATE	DESCRIPTION	DEBIT	DATE	DESCRIPTION	CREDIT
		£			£
10-Jan	Cash	200.00			
24-Jan	Cash	150.00	31-Jan	Balance	350.00
		350.00			350.00

Sales

DATE	DESCRIPTION	DEBIT	DATE	DESCRIPTION	CREDIT
		£			£
			12-Jan	Cash	300.00
32-Jan	Balance	800.00	20-Jan	Cash	500.00
		800.00			800.00

Drawings

DATE	DESCRIPTION	DEBIT	DATE	DESCRIPTION	CREDIT
		£			£
30-Jan	Cash	175.00	31-Jan	Balance	175.00
		175.00			175.00

Inventory: $1300 - 800 = 500$ - Cost of goods sold

B)

Balance 31-Jan

Capital		5.000
Sales		800.00
Loans		650.00
VAN	600.00	
Goods	1300	
Cash	4025	
Expen.	350.00	
Drawings	175.00	
	6450	6450

C)

P&L account £

Sales		800.00
Cost of goods sold	500.00	500.00
Gross Profit		300.00
Less:Expenses	350.00	
Losst:	50.00	

Capital	5000
Less Losst:	50.00
Less Drawings	175.00
New Capital:	4775

TASK 3

A)

Ledger accounts of Mafuta

Cash

DATE	DESCRIPTION	DEBIT	DATE	DESCRIPTION	CREDIT
		£			£
11-Jan	Sales	64.00	05-Jan	Wages	12.00
07-Jan	Smith	18.00	09-Jan	Max	21.00
21-Jan	Sales	110.00	14-Jan	Wages	14.00
23-Jan	Harvey	25.00	14-Jan	Purchase	75.00
28-Jan	Sales	84.00	05-Jan	Rich	162.00
	Balance c/d	50.00	20-Jan	Office desk	32.00
			21-Jan	Wages	17.00
			23-Jan	Office expenses	3.00
			28-Jan	Wages	15.00
		351.00			351.00
				Balance b/d	50.00

Sales

DATE	DESCRIPTION	DEBIT	DATE	DESCRIPTION	CREDIT
		£			£
			11-Jan	Cash	64.00
			21-Jan	Cash	110.00
			28-Jan	Cash	84.00
	Balance	194.00			194.00
		194.00		Balance b.d	194.00

Rich

DATE	DESCRIPTION	DEBIT	DATE	DESCRIPTION	CREDIT
		£			£
05-Jan	Cash	162.00			
				Balance c/d	162.00
		162.00			162.00
	Balance b/d	162.00			
		162.00			162.00
	Balance b/d	162.00			

Max

DATE	DESCRIPTION	DEBIT	DATE	DESCRIPTION	CREDIT
		£			£
09-Jan	Cash	21.00			
				Balance c/d	21.00
		21.00			21.00
	Balance	21.00			

Smith

DATE	DESCRIPTION	DEBIT	DATE	DESCRIPTION	CREDIT
		£			£
			07-Jan	Cash	18.00
	Balance c/d	18.00			
		18.00			18.00
				Balance b/d	18.00

Harvey

DATE	DESCRIPTION	DEBIT	DATE	DESCRIPTION	CREDIT
		£			£
			07-Jan	Cash	25.00
	Balance c/d	25.00			
	25.00			25.00	
				Balance b/d	25.00

Purchase

DATE	DESCRIPTION	DEBIT	DATE	DESCRIPTION	CREDIT
		£			£
05-Jan	Rich	150.00			
14-Jan	Cash	75.00		Balance c/d	225.00
	225.00			225.00	
	Balance b/d	225.00			

Wages

DATE	DESCRIPTION	DEBIT	DATE	DESCRIPTION	CREDIT
		£			£
14-Jan	Cash	12.00			
21-Jan	Cash	14.00			
28-Jan	Cash	17.00		Balance c/d	43.00
	43.00			43.00	
	Balance b/d	43.00			

Office desk

DATE	DESCRIPTION	DEBIT	DATE	DESCRIPTION	CREDIT
		£			£
09-Jan	Cash	32.00			
				Balance c/d	32.00
		32.00			32.00
	Balance b/d	32.00			

Office expenses

DATE	DESCRIPTION	DEBIT	DATE	DESCRIPTION	CREDIT
		£			£
09-Jan	Cash	3.00			
				Balance c/d	3.00
		3.00			3.00
	Balance b/d	3.00			

Balance of trial		
For 31-Jan		
Particulars	Debit(£)	Credit(£)
Cash		
Purchase	343	50
Max	225	
Rich	21	

Statement of loss and profit of Mafuta

Particulars	(£)	(£)
Sales		194
Expenses		
Wages	25	
Office desk	43	
Office expenses	32	100
Net income		94

Sales	162	
Harvey		194
Wages	25	25
Office desk	43	
Office expenses	32	
Inventory	3	
Fittings and furniture		458
Suspense	71	198
Total	925	925

Documentation of financial preformance of Mafuta For 30-Jan			
Liabilities	£	Assets	£
Net income	94	Cash	393
Miscellaneous	1093	Inventory	458
		Fittings and furniture	198
		Receivables	138

Task 4
Accounts of Ledger of Ricardo
Sales

DATE	DESCRIPTION	DEBIT	DATE	DESCRIPTION	CREDIT
		£			£
14-June	Hywel	450.00	02-June	Claire	8075
			20-June	Cash	6000
	Balance c/d	5975			
		6425			14075
				Balance b/d	5975

Claire

DATE	DESCRIPTION	DEBIT	DATE	DESCRIPTION	CREDIT
		£			£
02-June	Sales	8075	24-June	Cash	425
				Balance c/d	7650
		8075			8075
	Balance b/d	7650			

Georgina

DATE	DESCRIPTION	DEBIT	DATE	DESCRIPTION	CREDIT
		£			£
25-June	Cash	11640	13-June	Purchase	11640
		11640			11640

Hywel

DATE	DESCRIPTION	DEBIT	DATE	DESCRIPTION	CREDIT
		£			£
14-June	Sales	8550	25-June	Cash	8550
		8550			8550

Andrew

DATE	DESCRIPTION	DEBIT	DATE	DESCRIPTION	CREDIT
		£			£
27-June	Cash	4410	21-June	Purchase	4410
		4410			4410

Cash

DATE	DESCRIPTION	DEBIT	DATE	DESCRIPTION	CREDIT
		£			£
20-June	Sales	6000	25-June	Georgina	11640
24-June	Claire	425	27-June	Andrew	4410
25-June	Hywel	8550			
	Balance c/d	1075			
		16050			16050
				Balance b/d	1075

Balance of trial		
For 27-June		
Items	Dr(£)	Cr(£)
Sales		5975
Claire	7650	
Georgina		11640
Cash		1075
Suspense	11040	
Total	18690	18690

TASK 5

Revenue expenditure is money spent by a company on activities directly related to sales for a fixed period.

Capital expenditure is money spent by an equipment and building company used to provide services or production.

Capital expenditure shows in the balance sheet as an asset, and revenue expenditure shows as an expense in the profit and loss account.

Differences between Revenue Expenditure and Capital Expenditure

- Revenue expenditure generates benefit for a giving accounting period, whereas, capital expenditure generates upcoming economic benefits
- Revenue expenditure is a frequent expense, whereas, capital expenditure is a one-time investment

- Revenue expenditure is recorded in an income statement, whereas, Capital expenditure is recorded in an income statement (as depreciation) and in the **balance sheet** (on the asset side)
- Revenue expenditure is not capitalised, whereas, a Capital Expenditure is capitalised
- Revenue expenditure is short-term in nature, whereas, Capital Expenditure is long-term
- Revenue expenditure focuses on maintaining the earning capability of an organisation, whereas, a Capital Expenditure aims to improve the earning capability of an organisation
- Revenue expenditure is matched with revenue receipts, whereas, Capital expenditure is not matched with the capital receipts

Chart of Comparison: Revenue Expenditure v/s Capital Expenditure

Basis for Assessment	Revenue Expenditure	Capital Expenditure
Definition or nature of expense	Expenses relating to the regular day to day events in a business	Expenses relating to procuring a capital asset or enhancing the capacity of an already installed capital asset, thereby, resulting in expanding the life of a capital asset
Benefit timeline	The remunerations realised within an accounting year	The benefits realised are in excess of one accounting year (multiple years)
Capitalisation	Not any	Of course
Duration	Short-term expense	Long-term expense
Earning capacity	Maintain earning capacity	Aims to enhance earning capacity
Recorded in financial	It is shown in the income statement	It is shown in the balance sheet, as well as income statement

statement		
Type of expense	Recurrent and regular in nature	Non-recurring and one-time expense

References:

<https://dictionary.cambridge.org/dictionary/english/revenue-expenditure>

<https://www.nomismasolution.co.uk/blog/revenue-expenditure-versus-capital-expenditure>