



Prifysgol Cymru
Y Drindod Dewi Sant
University of Wales
Trinity Saint David

Name – Marina Paskaleva

Student Number - 1909650

Module Title – Accounting Fundamentals

Assignment Title – Accounting Fundamentals – Assessment 1

Module Lecturer's Name – Rixon Nting

Contents

Task 1	3
Task 2	8
Task 3	12
Task 4	18
Task 5	23
References	24

Task 1

a) Ledger accounts – balance and close

Dr		Cash		Cr	
Date	Description	£	Date	Description	£
05-Apr	Capital	300	07-Apr	Purchases	200
08-Apr	Tatiana (creditor)	250	15-Apr	Motor Van	150
20-Apr	Sales goods	350	28-Apr	Rent	50
			29-Apr	Tatiana (creditor)	200
			30-Apr	Capital	60
30-Apr	Total	900	30-Apr	Total	660
			30-Apr	Balance carried down	240
30-Apr		900	30-Apr		900

01-May	Balance brought down	240
--------	----------------------	------------

Dr		Capital		Cr	
Date	Description	£	Date	Description	£
30-Apr	Cash	60	05-Apr	Cash	300
30-Apr	Total	60	30-Apr	Total	300
30-Apr	Balance carried down	240			
30-Apr		300	30-Apr		300

01-May	Balance brought down	240
--------	----------------------	------------

Dr		Purchases		Cr	
Date	Description	£	Date	Description	£
07-Apr	Cash	200			
30-Apr	Total	200	30-Apr	Total	0
			30-Apr	Balance carried down	200
30-Apr		200	30-Apr		200

01-May	Balance brought down	200
---------------	-----------------------------	------------

Dr		Creditor (Tatiana)		Cr	
Date	Description	£	Date	Description	£
29-Apr	Repaid loan	200	08-Apr	Loan	250
30-Apr	Total	200	30-Apr	Total	250
30-Apr	Balance carried down	50			
30-Apr		250	30-Apr		250

01-May	Balance brought down	50
---------------	-----------------------------	-----------

Dr		Motor van		Cr	
Date	Description	£	Date	Description	£
15-Apr	Cash	150			
30-Apr	Total	150	30-Apr	Total	0
			30-Apr	Balance carried down	150
30-Apr		150	30-Apr		150

01-May	Balance brought down	150
---------------	-----------------------------	------------

Dr		Sales Goods		Cr	
Date	Description	£	Date	Description	£
			20-Apr	Cash	350
30-Apr	Total	0	30-Apr	Total	350
30-Apr	Balance carried down	350			
30-Apr		350	30-Apr		350

01-May	Balance brought down	350
--------	----------------------	-----

Dr		Rent		Cr	
Date	Description	£	Date	Description	£
28-Apr	Cash	50			
30-Apr	Total	50	30-Apr	Total	0
			30-Apr	Balance carried down	50
30-Apr		50	30-Apr		50

01-May	Balance brought down	50
--------	----------------------	----

b) List of account balances at 30th April

Date	Description of Accounts	Dr £	Cr £
05-Apr	Cash Dr.	300	
	Capital		300
	<i>Capital introduced in the business</i>		
07-Apr	Purchases Dr.	200	
	Cash		200
	<i>Purchased goods</i>		
08-Apr	Cash Dr.	250	
	Creditor (Tatiana)		250
	<i>Loan from Tatiana</i>		
15-Apr	Motor Van Dr.	150	
	Cash		150
	<i>Motor van purchased in cash</i>		
20-Apr	Cash Dr.	350	
	Sales		350
	<i>Goods sold</i>		
28-Apr	Rent Dr.	50	
	Cash		50
	<i>Rent is paid in cash</i>		
29-Apr	Creditor (Tatiana) Dr.	200	
	Cash		200
	<i>Part of loan is repaid</i>		
30-Apr	Capital Dr.	60	
	Cash		60
	<i>Cash withdrawn</i>		

- c) Statement of profit or loss & Statement of financial position for the month ended 30th April

Description	Amount £	Amount £
Revenue		350
Purchased goods	200	
Less Closing stock	100	100
Gross Profit		250
Less Rent		50
Net Profit		200

Assets		Liabilities	
Description	Amount £	Description	Amount £
Motor Van	150	Capital	240
Cash	240	Net profit for the year	200
Closing stock	100	Creditor (Tatiana)	50
Total	490	Total	490

Task 2

a) Ledger accounts – balance and close

Dr		Cash		Cr	
Date	Description	£	Date	Description	£
01-Jan	Capital	5000	02-Jan	Motor Van	600
04-Jan	Creditor (Sergei)	1000	03-Jan	Purchased Goods	1300
13-Jan	Sold goods	300	10-Jan	Van expenses	200
20-Jan	Sold goods	500	24-Jan	Storage expenses	150
			27-Jan	Return Loan	350
			30-Jan	Withdrawn	175
31-Jan	Total	6800	31-Jan	Total	2275
			31-Jan	Balance carried down	4025
31-Jan		6800	31-Jan		6800

01-Feb	Balance brought down	4025
---------------	-----------------------------	-------------

Dr		Capital		Cr	
Date	Description	£	Date	Description	£
30-Jan	Cash withdrawn	175	01-Jan	Cash	5000
31-Jan	Total	175	31-Jan	Total	5000
31-Jan	Balance carried down	4825			
31-Jan		5000	31-Jan		5000

01-Feb	Balance brought down	4825
---------------	-----------------------------	-------------

Dr		Motor van		Cr	
Date	Description	£	Date	Description	£
02-Jan	Cash	600			
31-Jan	Total	600	31-Jan	Total	0
			31-Jan	Balance carried down	600
31-Jan		600	31-Jan		600

01-Feb	Balance brought down	600
---------------	-----------------------------	------------

Dr		Purchases Goods		Cr	
Date	Description	£	Date	Description	£
03-Jan	Cash	1300			
31-Jan	Total	1300	31-Jan	Total	0
			31-Jan	Balance carried down	1300
31-Jan		1300	31-Jan		1300

01-Feb	Balance brought down	1300
---------------	-----------------------------	-------------

Dr		Creditor (Sergei)		Cr	
Date	Description	£	Date	Description	£
27-Jan	Repaid loan	350	04-Jan	Loan	1000
31-Jan	Total	350	31-Jan	Total	1000
31-Jan	Balance carried down	650			
31-Jan		1000	31-Jan		1000

01-Feb	Balance brought down	650
---------------	-----------------------------	------------

Dr		Expenses		Cr	
Date	Description	£	Date	Description	£
10-Jan	Van Expenses	200			
24-Jan	Storage Expenses	150			
31-Jan	Total	350	31-Jan	Total	0
			31-Jan	Balance carried down	350
31-Jan		350	31-Jan		350

01-Feb	Balance brought down	350
---------------	-----------------------------	------------

Dr		Sold Goods		Cr	
Date	Description	£	Date	Description	£
			13-Jan	Sold goods	300
			20-Jan	Sold goods	500
31-Jan	Total	0	31-Jan	Total	800
31-Jan	Balance carried down	800			
31-Jan		800	31-Jan		800

01-Feb	Balance brought down	800
---------------	-----------------------------	------------

b) Trial Balance

Description	Debit £	Credit £
Capital		4825
Cash	4025	
Motor van	600	
Purchases Goods	1300	
Creditor (Sergei)		650
Expenses	350	
Sold goods		800
Total	6275	6275

c) Statement of profit or loss & Statement of financial position for the month ended 31st January

Description	Amount £	Amount £
Revenue		800
Purchased goods	1300	
Less Closing stock	800	500
Gross Profit		300
Less Expenses		350
Net Profit Loss		50

Assets		Liabilities	
Description	Amount £	Description	Amount £
Motor Van	600	Capital	4825
Cash	4025	Net Profit Loss	50
Closing stock	800	Creditor (Sergei)	650
Total	5425	Total	5425

Task 3

a) Ledger accounts – balance and close

Assets		01-Jan		Liabilities	
Date	Description	£	Date	Description	£
01-Jan	Cash	343	01-Jan	Capital	1049
01-Jan	Inventory	458			
01-Jan	Furniture	198			
01-Jan	Receivables		01-Jan	Liabilities	
01-Jan	Smith	18	01-Jan	Rich	12
01-Jan	Harvey	39	01-Jan	Max	21
01-Jan	Moon	26			
31-Jan	Total	1082	31-Jan	Total	1082

Dr		Sales		Cr	
Date	Description	£	Date	Description	£
			02-Jan	Harvey	124
			11-Jan	Cash	64
			21-Jan	Cash	110
			28-Jan	Cash	84
			31-Jan	Cash	30
31-Jan	Total	0	31-Jan	Total	412
31-Jan	Balance carried down	412			
31-Jan		412	31-Jan		412

01-Feb	Balance brought down	412
--------	----------------------	-----

Dr			Cash			Cr
Date	Description	£	Date	Description		£
01-Jan	Balance brought down	343				
07-Jan	Smith paid back	18	05-Jan	Wages		12
11-Jan	Cash sales	64	09-Jan	Max paid back		21
21-Jan	Cash sales	110	14-Jan	Wages		14
23-Jan	Harvey paid on account	25	14-Jan	Purchases		75
28-Jan	Cash sales	84	15-Jan	Rich		162
31-Jan	Cash sales	30	20-Jan	Furniture		32
			21-Jan	Wages		17
			23-Jan	Office expenses		3
			28-Jan	Wages		15
31-Jan	Total	674	31-Jan	Total		351
			31-Jan	Balance carried down		323
31-Jan		674	31-Jan			674

01-Feb	Balance brought down	323
---------------	-----------------------------	------------

Dr			Harvey			Cr
Date	Description	£	Date	Description		£
01-Jan	Balance brought down	39				
02-Jan	Sales	124	23-Jan	Cash		25
31-Jan	Total	163	31-Jan	Total		25
			31-Jan	Balance carried down		138
31-Jan		163	31-Jan			163

01-Feb	Balance brought down	138
---------------	-----------------------------	------------

Dr		Smith		Cr	
Date	Description	£	Date	Description	£
01-Jan	Balance brought down	18			
			07-Jan	Cash	18
31-Jan	Total	18	31-Jan	Total	18

Dr		Furniture		Cr	
Date	Description	£	Date	Description	£
01-Jan	Balance brought down	198			
20-Jan	Cash	32			
31-Jan	Total	230	31-Jan	Total	0
			31-Jan	Balance carried down	230
31-Jan		230	31-Jan		230

01-Feb	Balance brought down	230
---------------	-----------------------------	------------

Dr		Purchases		Cr	
Date	Description	£	Date	Description	£
05-Jan	Rich	150			
14-Jan	Cash	75			
31-Jan	Total	225	31-Jan	Total	0
			31-Jan	Balance carried down	225
31-Jan		225	31-Jan		225

01-Feb	Balance brought down	225
---------------	-----------------------------	------------

Dr		Wages		Cr	
Date	Description	£	Date	Description	£
05-Jan	Cash	12			
14-Jan	Cash	14			
21-Jan	Cash	17			
28-Jan	Cash	15			
31-Jan	Total	58	31-Jan	Total	0
			31-Jan	Balance carried down	58
31-Jan		58	31-Jan		58

01-Feb	Balance brought down	58
---------------	-----------------------------	-----------

Dr		Office Expenses		Cr	
Date	Description	£	Date	Description	£
23-Jan	Cash	3			
31-Jan	Total	3	31-Jan	Total	0
			31-Jan	Balance carried down	3
31-Jan		3	31-Jan		3

01-Feb	Balance brought down	3
---------------	-----------------------------	----------

Dr		Rich		Cr	
Date	Description	£	Date	Description	£
			01-Jan	Balance brought down	12
15-Jan	Cash	162	05-Jan	Purchases	150
31-Jan	Total	162	31-Jan	Total	162

Dr		Max		Cr	
Date	Description	£	Date	Description	£
			01-Jan	Balance brought down	21
09-Jan	Cash	21			
31-Jan	Total	21	31-Jan	Total	21

b) Trial Balance as at 31st January

Description	Debit £	Credit £
Capital		1049
Sales		412
Cash	323	
Harvey	138	
Furniture	230	
Purchases	225	
Wages	58	
Office Expenses	3	
Moon	26	
Inventory	458	
Total	1461	1461

c) Statement of profit or loss & Statement of financial position for the month ended 31st January

Description	Amount £	Amount £
Revenue		412
Closing Stock		374
Less Purchases	225	
Less Open Stock	458	
Gross Profit		103
Less Expenses		
Office Expenses	3	
Furniture	230	
Wages	58	
Net Profit Loss		188

Assets		Liabilities	
Description	Amount £	Description	Amount £
Cash	323	Capital	1049
Closing Stock	374	Net Profit Loss	188
Harvey	138		
Moon	26		
Total	861	Total	861

Task 4

Ledger accounts

Dr		Claire		Cr	
Date	Description	£	Date	Description	£
02-Jun	Goods Sold	8500	22-Jun	Return Goods	1000
			24-Jun	Cash	7125
			24-Jun	Discount 5%	375
30-Jun	Total	8500	30-Jun	Total	8500

Dr		Goods Sold		Cr	
Date	Description	£	Date	Description	£
			02-Jun	Claire	8500
			14-Jun	Hywel	9000
			20-Jun	Jane (cash)	6000
			24-Jun	Mandy	5000
30-Jun	Total	0	30-Jun	Total	28500
30-Jun	Balance carried down	28500			
30-Jun		28500	30-Jun		28500

01-Jul	Balance brought down	28500
--------	----------------------	--------------

Dr		Cash		Cr	
Date	Description	£	Date	Description	£
20-Jun	Jane (Goods sold)	6000	25-Jun	Georgina	11160
24-Jun	Claire	7125	27-Jun	Andrew	4410
25-Jun	Hywel	9000			
30-Jun	Total	22125	30-Jun	Total	15570
			30-Jun	Balance carried down	6555
30-Jun		22125	30-Jun		22125

01-Jul	Balance brought down	6555
---------------	-----------------------------	-------------

Dr		Georgina		Cr	
Date	Description	£	Date	Description	£
25-Jun	Ricardo (cash)	11160	13-Jun	Purchases	12000
25-Jun	Discount 7%	840			
30-Jun	Total	12000	30-Jun	Total	12000

Dr		Hywel		Cr	
Date	Description	£	Date	Description	£
14-Jun	Goods Sold	9000	25-Jun	Cash	9000
30-Jun	Total	9000	30-Jun	Total	9000

Dr		Andrew		Cr	
Date	Description	£	Date	Description	£
27-Jun	Ricardo (cash)	4410	13-Jun	Purchases	4500
25-Jun	Discount 2%	90			
30-Jun	Total	4500	30-Jun	Total	4500

Dr		Return Goods		Cr	
Date	Description	£	Date	Description	£
22-Jun	Claire	1000			
30-Jun	Total	1000	30-Jun	Total	0
			30-Jun	Balance carried down	1000
30-Jun		1000	30-Jun		1000

01-Jul	Balance brought down	1000
---------------	-----------------------------	-------------

Dr		Mandy		Cr	
Date	Description	£	Date	Description	£
24-Jun	Goods sold	5000			
30-Jun	Total	5000	30-Jun	Total	0
			30-Jun	Balance carried down	5000
30-Jun		5000	30-Jun		5000

01-Jul	Balance brought down	5000
---------------	-----------------------------	-------------

Dr		Purchases		Cr	
Date	Description	£	Date	Description	£
13-Jun	Georgina	12000			
21-Jun	Andrew	4500			
30-Jun	Total	16500	30-Jun	Total	0
			30-Jun	Balance carried down	16500
30-Jun		16500	30-Jun		16500

01-Jul	Balance brought down	16500
---------------	-----------------------------	--------------

Dr		Discounts used by Ricardo		Cr	
Date	Description	£	Date	Description	£
24-Jun	Claire	375			
30-Jun	Total	375	30-Jun	Total	0
			30-Jun	Balance carried down	375
30-Jun		375	30-Jun		375

01-Jul	Balance brought down	375
---------------	-----------------------------	------------

Dr		Discounts used by others			Cr
Date	Description	£	Date	Description	£
			25-Jun	Georgina	840
			27-Jun	Andrew	90
30-Jun	Total	0	30-Jun	Total	930
30-Jun	Balance carried down	930			
30-Jun		930	30-Jun		930

01-Jul	Balance brought down	930
---------------	-----------------------------	------------

Trial Balance as at 27th June

Description	Debit £	Credit £
Return Goods	1000	
Mandy	5000	
Discounts used by Ricardo	375	
Discounts used by others		930
Purchases	16500	
Goods Sold		28500
Cash	6555	
Total	29430	29430

Task 5

Revenue Expenditure vs Capital Expenditure with reference to International Accounting Standards

Capital is used to produce future income. Capital expenditure is an amount spent to open a business or investment in non-current assets. According to IAS 16 Property, Plant and Equipment, Capital expenses are usually significant and used to acquire non – current assets – vehicles, buildings, plans for new buildings, machinery, etc. They are recorded in the Debit as Fixed assets and in the Credit as Cash / Payables. The expenses made for enhancing the non – current assets, make them operational or investments to increasing their value are also classified as capital expenditure. They are subject to depreciation as used for long-term assets, except land. Capital Expenditure brings long term benefits and is recorded in the balance sheet (Bahadur, 2003).

Contrasting to capital expenditure, revenue expenditure is the amount spent for running of the business. This includes all day-to-day expenses, maintenance of fixed assets and periodic costs as wages, administration cost, etc. These expenses are recorded in the income statement and they reflect on the profit and loss statement. According to IAS 18 Revenue, revenue expenses are short term expenses as they are different for each financial year. They bring short term benefits (Mbwambo, 2013).

Accurate record of capital expenditure and revenue expenditure is essential for each business. If they are recorded wrongly then the gross and net profit will not be accurate and the business might suffer lost.

References

1. Bahadur, J.K.C. (2003) *Capital versus Revenue: Receipts, Expenditures, Profits and Losses in Accounting and Taxation*. Nepal Commerce Campus, pp. 77 -80.
2. Mbwambo, E. (2013). *Principle of Accounting II / Capital and Revenue Expenditures*. Institute of Finance Management, pp.2 - 3.