

THE BASIC PRINCIPLES --- TUTORIAL EXAMPLE

Peter decides he is going to open a book shop , which he does by investing £5000 in a business bank account on 1 January 1997 . During the first month of trading , the following transactions occur.

- (a) Bookshelves are purchased for £1800
- (b) Books are purchased for £2000
- (c) Half the books are sold for £1500 cash
- (d) Peter draws £200 out of the business for himself
- (e) Peter's brother loans £500 to the business
- (f) Carpets are purchased for £1000 on credit , to be paid in 1 month's time
- (g) A bulk order of books worth £400 is sold on credit for £600 , to be paid in 2 month's time