

DOUBLE ENTRY BOOKKEEPING -- EXAMPLE

A businessman deposited £10000 in a business bank account on 1 Janury with the intention of opening a record shop.

The following transactions took place during the first month of trading :

2 JAN Bought stock for £1000

4 JAN Bought some fixtures and equipment for £1500

6 JAN Bought a second hand van for £500

9 JAN Sold goods for £3000

14 JAN Bought £1000 stock on credit

16 JAN Sold goods worth £4000 on credit

19 JAN The owner took £100 for his own use

23 JAN Rent paid of £500

31 JAN Wages paid of £200

Enter the above transactions in the appropriate ledger accounts and close off the books at the end of the month.

N.B. All the above transactions were made by cheque unless otherwise stated

BANK					
1-1	CAPITAL	10000	2-1	PURCHASES	1000
9-1	SALES	3000	4-1	FIXTURES	1500
			6-1	VEHICLES	500
			9-1	DRAWINGS	100
			23-1	RENT	500
			31-1	WAGES	700
			31-1	BAL C/F	9200
		<u>13000</u>			<u>13000</u>
1-2	BAL B/F	9200			
CAPITAL					
31-1	BAL C/F	10000	1-1	BANK	10000
		<u>10000</u>			<u>10000</u>
			1-2	BAL B/F	20000

PURCHASES

2-1	BANK	1000	31-1	TO P&L	2000
14-1	CREDITORS	1000		A/C	
		<u>2000</u>			<u>2000</u>

FIXTURES

4-1	BANK	1500	31-1	BAC C/F	1500
		<u>1500</u>			<u>1500</u>
1-2	BAC B/F	1500			

MOTOR VEHICLES

6-1	BANK	500	31-1	BAL C/F	500
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500

500

1-2	BAL B/F	500
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SALES

31-1	TO	7000	9-1	BANK	3000
	P+L A/C		16-1	DEBTORS	4000

7000

7000

CREDITORS

31-1	BAL C/F	1000	14-1	PURCHASES	1000
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1-2	BAL B/F	1000
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DEBTORS

16-1	SALES	4000	31-1	BAL C/F	4000
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1-2	BAL B/F	4000
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DRAWINGS			
19-1	BANK	100	31-1 BAC C/F 100
		<u>100</u>	<u>100</u>
1-2	BAC B/F	100	

RENT					
23-1	Bank	500	3-1	To	500
		<u>500</u>		P+L ACC	<u>500</u>

WAGES					
31-11	Sank	200	31-1	To P.H. A/C	200
		<u>200</u>			<u>200</u>

31-1

Bank

200

31-1



To	200
P+L A/C	

205

PROFIT AND LOSS ACCOUNT FOR THE MONTH ENDED 31 JANUARY

£

Sales

7000

Less Cost of goods sold

Purchases

(2000)

Gross Profit

5000

Less Expenses

Rent

(500)

Wages

(200)

Net Profit

4300

BALANCE SHEET AT 31ST JANUARY

	£	£
Fixed Assets		
Fixtures and Equipment		1500
Motor Vehicles		500
		<u>2000</u>
Current Assets		
Debtors	4000	
Cash at Bank	9200	
	<u>13200</u>	
Current Liabilities		
Creditors	(1000)	
	<u></u>	
Net Current Assets		12200
		<u></u>
		14200
		<u></u>
Capital		10000
Profit		4300
		<u>14300</u>
less Drawings		(100)
		<u>14200</u>
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