

Accounting Fundamentals

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Task 5

Introduction

Accounting is regular, systematic, presentation of financial statements and analysis of companies and analysis of transaction of companies and businesses. Generally accepted accounting principles allow a company to analyze its financial result from business on a net basis.

Discussion

Financial and managerial accounting. Single businesses use unilateral bookkeeping because they have smaller businesses. Bilateral bookkeeping is where records are kept indicating the change in an item of reporting. The revenue generating costs are current expenses in the activity, so they can be deducted from the tax in the same year of their occurrence.

Conclusion

Term: Capital expenditures aim to improve the overall profit of enterprises and the cost of passages is related in this direction. Nine main differences between costs and capital earnings.

Long-term affect on business has capital costs. Their benefits are for years, with short term revenues within the year.

Value: Capital expenditure sees to it that an asset is procured or the value of an existing asset is improved. With revenue expenditure, neither acquisition nor value enhancement of an asset is done.

Physical Existence: Capital expenditure has a physical existence except for intangible assets. On the other hand, revenue expenditure has no physical presence as it is incurred on business items used in daily business operations.

Occurrence: Regular revenues are repeated, unlike capital costs.

Progression: Company progress in the business is helped from capital expenditure.

Amount Shown: Usually capital expenditure is shown in Trading Profit and Loss account and balance is shown on the asset side in the balance sheet.

Balance sheet: Capital expenditure is indicated on the balance sheet.

Capitalisation: Capital expenditure is not capitalized.

Revenue: In the business capital expenditure is not reduced.

Summary of Capital Expenditure and Revenue Expenditure

It is essential to understand both capital and revenue expenditure from every business person. Both help the business earn profits in present and in following years.

Task 4

Clarie Account

Dr			
Date	Description	Amount	Date
2 June	Sales	8500	22 June
			24 June
			24 Junr

Cash

Dr			
Date	Description	Amount	Date
24 June	Clarie	7125	25 June
25 June	Hywel	8550	27 June
20 June	Sales	6000	
		21675	
	Balance c/d	£ 6 105,00	

Hywel

Dr			
Date	Description	Amount	Date
14 June	Sales	8550	25 June

Andrew

Dr			
Date	Description	Amount	Date
27 June	Cash	£ 4 410,00	21.юни
27 June	Purchase disscount	£ 90,00	

Mandy

Dr			
Date	Description	Amount	Date
24 June	Sales	£ 5,000	

Sales

Dr			
Date	Description	Amount	date
22 June		1000	2 June
			14 June
			20 June
			24 June

Purchase

Dr			
Date	Description	Amount	Date
13 June	Cash	12000	
21 June	Andrew	4500	

Georgia

Dr			
Date	Description	Amount	Date
			13 June
25 June	Cash	£ 11 160,00	
25 June	Purchase discount	£ 840,00	
		£ 12 000,00	

Sales discount

Dr			
Date	Description	Amount	Date
24 June	Clarie a/c	£ 375,00	

Purchase discount

Dr			
Date	Description	Amount	Date
			25 June
			27 June

Every transaction is recorded twice so that for every debit there is an equal corresponding credit

TRANSACTION IN THE BOOK OF RICARDO

Date	Description			Dr
2 June				
	Account Recievable			£ 8 500,000
	(Clarie)			
	Sales			
	(Sold goods to Clarie on credit)			
13 June	Purchase			£ 12 000,000
	Account Payable (Georgina)			
	(Bought goods from Georgina on credit)			
14 June	Hywel			£ 8 550,000
	Sales			
	(Sold goods to Hywel)			
20 June	Cash			£ 6 000,000
	Sales			

	(Sold goods to Jane for cash)		
21 June	Purchase		£ 4 500,000
	Account Payable (Andrew)		
	(Bought goods from Andrew on credit)		
22 June	Sales returned		£ 1 000,000
	Clarie		
24 June	Account Recievable (Mandy)		£ 5 000,000
	Sales		
	(Mandy bought goods)		
24 June	Cash		£ 7 125,000
	Sales discount		£ 375
	Account Recievable (Clarie)		
	(Clarie paid after discount)		
25 June	Cash		£ 8 550,000
	Account Recievable Hywel		
	(Hywel settled amount)		
25 June	Georgina		£ 12 000,000
	Cash		
	Purchase Discount		
	(Ricardo paid Georgina after discount)		
27 June	Andrew account		£ 4 500,000
	Cash		
	Purchase Discount		
	(paiment made to Andrew)		
			£ 78 100,000

The Trial Balances are one form of checkng the accuracy of entries in the accounts.

It is practice to prepare one at the end ot the period

TRIAL BALANCE

Description		Dr	Cr
Sales			£ 27,050
Purchase		£ 16,500	
Cash		£ 6,105	
Discount Purchase			£ 0,930
Discount Sales		£ 0,375	
Mandy		£ 5,000	
Total		£ 27,980	£ 27,980

Cr	
Description	Amount
Sales	1000
Cash	7125
Sales Discount	375

Cr	
Description	Amount
Georgia	11160
Andrew	4410
	15570

Cr	
Description	Amount
Cash	8550

Cr	
Description	Amount
Purchase	£ 4 500,00

Cr	
Description	Amount

Cr	
Description	Amount
Clarie	£ 8 500
Hywel	£ 8 550
Cash	£ 6 000
Mandy	£ 5 000
	£ 28 050

Cr	
Description	Amount

Cr	
Description	Amount
Purchase	£ 12 000,00

Cr	
Description	Amount

Cr	
Description	Amount
Georgina a/c	£ 840,00
Andrew	£ 90,00
	£ 930,00

Cr
£ 8 500,000
£ 12 000,000
£ 8 550,000
£ 6 000,000

£ 4 500,000
£ 1 000,000
£ 5 000,000
£ 7 500,000
£ 8 550,000
£ 11 160,000
£ 840,000
£ 4 410,000
£ 90,000
£ 78 100,000

Task 3

Cash Account

Dr		
Date	Description	Amount
1 January		£ 343,000
7 January	Smith	£ 18,000
11 January	sales	£ 64,00
23 January	Harvey	£ 25,000
21 January	sales	£ 110,00
28 January	sales	£ 84,00
31 January	sales	£ 30,000
		£ 674,000
Closing balance		£ 323,00

Smiths Account

Dr		
Date	Description	Amount
1 January		£ 18,00

Harveys Account

Dr		
Date	Description	Amount
1 January		£ 39,00
2 January	on credit	£ 124,00
Closing balance		£ 138,00

Moons Account

Dr		
Date	Description	Amount
		£ 26,00

Rich

Dr		
Date	Description	Amount
15 January	Cash	£ 162,00

Max

Dr		
Date	Description	Amount
9 January		£ 21,00

Wages

Dr		
Date	Description	Amount
5 January	Cash	£ 12,00
14 January	Cash	£ 14,00
21 January	Cash	£ 17,00
28 January	Cash	£ 15,00
		£ 58,00

Sales

Dr		
Date	Description	Amount

Purchase

Dr		
Date	Description	Amount
5 January	Rich ac	£ 150,00
14 January	Cash	£ 75,00
		£ 225,00

Office expenses

Dr		
Date	Description	Amount
23 January	Cash	£3,00

Office desk

Dr		
Date	Description	Amount
20 January	Cash	£ 32,00

Inventory at cost was 374.00

Jurnal of accounts entries

date	Description	Dr
2 January	Account recievable (sold goods to Harvey)	£ 124,00
	goods	
5 January	Wages	£ 12,00
	Cash (paid wages)	

5 January	Purchase Account payable (Rich) (bought goods on credit)	£ 150,00
7 January	Cash smith (Smith setteled account)	£ 18,00
9 January	Max Cash (paid Max)	£ 21,00
11 January	Cash Sales (cash sales)	£ 64,00
14 January	Wages Cash (paid wages)	£ 14,00
14 January	Purchase Cash (Boughth goods for cash)	£ 75,00
15 January	Rich Cash (Paid Rich)	£ 162,00
20 January	Office desk Cash (Boughth for cash office desk)	£ 32,00
21 January	Wages Cash (Paid wages)	£ 17,00
21 January	Cash Sales (Cash sales)	£ 110,00
23 January	Office expenses Cash (Paid office expenses)	£ 3,00
23 January	Cash Harvey (Harvey paid on account)	£ 25,00
28 January	Cash Sales (Cash sales)	£ 84,00
28 January	Wages	£ 15,00

	Cash (Paid wages)	
31 January	Cash Sales (Cash sales)	£ 30,00
		£ 956,00

The Trial Balance is used as the basis for preparing Income Statement and Statements of financial position
Profit means the amount by which revenue is greater than expenses for set of transaction

Loss and profit statement

	Dr
Sales	
Purchase	£ 225,000
(+) Inventory	£ 458,000
(-) goods in hand at 30 Jan	£ 374,00
Gross profit	
(-) Expenses	
Wages	£ 58,00
Office expenses	£ 3,00
Net profit/loss	
Total Assets:	£ 1,091
Fixed assets	
Furniture and fittings	£ 198,00
Office desk	£ 32,00
Current assets	
Cash	£ 323,000
goods in hand	£ 374,00
Receivable(Moon)	£ 26,00
Receivable(Harvey)	£ 138,00
Liabilities	
Capital	£ 1,049
(+) Net Profit/loss	£ 42,00
(-) Drawing	
New Capital	

$$\text{Assets} = \text{Liabilities} + \text{Capital}$$

Trial Balance as at 31 January

The Trial Balance always has the date of the last date of the accounting period to which it relates.

Description	Dr	Cr
Cash	£ 323,000	

Capital		£	1 049,000
Harvey	£	138,000	
Moon	£	26,00	
Sales		£	412,00
Purchase	£	225,00	
Office expenses	£	3,00	
Desk	£	32,00	
Inventory	£	458,00	
Assets	£	198,00	
wages	£	58,00	
	£	1 461,000	£ 1 461,000

**Opening Inventory is recorded in a ledger account and so
would be included in the trial balance prepared**

**The closing Inventory figure is not found in on account in the ledger
so it does not appear in the trial balance**

Cr			
Date	Description		
5 January	Wages	£	12,00
9 January	Max	£	21,00
14 January	Wages	£	14,00
14 January	purchase	£	75,00
15 January	Rich	£	162,00
20 January	office desk	£	32,00
21 January	Wages	£	17,00
23 January	office expenses	£	3,00
28 January	wages	£	15,00
		£	351,00

Cr			
Date	Description		
7 January		£	18,000

Cr			
Date	Description		
23 January	cash	£	25,00

Cr			
Date	Description		

Cr			
Date	Description		
1 January		£	12,00
5 January		£	150,00

Cr			
Date	Description		
1 January		£	21,00

		Cr
Date	Description	

		Cr
Date	Description	
2 January	Harvey	£ 124,00
11 January	Cash	£ 64,00
21 J anuary	Cash	£ 110,00
28 January	Cash	£ 84,00
31 January	Cash	£ 30,00
Closing balance		£ 412,00

		Cr
Date	Description	

		Cr
Date	Description	

		Cr
Date	Description	

Cr

£ 124,00

£ 12,00

£ 150,00

18,000

£ 21,00

£ 64,00

£ 14,00

£ 75,00

£ 162,00

£ 32,00

£ 17,00

£ 110,00

£ 3,00

£ 25,00

£ 84,00

£ 15,00

£ 30,00

£ 956,00

Cr

£ 412,00

£ 309,00

£ 103,00

£ 61,00

£ 42,00

£ 230,00

£ 861,00

£ 1,091

138

25

163

Task 2

Cash Account

Dr		
Date	Description	Amount
1 January	Capital	£ 5 000,000
4 January	Loan from Sergei	£ 1 000,000
13 January	Sold goods	£300,00
20 January	Sold goods	£500,00
		£ 6 800,000
Closing balance		£ 4 025,00

Capital

Dr		
Date	Description	Amount
30 January	Cash	£175,00

Motor Van

Dr		
Date	Description	Amount
2 January	Cash	£600,00

Purchase goods

Dr		
Date	Description	Amount
3 January	Cash	£ 1,300

Loan from Sergei

Dr		
Date	Description	Amount
27 January	cash	£350,00

Sales

Dr		
Date	Description	Amount

Storage Expenses

Dr		
Date	Description	Amount
24.яну	cash	£ 150,00

Motor Van Ex

Dr		
Date	Description	Amount
10.яну	Cash	£ 200,00

Closing inventory	£	800,00
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JOURNAL

Journal entris in the book of Pendo for the month of January

date	Description			Dr
1 January	Cash			£ 5,000
	Capital			
	(Introduce cash into the business)			
2 January	Motor van			£600,00
	Cash			
	(Purchased a motor van)			
3 January	Purchase			£ 1,300
	Cash			
	(Bought goods)			
4 January	Cash			£ 1,000
	Current liabilities			
	(Loan from Sergei)			
10 January	Motor Van Expenses			£200,00
	Cash			
	(Paid expenses on the Motor Van)			
13 January	Cash			£300,00
	Sales			
	(Sold goods)			
20 January	Cash			£500,00
	Sales			
	(Sold goods)			
27 January	Loan from Sergei			£350,00
	Cash			

	(Repaid Sergei part of his loan)		
30 January	Capital		£175,00
	Cash		
	(withdrew cash from the business)		
31 January			£ 9,425

Profit and Loss Statement

				Dr
Sales				
Purchase				£1 300,000
(-) goods in hand at 30 April				£800,00
Gross profit				
(-)Expenses				
Moto Van				£200,00
Storage				£150,00
loan				£350,00
Net profit/loss				

Statement of Financial Position at 31 January

Total Assets:				£ 5,425
Fixed assets				
motor van				£600,00
Current assets				
Cash				£4 025,000
goods in hand				£800,00
Liabilities				
loan				
Capital				
(+) Net Profit/loss				
(-)Drewing				
New Capital				

Drawings reduces Capital - they are never an expense of the business

The Trial Balance is a list of account balances arranged according to whether they are debit balances or credit balances
It is a snapshot of the balances on the ledger accounts at the last day of the accounting period.

Trail Balance as at 31 January

Description			Dr	Cr
Cash			£ 4 025,000	
Capital				£ 4 825,000
Purchase			£ 1 300,000	
Motor Van			£ 600,00	
Motor van expnses			£ 200,00	
Storage Expenses			£ 150,00	
Current Liabilities				
(Loan from Sergei)				£ 650,000
Sales				£ 800,00
		Total	£ 6 275,000	£ 6 275,000

Cr		
Date	Description	
2 January	Motor van	£ 600,00
3 January	Purchase goods	£ 1 300,000
10 January	Motor Van Expenses	£ 200,00
24 January	Storage expense	£ 150,00
27 January	Repaid loan	£ 350,00
30 January	Withdraw	£ 175,00
		£ 2 775,000

Cr		
Date	Description	
1 January	Cash	£ 5,000
	Closing balance c/d	£ 4,825

Cr		
Date	Description	

ods

Cr		
Date	Description	

ergei

Cr		
Date	Description	
4 January	Cash	£ 1 000,00
	Balancing figure c/d	£ 650,00

Cr		
Date	Description	
13 January	cash	£ 300,00
20 January	Cash	£ 500,00
	Closing balance c/d	£ 800,00

		Cr
Date	Description	

Expenses

		Cr
Date	Description	

Cr
£ 5,000
£600,00
£ 1,300
£ 1,000
£200,00
£300,00
£500,00
£350,00

£175,00
£ 9,425

Cr

£800,00
£500,00
£300,00
£700,00
-£400,00

£ 4 825,000
£ 1 000,000
£ 5 000,000
-£400,00
£175,00
£ 4,425

INTRODUCTION

In the form of a financial statement showing the economic resources in monetary terms, the accounting transmits financial information about the business object to the users shareholders and managers.

The principles of accountancy are applied to business entities in three division of practical art, named accounting, bookkeeping and auditing. (Elliot, Barry & Elliot, Jamie: Financial Accounting and Reporting Prentice Hall, London, 2004 p.3)

Task 1

Ledger accounts:

Cash Account

Dr		
Date	Description	Amount
5 April;	Capital	£ 300,00
8 April	Loan from Tatiana	£ 250,00
20 April	Sold goods	£ 350,00
		900
Balancing figure c/d		240

Purchase goods

Dr		
Date	Description	Amount
7 April	Cash	£ 200,00

Motor Van

Dr		
Date	Description	Amount
15 April	Cash	£ 150,00

Rent

Dr		
Date	Description	Amount
28 April	Cash	£ 50,00

Capital

Dr		
Date	Description	Amount
30 April	Cash	£ 60,00

Loan from Tatian

Dr		
Date	Description	Amount
29 April	cash	200

Sales

Dr		
Date	Description	Amount

Drawing

Dr		
Date	Description	Amount
30 April	Cash	£ 60,00

Journal keeps record of all transactions in chronological order and shows information about account names , amounts, debit or credit side.

Journal entries in the Books of Maxim

date	Description	Dr
5 April	Cash	£ 300,00
	Capital	
	(Introduce cash into the business)	
7 April	Purchase	£ 200,00
	Cash	
	(Purchase goods)	
8 April	Cash	£ 250,00
	Loan from Tatiana	
	(Loan from Tatiana repayable within twelve months)	

15 April	Motor van			£ 150,00
	Cash			
	(Purchased a motor van)			
20 April	Cash			£ 350,00
	Sales			
	(Sold goods)			
28 April	Rent account			£ 50,00
	Cash			
	(Paid rent)			
29 April	Loan from Tatiana			£ 200,00
	Cash			
	(repaid part of the loan)			
30 April	Withdraw			£ 60,00
	Cash			
	(Drew cash from the business)			
30 April				1560

A trial balance is a list of all the general ledger accounts contained in the ledger of the business. For each debit entry, there is a credit entry and for each credit entry is a debit entry. The total of all the items recorded in all the accounts on the debit side should equal the total of all the items recorded on the credit side of the accounts. To check that we prepare Trial Balance

Trail Balance as at 30 April

Description	Dr	Cr
Cash	£ 240,00	
Capital		£ 240,00
Purchase	£ 200,00	
Motor Van	£ 150,00	
Rent	£ 50,00	
loan payment		
Current Liabilities		
(Loan from Tatiana)		£ 50,00
Sales		£ 350,00
	Total	£ 640,00
	£ 640,00	£ 640,00

Income /Revenue and Expenses for a specified period of time are reported in a financial Profit and Loss Statement. It is usually prepared for 3 months or a year.

Profit and Loss Statement also is called Income Statement.

The entity uses the income statement to assess its financial position.

Loss and profit statement

Dr

Sales				
Purchase				£ 200,00
(-) goods in hand at 30 April				£ 100,00
Gross profit				
(-)Expenses				
Rent				£ 50,00
loan				£ 200,00
Net profit				

**Balance sheet informs the reader of
a company's financial position as of one moment in time.**

Total Assets:				£ 490,00
Fixed assets				
motor van				£ 150,00
Current assets				
Cash				£ 240,00
goods in hand				£ 100,00
Liabilities				
loan				
Capital				
(+) Net Profit				
(-)Drewing				
New Capital				

$$\text{Assets} = \text{Liabilities} + \text{Capital}$$

Cr		
Date	Description	
7 April	Purchase goods	£ 200,00
15 April	Motor van	£ 150,00
28 April;	Rent	£ 50,00
29 April	Repaid loan	£ 200,00
30 April	witdraw	£ 60,00
		£ 660,00

Cr		
Date	Description	

Cr		
Date	Description	

Cr		
Date	Description	

Cr

Date	Description	
5 April	Cash	£ 300,00

Balancing figure c/d	£ 240,00
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a

Date	Description
11/1/2023	Initial assessment and patient history.
11/2/2023	Physical examination and vital signs monitoring.
11/3/2023	Diagnostic tests and laboratory results.
11/4/2023	Medication management and patient education.
11/5/2023	Follow-up appointment and discharge planning.

8 April	£ 250,00
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Balancing figure c/d	£ 50,00
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Date	Description
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20 April	cash	350
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Cr

Date	Description
------	-------------

Cr
£ 300,00
£ 200,00
£ 250,00

£ 150,00
£ 350,00
£ 50,00
£ 200,00
£ 60,00
1560

.

Cr

£ 350,00
£ 100,00
£ 250,00
£ 250,00
£ -

£ 340,00
£ 250,00
£ 300,00
£ -
£ 60,00
£ 240,00

