

STUDENT NAME : ALEXANDRA-DANIELA BONEA
ID NUMBER : 1813110
MODULE: ACCOUNTING
FUNDAMENTALS(LCB4001)
LECTURER: REXON NGIT

TABLE OF CONTENTS

Introduction.....	p3
Task1.....	p4-p9
Task2.....	p10-p14
Task3.....	p15-p17
Task5.....	p18
Conclusion.....	p19
References.....	p21

Introduction

Numbers. This is accounting ,if something is not recorded correctly all the information will be wrong.

Accounting means collecting the information, analysing the information and communicating financial information.

The person who are using accounting tools, are the management, business owners, investors, banks, the businesses persons who are in a competition with the business, employees etc.

The information should reduce uncertainty about the financial position and performance of the business.

In this demonstration of knowledge you will find how I understand to write up the ledger accounts for transactions,how I include the dates,descriptions and balances, how I learn to prepare the trial balances and how to prepare the statement of profit or loss by end of the month,and the statements of the financial position at the date given.

Maxim's bakery

Task 1:

Date	Item description	Debit (Dr)	Credit (Cr)
5 April	Cash capital	300£	
	Owner invest Capital in business.		300£
7 April	Cash	200£	
	Goods Owner purchase goods for business.		200£
8 April	Cash	250£	
	Tatiana (Credit loan received from Tatiana)		250£
15 April	Cash	150£	
	Purchase motor van for business		150£
20 April	Cash	350£	
	Sold goods		350£
28 April	Cash	50£	
	Paid rent		50£
29 April	Cash	200£	
	Repaid loan from Tatiana		200£
30 April	Cash	60£	
			60£

	Drew cash for business		
--	-----------------------------------	--	--

Cash account

<u>Date</u>	Item description	Debit (Dr)	Credit (Cr)	Balance
5 April	Cash invested in business	300£		300£
7 April	Good purchases	300£	200£	100£
8 April	Cash	250£		350£
15 April	Cash		150£	200£
20 April	Cash	<u>350£</u>		<u>550£</u>
<u>28 April</u>	Cash		<u>50£</u>	<u>500£</u>
29 April	<u>Cash</u>		<u>200£</u>	<u>300£</u>
30 April			<u>60£</u>	<u>240£</u>

Tatiana creditor account

Capital account

Date	Item description	Debit (Dr)	Credit(Cr)	Balance
5 April	Capital account	300£		300£

Goods account

Date	Item description	Debit(Dr)	Credit (Cr)	Balance
7 April		200£		200£
20 April			350£	150£

Date	Debit(Dr)	Credit(Cr)	Balance
------	-----------	------------	---------

8 April		250£	
29 April	200£		500£

Motor van account			
Date	Debit(Dr)	Credit(Cr)	Balance
15 April	150£		150£

Rent account			
Date	Debit(Dr)	Credit(Cr)	Balance
28 April		50£	50£

Closing Stock Account			
Date	Item description	Debit(Dr)	Credit(Cr)

30 April	Trading account	100£	
			100£
	Balance		
			100£

Trial balance

	Debit (Dr)	Credit(Cr)
Cash	240£	
Capital		300£
Goods		150£
Tatiana		50£
Motor van	150£	
Rent	50£	
Drawing	60£	
	500£	500£

Income statement	
Item description	Balance
Revenue from sales	800£

Expenses	2775£
Cash from loans	1000£
Net revenue	4575£

Task 2

Pendo - second-hand furniture dealer business.			
Date	Item description	Debit(Dr)	Credit(Dr)
1 January	Invest in business Cash capital	5000£	5000£
2 January	Bought motor van for business cash	600£	600£
3 January	Purchase goods cash	1300£	1300£
4 January	Received a loan from Sergei Cash	1000£	1000£
10 January	Motor van expenses Cash	200£	200£
13 January	Sold goods Cash	300£	300£
20 January	Goods Cash	500£	500£
24 January	Paid storage expanses Cash	150£	150£
27 January	Repaid to Sergei part of loan Cash	350£	350£
30 January	Withdraw from business Cash	175£	175£
31 January	Closing inventory Cash	800£	800£

Cash account

Date	Item description	Debit(Dr)	Credit(Cr)	Balance
1 January	Capital invested in business	5000£		5000£
2 January	Bought motor van for business		600£	4400£
3 January	Bought goods		1300£	3100£
4 January	Received a loan from Sergei	1000£		4100£
10 January	Motor van Expenses		200£	3900£
13 January	Sold goods	300£		4200£
20 January	Sold goods	500£		4700£
24 January	Storage expenses		150£	4550£
27 January	Repaid to Sergei part of his loan		350£	4200£
30 January	Withdrew cash from the business		175£	4025£
31 January	Closing inventory	800£		4825£

Withdrew account

Date	Item description	Debit(Dr)	Credit(Cr)	Balance
30 January	Pendo withdrew cash from business		175£	175£

Capital account

Date	Item description	Debit(Dr)	Credit(Cr)	Balance
1 January	Pendo invest capital in business	5000£		5000£
30 January	Pendo whithdrew cash from business		175£	4825£

Goods account				
Date	Item description	Debit(Dr)	Credit(Cr)	Balance
13 January	Pendo sold goods	300£		1000£
20 January	Pendo sold goods	500£		500£

Goods purchases account				
Date	Item description	Debit(Dr)	Credit(Cr)	Balance
3 January	Pendo bought goods		1300£	1300£

Sergei (creditor) account				
Date	Item description	Debit(Dr)	Credit(Cr)	Balance
4 January	Received a loan from Sergei(who has to be repaid within 12 months)	1000£		1000£
27 January	Repaid to Sergei part of his loan		350£	650£

Motor van account				
Date	Item description	Debit(Dr)	Credit(Cr)	Balance
2 January	Pendo bought motor van		600£	600£
10 January	Pendo paid expenses for motor van		200£	800£

- 800£ are liabilities

Store expenses account				
Date	Item description	Debit(Dr)	Credit(Cr)	Balance
24 January	Pendo paid expenses for storage		150£	150£

- 150£ are liabilities

Trial Balance		
Items	Debit(Dr)	Credit(Cr)
Withdrew account	175£	
Store expenses account	150£	
Motor van account	800£	
Goods account		800£
Sergei account		650£
Cash account	4025£	
Goods Purchases account	1300£	
Capital account		5000£
Total	6450£	6450£

Income Statement

Item description	Debit(Dr)	Credit(Cr)
Revenue from sales		800£
Deductions: Motor van expenses	200£	
Deductions: expense from purchases	1300£	
Deduct: Storage expenses	150£	
Net Loss		850£

Balance sheet	
Items	Balance
Cash	4025£
Motor Van	600£
Stock	800£
Total assets	1400£
Liabilities	
Capital	5000£
Deductions: Drawings	850£
Deductions: Loss	175£
Shortfall	800£
loan from Sergei	650£
Total	5425£

Task 3

Mafuta retailer

Date	Item description	Debit(Dr)	Credit(Cr)
2 January	Goods sold to Harvey	124£	124£
5 January	Paid Wages	12£	12£
5 January	Bought goods From Rich	150£	150£
7 January	Smith settled his account		
9 January	Paid the amount owing to Max	21£	21£
11 January	Cash Sales	64£	64£
14 January	Paid Wages	14£	14£
14 January	Bought goods for cash	75£	75£
15 January	Paid Rich	12£	12£
20 January	Bought new office desk	32£	32£
21 January	Paid wages	17£	17£
21 January	Cash Sales	110£	110£
23 January	Paid office expenses	3£	3£
23 January	Received cash on account from Harvey	25£	25£
28 January	Cash Sales	84£	84£
28 January	Paid wages	15£	15£
31 January	Cash Sales	30£	30£
31 January	Inventory	374£	374£

Max account				
Date	Item description	Debit (dr)	Credit(Cr)	Balance
9 January	Paid Max amount that owing		21£	21£

Smith account				
Date	Item description	Debit(dr)	Credit(Cr)	Balance
7 January	Repaid Smith amount that owing		18£	18£

Harvey account				
Date	Item description	Debit(Dr)	Credit(Cr)	Balance
2 January	Sold goods to Harvey		124£	124£
23 January	Harvey paid in account	25£		99£

Wages account				
Date	Item description	Debit(Dr)	Credit(Cr)	Balance
5 January	Paid wages		12£	12£
14 January	Paid wages		14£	

Capital account				
Date	Item description	Debit(Dr)	Credit(Cr)	Balance
1 January	Capital from assets	999£		999£
1 January	Capital from recievables	83£	83£	916£

Office desk account				
----------------------------	--	--	--	--

Date	Item description	Debit(Dr)	Credit(Cr)	Balance
20 January	Bought new office desk		32£	32£

Office expenses account				
Date	Item description	Debit(Dr)	Credit(Cr)	Balance
23 January	Paid office expenses		3£	3£

Trial Balance		
Items	Debit(Dr)	Credit(Cr)
Sales Account		412
Office desk Account	32	
Moon Account	26	
Wages Account	58	
Cash Account	461	
Capital Account		1082
Purchase Account	258	
Stock Account	458	
Harvey Account	138	
Office Expenses Account	63	
Total	1494	1494

Income Statement	
Items description	Balance
Income Sales	412
Office Expenses	-3
Purchases	-225
Wages	58
Net income	126

Task 5

Capital expenditures are for fixed assets, which are expected to be productive assets for a long period of time. **Revenue expenditures** are for costs that are related to specific revenue transactions or operating periods, such as the cost of the goods sold or repairs and maintenance expense. The **differences** between these two types of expenditures are:

Timing. Capital expenditures are charged to expense gradually via depreciation, and over a long period of time. Revenue expenditures are charged to expense in the current period, or shortly thereafter.

Consumption. A capital expenditure is assumed to be consumed over the useful life of the related fixed asset. A revenue expenditure is assumed to be consumed within a very short period of time.

Size. A more questionable difference is that capital expenditures tend to involve larger monetary amounts than revenue expenditures. This is because an expenditure is only classified as a capital expenditure if it exceeds a certain threshold value; if not, it is automatically designated as a revenue expenditure. However, certain quite large expenditures can still be classified as revenue expenditures, as long they are directly associated with sale transactions or are period costs.

Conclusion

In conclusion, information that I used to help with my understanding have been achieved by attend to classes, from learning individualy and improving my knowledgement by reading essential books for this kind of course.

References

Accounting tools, (2019) [Online] Available from : <https://www.accountingtools.com/articles/the-difference-between-capital-expenditures-and-revenue-expe.html>

Accessed (30 April 2019)

Eddie, McLaney. Peter, Atrill.(2012). Accounting and finance an introduction. pg(1-5).