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Assignment 1

Lecturer`s name: **Dr Raxon Nting**

Module: Accounting Fundamentals

(LCBB4001)

TASK 1

			Cash Account		
Dr			Cr		
Date	Description	Amount	Date	Description	Amount
05 – Apr.	Capital	£300	07 – Apr.	Purchase goods	£200
08 – Apr.	Loan from Tatiana	£250	15 – Apr.	Motor van	£150
20 – Apr.	Sold goods	£350	28 – Apr.	Rent	£50
			29 – Apr.	Repaid loan	£200
			30 - Apr.	Withdraw	£60
	Total:	£900		Total:	£660
Balance c/d		£240			

			Purchased good		
Dr			Cr		
Date	Description	Amount	Date	Description	Amount
7 – apr.	Cash	£200			

			Motor van		
Dr			Cr		
Date	Description	Amount	Date	Description	Amount
15 - Apr.	Cash	£150			

			Rent		
Dr			Cr		
Date	Description	Amount	Date	Description	Amount
28 – Apr.	Cash	£50			

			Capital		
Dr			Cr		
Date	Description	Amount	Date	Description	Amount
30 – Apr.	Cash	£60	05 – Apr.	Cash	£300
			Balance c/d		£240

			Loan from Tatiana		
Dr			Cr		
Date	Description	Amount	Date	Description	Amount
29 – Apr.	Cash	£200	08 – Apr.		£250
			Balance c/d		£50

			Sales		
Dr			Cr		
Date	Description	Amount	Date	Description	Amount
			20 – Apr.	Cash	£350

			Drawing		
Dr			Cr		
Date	description	Amount	Date	Description	Amount
30 – Apr.	Cash	£60			

		Journal entries in Maxim's book	
Date	Description	Dr	Cr
05 – Apr.	Cash Capital (Introduce cash into the business)	£300	£300
07 – Apr.	PurchaseCash (Purcase goods)	£200	£200
08 – Apr.	Cash Loan from Tatiana (Loan from Tatiana to be paid within 12 months)	£250	£250
15 – Apr.	Motor van Cash (Purchase of motor van.)	£150	£150
20 – Apr.	Cash Sales (Goods sold.)	£350	£350
28 – Apr.	Rent accaunt Cash (Rent paid.)	£50	£50
29 – Apr.	Loan from Tatiana Cash (Partly loan repayment.)	£200	£200
30 – Apr.	Withdraw Cash (Cash withdraw.)	£60	£60
30 – Apr.		£1,560	£1,560

	Trail Balance as on 30 April	
Description	Dr	Cr
Cash	£240	
Capital		£240
Purchase	£200	
Motor van	£150	
Rent	£50	
Loan payment		
Current Liabilities		
(Loan from Tatiana.)		£50
Sales		£350
Total:	£640	£640

	Profit and loss statement	
	Dr	Cr
Sales		350
Purchases	£200	

(–)Goods in hand on 30 April		£100
Gross profit		£250
(–)Expenses		
Rent	£50	
Loan	£200	£250
Net profit		£ — — —

SALES REVENUE - EXPENSES = PROFIT

Total Assets	£490	
Fixed Assets		
Motor van	£150	
Current assets		
Cash	£240	£340
Goods in hand	£100	
liabilities		
Loan		£250
Capital		£300
(+)Net profit		£ — — —
(–)Drawing		£60
New capital		£240

Assets = Liabilities+ Capital

Total Assets = Current Assets + Non-Current Assets

Total Liabilities = Current Assets + Non-Current Assets

Task 2

Cash Account

Dr			Cr		
Date	Description	Amount	Date	Description	Amount
01 – Jan.	Capital	£5,000	02 – Jan.	Motor van	£600
04 – Jan.	Loan from Sergei	£1,000	03 – Jan.	Goods purchased	£1,300
13 – Jan.	Goods sold	£300	10 – Jan.	Motor van expenses	£200
20 – Jan.	Goods sold	£500	24 – Jan.	Storage expense	£150
			27 – Jan.	Loan repayment	£350
			30 – Jan.	Withdraw	£175
	Total:	£6,800		Total:	£2,775
	Closing balance:	£4,025			

			Capital		
Dr			Cr		
Date	Description	Amount	Date	Description	Amount
30 – Jan.	Cash	£175	01 – Jan.	Cash	£5,000
				Closing balance c/d	£ 4,825.00

			Motor Van		
Dr			Cr		
Date	Description	Amount	Date	Description	Amount
02 – Jan.	Cash	£600			

			Purchase Goods		
Dr			Cr		
Date	Description	Amount	Date	Description	Amount
03 – Jan.	Cash	£1,300			

			Motor Van Expenses					
Dr				Cr				
Date	Description	Amount	Date	Description	Amount			
10 – Jan.	Cash	£200						

			Sales			
Dr			Cr			
Date	Description	Amount	Date	Description	Amount	
			13 – Jan.	Cash	£300	
			20 – Jan.	Cash	£500	

			Storage Expenses					
Dr				Cr				
Date	Description	Amount	Date	Description	Amount			
24 – Jan.	Cash	£150						

			Loan from Sergei					
Dr				Cr				
Date	Description	Amount	Date	Description	Amount			
27 – Jan.	Cash	£350	04 – Jan.	Cash	£1,000			
				Balance c/d		£650		

Closing Inventory **£800**

Journal entries in Pendo`s book for January			
Date	Description	Dr	Cr
01 – Jan.	Cash Capital [introduced cash into the business]	£5,000	£5,000
02 – Jan.	Motor Van Cash [motor van purchase]	£600	£600
03 – Jan.	Purchases Cash [goods bought]	£1,300	£1,300
04 – Jan.	Cash Current liabilities [loan from Sergei]	£1,000	£1,000
10 – Jan.	Motor Van expenses	£200	

	Cash [motor van expenses]		£200
13 – Jan.	Cash Sales	£300	£300
20 – Jan.	Cash Sales	£500	£500
27 – Jan.	Loan from Sergei Cash [partly repayment loan]	£350	£350
30 – Jan.	Capital Cash [withdraw]	£175	£175
31 – Jan.		£9,425	£9,425

Sales Revenue - Expenses = Profit

Profit and Loss Statement		
	Dr	Cr
Sales		£800
Purchase	£1,300	
(–) goods in hand	£800	£500
Gross Profit		£300
(–) expenses		
Motor Van	£200	
Storage	£150	
Loan	£350	£700
Net Profit f Loss		–£400

Statement of Financial Position for 31 January

Total Assets:	£5,425	
Fixed Assets:		
Motor van	£600	
Current Assets:		
Cash	£4,025	
Goods in hand	£800	£4,825
Liabilities:		
Loan		£1,000
Capital		£5,000
(+) Net Profit f Loss		—£400
(–) Drawing		£175
New Capital		£4,425.00

Non - Current Assets + Current Assets - Liabilities = Ownership Interest

Trail Balance for 31 January

Description	Dr	Cr
Cash	£4,025	
Capital		£4,825
Purchases	£1,300	
Motor van	£600	
Motor Van Expenses	£200	
Expenses for storage	£150	
Current Liabilities:		
Loan from Sergei		£650
Sales		£800
Total:	£6,275	£6,275

Non - Current Assets + Current Assets - Liabilities = Ownership Interest

TASK 3

Cash Account

Dr			Cr		
Date	Description	Amount	Date	Description	Amount
01 – Jan.	Smith	£343			
07 – Jan.		£18	05 – Jan.	Wages	£12
	Sales				
11 – Jan.		£64	09 – Jan.	Max	£21
21 – Jan.	Sales	£110			
23 – Jan.	Harvey	£25	14 – Jan.	Wages	£14
28 – Jan.	Sales	£84	14 – Jan.		£75
31 – Jan.	Sales	£30	15 – Jan.	Purchase Goods	£162
			20 – Jan.	Rich	£32
			21 – Jan.	Office Desk	£17
			23 – Jan.	Wages	£3
			28 – Jan.	Office Expenses	£15
				Wages	
					£351
Closing Balance		–£351			

Smith`s Account

Dr			Cr		
Date	Description	Amount	Date	Description	Amount
01 – Jan.		£18			
			07 – Jan.		£18

Harvey`s Account

Dr			Cr		
Date	Description	Amount	Date	Description	Amount
01 – Jan.		£39			
02 – Jan.	On Credit	£124			
			23 – Jan.	Cash	£25
Closing Balance		£138			

			Moon`s Account					
Dr				Cr				
Date	Description	Amount	Date	Description	Amount			
01 – Jan.		£26						

			Rich`s Account					
Dr				Cr				
Date	Description	Amount	Date	Description	Amount			
			01 – Jan.		£12			
			05 – Jan.		£150			
15 – Jan.		£162						

			Max Account		
Dr			Cr		
Date	Description	Amount	Date	Description	Amount
09 – Jan.		£21	01 – Jan.		£21

			Wages			
Dr			Cr			
Date	Description	Amount	Date	Description	Amount	
05 – Jan.	Cash	£12				
14 – Jan.	Cash	£14				
21 – Jan.	Cash	£17				
28 – Jan.	Cash	£15				
	Total:	£58				

			Sales		
Dr			Cr		
Date	Description	Amount	Date	Description	Amount
			02 – Jan.	Harvey	£124
			11 – Jan.	Cash	£64
			21 – Jan.	Cash	£110
			28 – Jan.	Cash	£84
			31 – Jan.	Cash	£30
			Closing Balance		
			£412		

			Purchases		
Dr			Cr		
Date	Description	Amount	Date	Description	Amount
05 – Jan.	Rich	£150			
14 – Jan.	Cash	£75			
	Total:	£225			

			Office Expenses		
Dr			Cr		
Date	Description	Amount	Date	Description	Amount
23 – Jan.	Cash	£3			

			Office Desk		
Dr			Cr		
Date	Description	Amount	Date	Description	Amount
20 – Jan.	Cash	£32			

Cost of the inventory: £374

Journal Of Account Entry

Date	Description	Dr	Cr
02 – Jan.	Receivable Account [goods sold to Harvey] Goods	£124	£124
05 – Jan.	Wages Cash	£12	£12
05 – Jan.	Purchases Account Payable [Rich]	£150	£150
07 – Jan.	Cash Smith	£18	£18
09 – Jan.	Max Cash [Max]	£21	£21
11 – Jan.	Cash Sales	£64	£64

14 – Jan.	Wages Cash	£14	£14
14 – Jan.	Purchases Cash	£75	£75
15 – Jan.	Rich Cash [Rich]	£162	£162
20 – Jan.	Office Desk Cash	£32	£32
21 – Jan.	Wages Cash	£17	£17
21 – Jan.	Cash Sales	£110	£110
23 – Jan.	Office Expenses Cash	£3	£3
23 – Jan.	Cash Harvey	£25	£25
28 – Jan.	Cash Sales	£84	£84
28 – Jan.	Wages Cash	£15	£15
31 – Jan.	Cash Sales	£30	£30
	Total:	£956	£956

Profit and Loss Statement

	Dr	Cr
Sales		£412
Purchase	£225	
(+) Inventory	£458	
(–) Goods in Hand	£374	£309
Gross Profit		£103
(–) Expenses		
Wages	£58	
Office Expenses	£3	£61
Net Profit f Loss		£42
Total Assets	£1,091	
Fixed Assets:		
Office Desk	£32	
Fittings and furniture	£198	£230
Current Assets:		
Cash	£323	
Goods in hand	£374	
Recievable [Harvey]	£138	
Recievable[Moon]	£26	£861
Liabilities:		
Capital	£1,049	
(+) Net Ptofit f Loss	£42	
(–)Drawings		
New Capital		£1,091

Assets = Liabilities + Capital

	Trail Balance on 31 January		
Description	Dr	Cr	
Cash	£323		
Capital		£1,049	
Harvey	£138		
Moon	£26		
Sales		£412	
Purchase	£225		
Office Expenses	£3		
Office Desk	£32		
Inventory	£458		
Assets	£198		
Wages	£58		
	£1,461	£1,461	

Task 4

Clarie`s Account

Dr			Cr		
Date	Description	Amount	Date	Description	Amount
02—Jun	Sales	£8,500	22—Jun	Sales	£1,000
			24—Jun	Cash	£7,125
			24—Jun	Sales	£375
				Discount	

Hywel`s Account

Dr			Cr		
Date	Description	Amount	Date	Description	Amount
14—Jun	Sales	£8,550	25—Jun	Cash	£8,550

			Mandy`s Account		
Dr			Cr		
Date	Description	Amount	Date	Description	Amount
24–Jun	Sales	£5,000			

			Andrew`s Account		
Dr			Cr		
Date	Description	Amount	Date	Description	Amount
27–Jun	Cash	£4,100	21–Jun	Purchase	£4,500
27–Jun	Purchase Discount	£90			

Cash Account

Dr			Cr		
Date	Description	Amount	Date	Description	Amount
24–Jun	Clarie	£7,125			
20–Jun	Sales	£6,000			
25–Jun	Hywel	£8,550	25–Jun	Georgina	£11,160
			27–Jun	Andrew	£4,410
	Total:	£21,675		Total:	£15,570
	Balance c/d	£6,105			

			Sales Account					
Dr				Cr				
Date		Description	Amount	Date		Description		Amount
22—Jun			£1,000	02—Jun		Clarie		£8,500
				14—Jun		Hywel		£8,550
				20—Jun		Cash		£6,000
				24—Jun		Mandy		£5,000
						Total:		£28,050

			Purchases		
Dr			Cr		
Date	Description	Amount	Date	Description	Amount
13-Jun	Cash	£12,000			
21-Jun	Andrew	£4,500			

			Georgina Account		
Dr			Cr		
Date	Description	Amount	Date	Description	Amount
25-Jun	Cash	£11,160	13-Jun	Purchase	£12,000
25-Jun	Purchase Discount	£840			
	Total:	£12,000			

			Sales Discount		
Dr			Cr		
Date	Description	Amount	Date	Description	Amount
24-Jun	Clarie afc	£375			

			Purchase Discount		
Dr			Cr		
Date	Description	Amount	Date	Description	Amount
			25-Jun	Georgina afc	£840
			27-Jun	Andrew	£90
			Total: £930		

Transactions in Ricardo`s Book			
Date	Description	Dr	Cr
02—Jun	Receivable Account [Clarie] Sales [goods to Clarie on credit]	£8,500	£8,500
13—Jun	Purchase Payable Account [bought goods from Georgina on Credit]	£12,000	£12,000
14—Jun	Hywel Sales [goods to Hywel]	£8,550	£8,550
20—Jun	Cash Sales [sold goods to Jane for cash]	£6,000	£6,000
21—Jun	Purchase Payable Account [Bought goods from Andrew on Credit]	£4,500	£4,500
22—Jun	Sales Returned Clarie	£1,000	£1,000
24—Jun	Receivable Account [Mandy] Sales [goods bought by Mandy]	£5,000	£5,000
24—Jun	Cash Sales Discount Receivable Account	£7,125 £375	£7,500

	[Clarie`s payment with the discount]		
25—Jun	Cash Account Receivable [Hywel]	£8,550	£8,550
25—Jun	Georgina Cash Purchase Discount	£12,000	£11,160 £850
27—Jun	Andrew`s Account Cash Purchase Discount [payment to Andrew]	£4,500	£4,410 £90
Total:		£78,100	£78,100

TASK 5

According to Surbhi (2018), the expenditure which is done for the future economic benefit is capital expenditure. It is a long-term investment made to acquire an asset or improve the capacity of the asset, to create financial gain for the years to come. The routine expenditure which is incurred regularly for conducting the operational activities of the business (Electricity Expenses, Printing & Stationery, Inventory, Wages, etc) are known as Revenue expenditure.

References:

Surbhi S. (2018) ``Difference Between Capital and Revenue Expenditure`` . Available at: <https://keydifferences.com/difference-between-capital-and-revenue-expenditure.html> (Accessed: 30 December 2019)