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Module title: LCBB4001

Assignment title: Accounting Fundamentals

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Task 1

a. Ledger accounts

Cash account				
Date	Particular	Debit	Credit	Balance
05-Apr	Capital account	\$ 300.00		\$ 300.00
07-Apr	Purchases account		\$ 200.00	\$ 100.00
08-Apr	Loan account	\$ 250.00		\$ 350.00
15-Apr	Motor Van		\$ 150.00	\$ 200.00
20-Apr	Sales account	\$ 350.00		\$ 550.00
28-Apr	Rent account		\$ 50.00	\$ 500.00
29-Apr	Loan account		\$ 200.00	\$ 300.00
30-Apr	Capital account		\$ 60.00	\$ 240.00
Capital account				
Date	Particular	Debit	Credit	Balance
05-Apr	Cash account		\$ 300.00	\$ 300.00
30-Apr	Cash account	\$ 60.00		\$ 240.00
Purchases account				
Date	Particular	Debit	Credit	Balance
07-Apr	Cash account	\$ 200.00		\$ 200.00
Loan account				
Date	Particular	Debit	Credit	Balance
08-Apr	Cash account		\$ 250.00	\$ 250.00
29-Apr	Cash account	\$ 200.00		\$ 50.00
Motor Van account				
Date	Particular	Debit	Credit	Balance
15-Apr	Cash account	\$ 150.00		\$ 150.00
Sales account				
Date	Particular	Debit	Credit	Balance
20-Apr	Cash account		\$ 350.00	\$ 350.00

Rent account				
Date	Particular	Debit	Credit	Balance
28-Apr	Cash account	\$ 50.00		\$ 50.00

b. List of account balances

Particular	Debit	Credit
Cash account	\$ 240.00	
Capital account		\$ 240.00
Purchases account	\$ 200.00	
Loan account		\$ 50.00
Motor Van account	\$ 150.00	
Sales account		\$ 350.00
Rent account	\$ 50.00	
Total	\$ 640.00	\$ 640.00

c. Statement of Profit and loss and statement of financial position

Statement of profit and loss account

Particular	Amount	Amount
Sales		\$ 350.00
Less: Cost of goods sold		
Opening inventory	\$ -	
Purchases	\$ 200.00	
Closing inventory	\$(100.00)	
Cost of goods sold		\$(100.00)
Gross income		\$ 250.00
Less: Rent expenses		\$ (50.00)
Net income		\$ 200.00

Statement of financial position

Particular	Amount	Amount
Assets		
<i>Current assets</i>		
Cash	\$ 240.00	
Inventory	\$ 100.00	
Total current assets		\$ 340.00
<i>Non-current assets</i>		
Motor Van	\$ 150.00	

Total non-current assets		\$ 150.00
Total assets		\$ 490.00
Liabilities and equity		
<i>Liabilities</i>		
Loan payable	\$ 50.00	
Total liabilities		\$ 50.00
<i>Equity</i>		
Capital	\$ 440.00	\$ 440.00
Total liabilities and equity		\$ 490.00

Task 2

a. Ledger accounts

Cash account				
Date	Particular	Debit	Credit	Balance
01-Jan	Capital account	\$ 5,000.00		\$ 5,000.00
02-Jan	Motor Van		\$ 600.00	\$ 4,400.00
03-Jan	Purchases account		\$ 1,300.00	\$ 3,100.00
04-Jan	Loan account	\$ 1,000.00		\$ 4,100.00
10-Jan	Motor van expenses		\$ 200.00	\$ 3,900.00
13-Jan	Sales account	\$ 300.00		\$ 4,200.00
20-Jan	Sales account	\$ 500.00		\$ 4,700.00
24-Jan	Storage expenses		\$ 150.00	\$ 4,550.00
27-Jan	Loan account		\$ 350.00	\$ 4,200.00
30-Jan	Capital account		\$ 175.00	\$ 4,025.00
Capital account				
Date	Particular	Debit	Credit	Balance
01-Jan	Cash account		\$ 5,000.00	\$ 5,000.00
30-Jan	Cash account	\$ 175.00		\$ 4,825.00
Purchases account				
Date	Particular	Debit	Credit	Balance
03-Jan	Cash account	\$ 1,300.00		\$ 1,300.00
Loan account				
Date	Particular	Debit	Credit	Balance
04-Jan	Cash account		\$ 1,000.00	\$ 1,000.00
27-Jan	Cash account	\$ 350.00		\$ 650.00

Motor Van account				
Date	Particular	Debit	Credit	Balance
02-Jan	Cash account	\$ 600.00		\$ 600.00
Sales account				
Date	Particular	Debit	Credit	Balance
13-Jan	Cash account		\$ 300.00	\$ 300.00
20-Jan	Cash account		\$ 500.00	\$ 800.00
Motor van expenses				
Date	Particular	Debit	Credit	Balance
10-Jan	Cash account	\$ 200.00		\$ 200.00
Storage expenses				
Date	Particular	Debit	Credit	Balance
24-Jan	Cash account	\$ 150.00		\$ 150.00

b. List of account balances

Particular	Debit	Credit
Cash account	\$ 4,025.00	
Capital account		\$ 4,825.00
Purchases account	\$ 1,300.00	
Loan account		\$ 650.00
Motor Van account	\$ 600.00	
Sales account		\$ 800.00
Motor van expenses	\$ 200.00	
Storage expenses	\$ 150.00	
Total	\$ 6,275.00	\$ 6,275.00

c. Statement of Profit and loss and statement of financial position

Statement of profit and loss account

Particular	Amount	Amount
Sales		\$ 800.00
Less: Cost of goods sold		
Opening inventory	\$ -	

Purchases	\$ 1,300.00	
Closing inventory	\$ (800.00)	
Cost of goods sold		\$ (500.00)
Gross income		\$ 300.00
Less: other expenses		
Motor van expenses		\$ (200.00)
Storage expenses		\$ (150.00)
Net income		\$ (50.00)

Statement of financial position

Particular	Amount	Amount
Assets		
<i>Current assets</i>		
Cash	\$ 4,025.00	
Inventory	\$ 800.00	
Total current assets		\$ 4,825.00
<i>Non-current assets</i>		
Motor Van	\$ 600.00	
Total non-current assets		\$ 600.00
Total assets		\$ 5,425.00
Liabilities and equity		
<i>Liabilities</i>		
Loan payable	\$ 650.00	
Total liabilities		\$ 650.00
<i>Equity</i>		
Capital	\$ 4,775.00	\$ 4,775.00
Total liabilities and equity		\$ 5,425.00

Task 3

a. Ledger accounts

Accounts receivables- Harvey				
Date	Particular	Debit	Credit	Balance
01-Jan	Balance	\$ 39.00		\$ 39.00
01-Jan	Sales account	\$ 124.00		\$ 163.00
23-Jan	Cash account		\$ 163.00	\$ -

Cash account				
Date	Particular	Debit	Credit	Balance
01-Jan	Balance	\$ 343.00		\$ 343.00
05-Jan	Wages expenses		\$ 12.00	\$ 331.00
07-Jan	Accounts receivables- Smith	\$ 18.00		\$ 349.00
09-Jan	Accounts Payables-Max		\$ 21.00	\$ 328.00
11-Jan	Sales account	\$ 64.00		\$ 392.00
14-Jan	Wages expenses		\$ 14.00	\$ 378.00
14-Jan	Purchases		\$ 75.00	\$ 303.00
15-Jan	Accounts Payables-Rich		\$ 162.00	\$ 141.00
20-Jan	Office desk account		\$ 32.00	\$ 109.00
21-Jan	Wages expenses		\$ 17.00	\$ 92.00
21-Jan	Sales account	\$ 110.00		\$ 202.00
23-Jan	Office expenses		\$ 3.00	\$ 199.00
23-Jan	Accounts receivables- Harvey	\$ 163.00		\$ 362.00
28-Jan	Sales account	\$ 84.00		\$ 446.00
28-Jan	Wages expenses		\$ 15.00	\$ 431.00
31-Jan	Sales account	\$ 30.00		\$ 461.00
Inventory account				
Date	Particular	Debit	Credit	Balance
01-Jan	Balance	\$ 458.00		\$ 458.00
Furniture and fittings account				
Date	Particular	Debit	Credit	Balance
01-Jan	Balance	\$ 198.00		\$ 198.00
Accounts receivables- Smith				
Date	Particular	Debit	Credit	Balance
01-Jan	Balance	\$ 18.00		\$ 18.00
07-Jan	cash account		\$ 18.00	\$ -
Accounts receivables- Moon				
Date	Particular	Debit	Credit	Balance
01-Jan	Balance	\$ 26.00		\$ 26.00
	Sales account			\$ 26.00
Accounts Payables-Rich				
Date	Particular	Debit	Credit	Balance

01-Jan	Balance		\$ 12.00	\$ 12.00
05-Jan	Purchases		\$ 150.00	\$ 162.00
15-Jan	Cash account	\$ 162.00		\$ -
Accounts Payables-Max				
Date	Particular	Debit	Credit	Balance
01-Jan	Balance		\$ 21.00	\$ 21.00
09-Jan	Cash account	\$ 21.00		\$ -
Wages expenses				
Date	Particular	Debit	Credit	Balance
05-Jan	Cash account	\$ 12.00		\$ 12.00
14-Jan	Cash account	\$ 14.00		\$ 26.00
21-Jan	Cash account	\$ 17.00		\$ 43.00
28-Jan	Cash account	\$ 15.00		\$ 58.00
Capital account				
Date	Particular	Debit	Credit	Balance
01-Jan	Balance		\$ 1,049.00	\$ 1,049.00
				\$ 1,049.00
Purchases account				
Date	Particular	Debit	Credit	Balance
05-Jan	Accounts Payables-Rich	\$ 150.00		\$ 150.00
14-Jan	Cash account	\$ 75.00		\$ 225.00
Sales account				
Date	Particular	Debit	Credit	Balance
01-Jan	Accounts receivables- Harvey		\$ 124.00	\$ 124.00
11-Jan	Cash account		\$ 64.00	\$ 188.00
21-Jan	Cash account		\$ 110.00	\$ 298.00
28-Jan	Cash account		\$ 84.00	\$ 382.00
30-Jan	Cash account		\$ 30.00	\$ 412.00
Office desk account				
Date	Particular	Debit	Credit	Balance
20-Jan	Cash account	\$ 32.00		\$ 32.00
Office expenses				

Date	Particular	Debit	Credit	Balance
23-Jan	Cash account	\$ 3.00		\$ 3.00

b. List of account balances

Particular	Debit	Credit
Accounts receivables- Harvey	\$ -	
Cash account	\$ 461.00	
Inventory account	\$ 458.00	
Furniture and fittings account	\$ 198.00	
Accounts receivables- Smith	\$ -	
Accounts receivables- Moon	\$ 26.00	
Accounts Payables-Rich		\$ -
Accounts Payables-Max		\$ -
Wages expenses	\$ 58.00	
Capital account		\$ 1,049.00
Purchases account	\$ 225.00	
Sales account		\$ 412.00
Office desk account	\$ 32.00	
Office expenses	\$ 3.00	
Total	\$ 1,461.00	\$ 1,461.00

c. Statement of Profit and loss and statement of financial position

Statement of profit and loss account

Particular	Amount	Amount
Sales		\$ 412.00
Less: Cost of goods sold		
Opening inventory	\$ 458.00	
Purchases	\$ 225.00	
Closing inventory	\$ (374.00)	
Cost of goods sold		\$ (309.00)
Gross income		\$ 103.00
Less: other expenses		
Wages expenses		\$ (58.00)
Office expenses		\$ (3.00)
Net income		\$ 42.00

Statement of financial position

Particular	Amount	Amount
Assets		
<i>Current assets</i>		
Cash	\$ 461.00	
Inventory	\$ 374.00	
Accounts receivables	\$ 26.00	
Total current assets		\$ 861.00
<i>Non-current assets</i>		
Furniture and fittings account	\$ 198.00	
Office desk account	\$ 32.00	
Total non-current assets		\$ 230.00
Total assets		\$ 1,091.00
Liabilities and equity		
<i>Liabilities</i>		
Total liabilities		\$ -
<i>Equity</i>		
Capital	\$ 1,091.00	\$ 1,091.00
Total liabilities and equity		\$ 1,091.00

Task 4

a. Relevant ledger accounts

Sales account				
Date	Particular	Debit	Credit	Balance
02-Jun	Accounts receivables- Claire		£ 8,500.00	£ 8,500.00
14-Jun	Accounts receivables- Hywel		£ 8,550.00	£ 17,050.00
20-Jun	cash		£ 6,000.00	£ 23,050.00
24-Jun	Accounts receivables- Mandy		£ 5,000.00	£ 28,050.00
Purchases account				
Date	Particular	Debit	Credit	Balance
13-Jun	Accounts Payables-Georgina	£ 12,000.00		£ 12,000.00
21-Jun	Accounts Payables-Andrew	£ 4,500.00		£ 16,500.00

Accounts Payables-Georgina				
Date	Particular	Debit	Credit	Balance
13-Jun	Purchases account		£ 12,000.00	£ 12,000.00
25-Jun	cash	£ 11,160.00		£ 840.00
25-Jun	Discount received	£ 840.00		£ -
Accounts receivables- Hywel				
Date	Particular	Debit	Credit	Balance
14-Jun	Sales	£ 8,550.00		£ 8,550.00
25-Jun	cash		£ 8,550.00	£ -
Cash account				
Date	Particular	Debit	Credit	Balance
20-Jun	Sales	£ 6,000.00		£ 6,000.00
24-Jun	Accounts receivables- Claire	£ 7,125.00		£ 13,125.00
25-Jun	Accounts receivables- Hywel	£ 8,550.00		£ 21,675.00
25-Jun	Accounts Payables-Georgina		£ 11,160.00	£ 10,515.00
27-Jun	Accounts Payables-Andrew		£ 4,410.00	£ 6,105.00
Accounts Payables-Andrew				
Date	Particular	Debit	Credit	Balance
21-Jun	Purchases account		£ 4,500.00	£ 4,500.00
27-Jun	cash	£ 4,410.00		£ 90.00
27-Jun	Discount received	£ 90.00		£ -
Sales return account				
Date	Particular	Debit	Credit	Balance
22-Jun	Accounts receivables- Claire	£ 1,000.00		£ 1,000.00
Accounts receivables- Claire				
Date	Particular	Debit	Credit	Balance
02-Jun	Sales	£ 8,500.00		£ 8,500.00
22-Jun	Sales retrun account		£ 1,000.00	£ 7,500.00
24-Jun	cash		£ 7,125.00	£ 375.00
24-Jun	Discount allowed		£ 375.00	£ -
Accounts receivables- Mandy				
Date	Particular	Debit	Credit	Balance
24-Jun	Sales	£ 5,000.00		£ 5,000.00

Discount allowed				
Date	Particular	Debit	Credit	Balance
24-Jun	Accounts receivables- Claire	£ 375.00		£ 375.00
Discount received				
Date	Particular	Debit	Credit	Balance
25-Jun	Accounts Payables-Georgina		£ 840.00	£ 840.00
27-Jun	Accounts Payables-Andrew		£ 90.00	£ 930.00

Trial balance at 27 June

Particular	Debit	Credit
Sales account		£ 28,050.00
Purchases account	£ 16,500.00	
Cash account	£ 6,105.00	
Sales return account	£ 1,000.00	
Accounts receivables	£ 5,000.00	
Discount allowed	£ 375.00	
Discount received		£ 930.00
Total	£ 28,980.00	£ 28,980.00

Closure of ledger accounts

Sales account				
Date	Particular	Debit	Credit	Balance
27-Jun	Balance			£ 8,500.00
27-Jun	Profit and loss account	£ 8,500.00		£ -
Purchases account				
Date	Particular	Debit	Credit	Balance
27-Jun	Balance			£ 16,500.00
27-Jun	Profit and loss account		£ 16,500.00	£ 16,500.00
Sales return account				
Date	Particular	Debit	Credit	Balance
27-Jun	Balance			£ 1,000.00
27-Jun	Profit and loss account		£ 1,000.00	£ -

Discount allowed				
Date	Particular	Debit	Credit	Balance
27-Jun	Balance			£ 375.00
27-Jun	Profit and loss account		£ 375.00	£ -
Discount received				
Date	Particular	Debit	Credit	Balance
27-Jun	Balance			£ 930.00
27-Jun	Profit and loss account	£ 930.00		£ -

Task 5

Differentiation between capital expenses and revenue expenses

Capital expenses are amount expended by the organization for making an investment in acquiring or improving plant property and equipment. Capital expenses cost normally recorded in the plant property and equipment account of the organization and charged with the depreciation (except land asset) (IFRS 2005). The benefit of these expenses are enjoyed by the organization for many accounting periods.

However, revenue expenses are amount expended by the organization for short term reasons, normally these benefits are short-lived. In addition to this, these expenses are charged by the organization in profit and loss account for compliance of matching accounting principle.