

DOUBLE - ENTRY BOOKKEEPING : LECTURE EXAMPLE

① GAIN : BANK
LOSE : OWES £10000 CAPITAL

DR	BANK	10000
CR	CAPITAL	10000

② GAIN : PURCHASES
LOSE : BANK

DR	PURCHASES	1000
CR	BANK	1000

③ GAIN : FIXTURES
LOSE : BANK

DR	FIXTURES	1500
CR	BANK	1500

④ GAIN : VAN
LOSE : BANK

DR	MOTOR VEH.	500
CR	BANK	500

⑤ GAIN : BANK
LOSE : SALES

DR	BANK	3000
CR	SALES	3000

⑥ GAIN : PURCHASES
LOSE : OWE CREDITOR

DR	PURCHASES	1000
CR	CREDITORS	1000

⑦ GAIN : OWED BY DEBTOR
LOSE : SALES

DR	DEBTORS	4000
CR	SALES	4000

⑧ GAIN : NOW ONLY OWE OWNER
£4900 i.e. WITHDRAWAL OF
CAPITAL
LOSE : BANK

DR	DRAWINGS	100
CR	BANK	100

⑨	GAIN :	USE OF WAREHOUSE	Dr	RENT	500	
	LOSE :	BANK	Cr	BANK		500

⑩	GAIN :	USE OF EMPLOYEES	Dr	WAGES	200	
	LOSE :	BANK	Cr	BANK		200

		BANK			
1-1	CAPITAL	10000	2-1	PURCHASES	1000
9-1	SALES	3000	4-1	FIXTURES	1500
			6-1	VEHICLES	500
			19-1	DRAWINGS	100
			23-1	RENT	500
			31-1	WAGES	200
			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	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	500			

MOTOR VEHICLES

6-1	BANK	500	31-1	BAL c/F	500
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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					
25-1	Bank	500	3-1	To	500
		<u>500</u>		P+CAcc	<u>500</u>

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

Bank

200

31-1

To
P+L A/C

200

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

2000

Current Assets

Debtors

4000

Cash at Bank

9200

13200

Current Liabilities

Creditors

(1000)

Net Current Assets

12200

14200

Capital

10000

Profit

4300

14300

less Drawings

(100)

14200