

# **Financial Accounting**

**BCS**

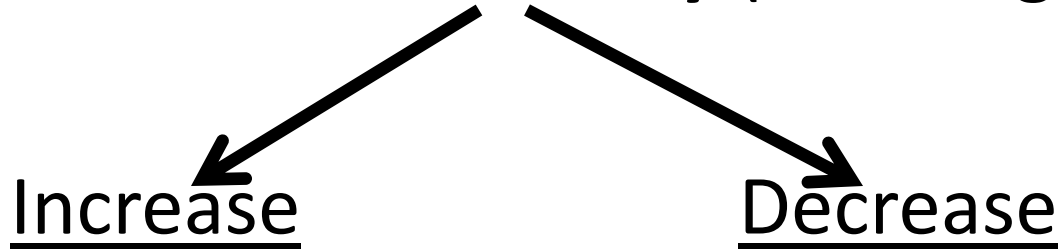
**Semester -1**

**11<sup>th</sup> -Dec 20**

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# Financial Accounting

- **Stock or Inventory** (unsold goods)



Purchase  
Sales Return

(Return Inward )

Sales  
Purchase Return

(Return Outward )

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Purchase a/c	Sales a/c	Sales Return a/c
Purchase Return a/c		

# Financial Accounting

- **Purchase of stock on credit**
- On 1 August 20X8, goods costing £165 are bought on credit from D Henry.

## Purchases

20X8

£

Aug 1 D Henry

165

## D Henry

20X8

£

Aug 1 Purchases

165

# Financial Accounting

- Purchases of stock for cash**

On 2 August 20X8, goods costing £310 are bought, cash being paid for them immediately at the time of purchase.

Purchases		
20X8	£	
Aug 2 Cash	310	

Cash		
	20X8	£
	Aug 2 Purchases	310

# Financial Accounting

- **Sales of stock on credit**
- On 3 August 20X8, goods were sold on credit for £375 to J Lee.

J Lee

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20X8  
Aug 3 Sales

£  
375

Sales

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20X8  
Aug 3 J Lee

£  
375

# Financial Accounting

- **Sales of stock for cash**

On 4 August 20X8, goods are sold for £55, cash being received immediately at the time of sale.

## Cash

20X8
Aug 4 Sales

£
55

## Sales

20X8
Aug 4 Cash

£
55

# Financial Accounting

- **Returns Inwards or Sales Return**

- On 5 August 20X8, goods which had been previously sold to F Lowe for £29 are now returned *to the business*.

Returns Inwards		
20X8	£	
Aug 5 F Lowe	29	
F Lowe		
	20X8	£
	Aug 5 Returns inwards	29

## Causes Of Return

we sent goods of the wrong size, the wrong colour or the wrong model;  
I the goods may have been damaged in transit; I the goods are of poor quality.

# Financial Accounting

- Returns Outwards or Purchase Return**

On 6 August 20X8, goods previously bought for £96 are returned *by the business to K Howe*.

K Howe

20X8	£	
Aug 6 Returns outwards	96	

Returns Outwards

	20X8	£
	Aug 6 K Howe	96



# Financial Accounting

## Review Questions Q4

### 3.1 Complete the following table:

	<i>Account to be debited</i>	<i>Account to be credited</i>
(a) Goods bought on credit from J Reid.		
(b) Goods sold on credit to B Perkins.		
(c) Vans bought on credit from H Thomas.		
(d) Goods sold, a cheque being received immediately.		
(e) Goods sold for cash.		
(f) Goods purchased by us returned to supplier, H Hardy.		
(g) Machinery sold for cash.		
(h) Goods sold returned to us by customer, J Nelson.		
(i) Goods bought on credit from D Simpson.		
(j) Goods we returned to H Forbes.		

### 3.2A Complete the following table:

	<i>Account to be debited</i>	<i>Account to be credited</i>
(a) Goods bought on credit from T Morgan.		
(b) Goods returned to us by J Thomas.		
(c) Machinery returned to L Jones Ltd.		
(d) Goods bought for cash.		
(e) Van bought on credit from D Davies Ltd.		
(f) Goods returned by us to I Prince.		
(g) D Picton paid us his account by cheque.		
(h) Goods bought by cheque.		
(i) We paid creditor, B Henry, by cheque.		
(j) Goods sold on credit to J Mullings.		

# Financial Accounting

## Review Questions Q5

**3.3** You are to write up the following in the books:

20X8

- |      |    |  |
|------|----|--|
| July | 1  | Started in business with £750 cash.        |
| "    | 3  | Bought goods for cash £110.                |
| "    | 7  | Bought goods on credit £320 from F Herd.   |
| "    | 10 | Sold goods for cash £64.                   |
| "    | 14 | Returned goods to F Herd £46.              |
| "    | 18 | Bought goods on credit £414 from D Exodus. |
| "    | 21 | Returned goods to D Exodus £31.            |
| "    | 24 | Sold goods to B Squire £82 on credit.      |
| "    | 25 | Paid F Herd's account by cash £274.        |
| "    | 31 | B Squire paid us his account in cash £82.  |

# Financial Accounting

## Review Questions Q6

**3.5** Enter the following transactions in the accounts of L Linda:

20X7

- |      |    |   |
|------|----|---|
| July | 1  | Started in business with £20,000 in the bank.                       |
| "    | 2  | R Hughes lent us £5,000 in cash.                                    |
| "    | 3  | Bought goods on credit from B Brown £1,530 and I Jess £4,162.       |
| "    | 4  | Sold goods for cash £1,910.   |
| "    | 6  | Took £200 of the cash and paid it into the bank.                    |
| "    | 8  | Sold goods on credit to H Rise £1,374.                              |
| "    | 10 | Sold goods on credit to P Taylor £341.                              |
| "    | 11 | Bought goods on credit from B Brown £488.                           |
| "    | 12 | H Rise returned goods to us £65.                                    |
| "    | 14 | Sold goods on credit to G Pate £535 and R Sim £262.                 |
| "    | 15 | We returned goods to B Brown £94.                                   |
| "    | 17 | Bought van on credit from Aberdeen Cars Ltd £4,370.                 |
| "    | 18 | Bought office furniture on credit from J Winter Ltd £1,800.         |
| "    | 19 | We returned goods to I Jess £130.                                   |
| "    | 20 | Bought goods for cash £390.   |
| "    | 24 | Goods sold for cash £110.   |
| "    | 25 | Paid money owing to B Brown by cheque £1,924.                       |
| "    | 26 | Goods returned to us by G Pate £34.                                 |
| "    | 27 | Returned some of office furniture costing £180 to J Winter Ltd.     |
| "    | 28 | L Linda put a further £2,500 into the business in the form of cash. |
| "    | 29 | Paid Aberdeen Cars Ltd £4,370 by cheque.                            |
| "    | 31 | Bought office furniture for cash £365.                              |

# Financial Accounting

## 3.8 A worked example

20X9

- |     |    |  |
|-----|----|--|
| May | 1  | Bought goods on credit £220 from D Small.          |
| "   | 2  | Bought goods on credit £410 from A Lyon & Son.     |
| "   | 5  | Sold goods on credit to D Hughes for £60.          |
| "   | 6  | Sold goods on credit to M Spencer for £45.         |
| "   | 10 | Returned goods £15 to D Small.                     |
| "   | 11 | Goods sold for cash £210.                          |
| "   | 12 | Goods bought for cash £150.                        |
| "   | 19 | M Spencer returned £16 goods to us.                |
| "   | 21 | Goods sold for cash £175.                          |
| "   | 22 | Paid cash to D Small £205.                         |
| "   | 30 | D Hughes paid the amount owing by him £60 in cash. |
| "   | 31 | Bought goods on credit £214 from A Lyon & Son.     |

Purchases				
2009			£	
May	1	D Small	220	
"	2	A Lyon & Son	410	
"	12	Cash	150	
"	31	A Lyon & Son	214	
Sales				
			2009	£
	May	5	D Hughes	60
	"	6	M Spencer	45
	"	11	Cash	210
	"	21	Cash	175
Returns Outwards				
			2009	£
	May	10	D Small	15
Returns Inwards				
2009			£	
May	19	M Spencer	16	
D Small				
2009			£	
May	10	Returns outwards	15	
"	22	Cash	205	
A Lyon & Son				
			2009	£
	May	2	Purchases	410
	"	31	Purchases	214
D Hughes				
2009			£	
May	5	Sales	60	
			2009	£
	May	30	Cash	60
M Spencer				
2009			£	
May	6	Sales	45	
			2009	£
	May	19	Returns Inwards	16

33

## Part 1 Introduction to double entry bookkeeping

Cash				
2009			£	
May	11	Sales	210	
"	21	Sales	175	
"	30	D Hughes	60	
			2009	£
	May	12	Purchases	150
	"	22	D Small	205

# **Financial Accounting**

## **Assignment**

**3.2A**

**3.6A**

# **Financial Accounting**

**End**