

# **Financial Accounting**

**BC-4**

**Semester -1**

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# Financial Accounting

## Terminologies

### Assets



#### Current assets

- i) Cash at bank
- ii) Cash on hand
- iii) Stock of goods (purchase for re-sale)
- iv) Investment
- v) Prepaid
- vi) Debtor (Credit Sales)
- vii) Note receivable
- viii) Office Supplies
- ix) Accrued Income

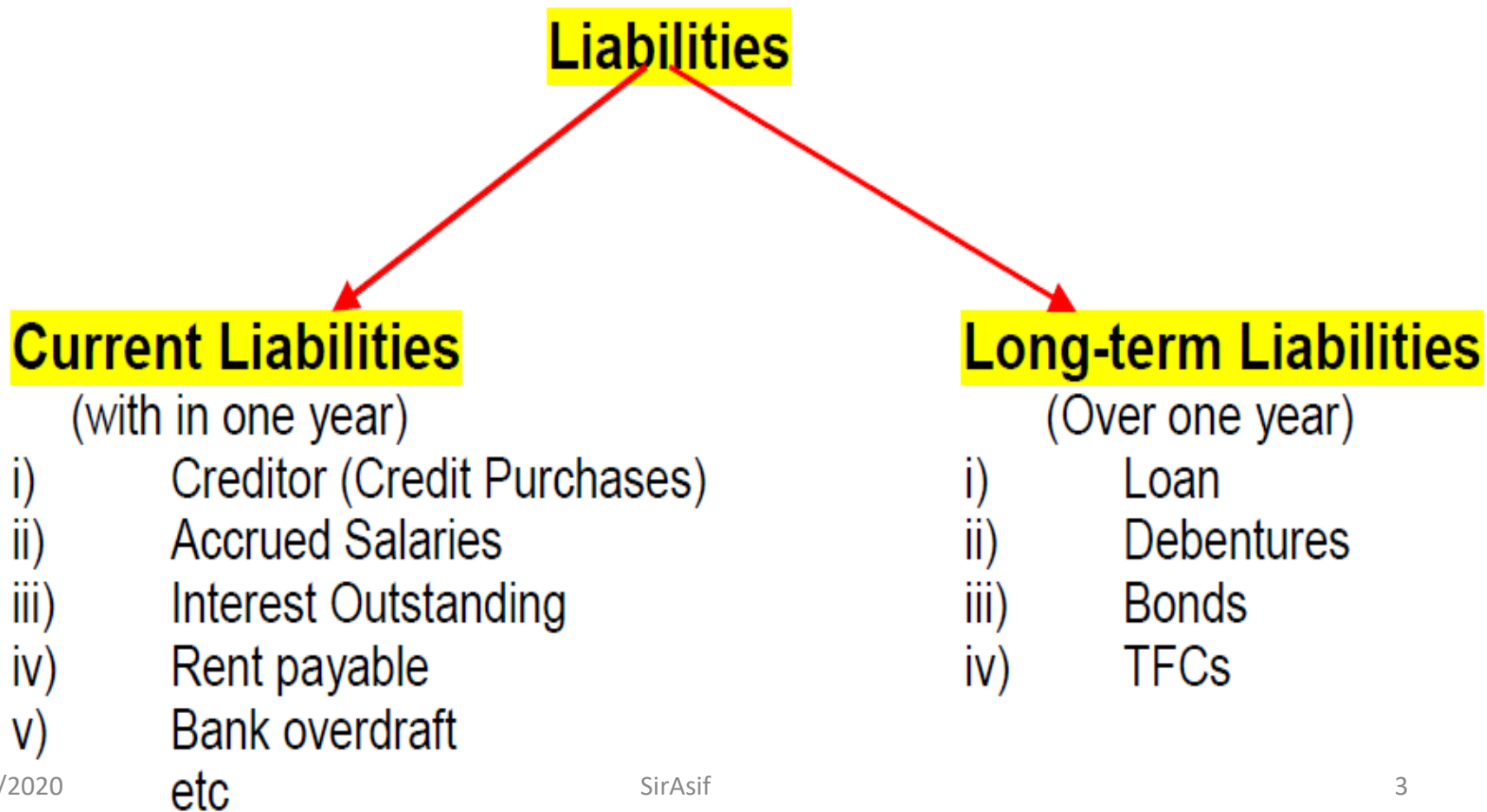
#### Fixed Assets

- i) Premises
- ii) Motor vehicles
- iii) Office furniture
- iv) Office machines
- v) Plant
- vi) Equipment
- vii) Land  
etc

# Financial Accounting

## Terminologies

**Liabilities:** Liabilities are amount owed by a business to external parties.



# Financial Accounting

## Terminologies

**Owner's Equity:** Owner's Equity is the Owner's interest or claim on the assets of the business.

### Owner's Equity

- |                 |   |
|-----------------|---|
| i) Investment   | + |
| ii) Profit      | + |
| iii) Loss       | - |
| iv) Withdrawals | - |

# Financial Accounting

## Accounting Equation

**Accounting Equation:**       $\text{Assets} = \text{Liabilities} + \text{Owner's Equity}$

# Financial Accounting

## Accounting Equation

- Assets = Liabilities + Owner Equity  
 $100,000 = 30,000 + 70,000$
- Assets = Liabilities + Owner Equity(capital+P/L)
- Profit/Loss = Revenue – Expense

# Financial Accounting

## Accounting Equation Q1

1.1 Complete the gaps in the following table:

|     | <i>Assets</i> | <i>Liabilities</i> | <i>Capital</i> |
|-----|---------------|--------------------|----------------|
|     | £             | £                  | £              |
| (a) | 12,500        | 1,800              | ?              |
| (b) | 28,000        | 4,900              | ?              |
| (c) | 16,800        | ?                  | 12,500         |
| (d) | 19,600        | ?                  | 16,450         |
| (e) | ?             | 6,300              | 19,200         |
| (f) | ?             | 11,650             | 39,750         |

1.2A Complete the gaps in the following table:

|     | <i>Assets</i> | <i>Liabilities</i> | <i>Capital</i> |
|-----|---------------|--------------------|----------------|
|     | £             | £                  | £              |
| (a) | 55,000        | 16,900             | ?              |
| (b) | ?             | 17,200             | 34,400         |
| (c) | 36,100        | ?                  | 28,500         |
| (d) | 119,500       | 15,400             | ?              |
| (e) | 88,000        | ?                  | 62,000         |
| (f) | ?             | 49,000             | 110,000        |

# Financial Accounting

- **Types of Organization**

**Business**    *(Trading, Manufacturing, Service)*

**Non Business** *(NGOs)*



# **Financial Accounting**

- **Types of business Unit / Organization**

- 1. Sole Proprietorship**
- 2. Partnership**
- 3. Public Ltd. Companies**

# Financial Accounting

- **Types of Revenues**

Revenues can be classified as operating revenue and non-operating revenue.

1. **Operating revenues** are those that originate from main business operations. For example: **Sales**, etc.
2. **Non-operating revenues** are earned from some side activity. For example: **Interest Revenue, Rent Revenue, Commission Revenue**(except in case where the business' main industry is renting industry).

# Financial Accounting

- **Expenses definition.**

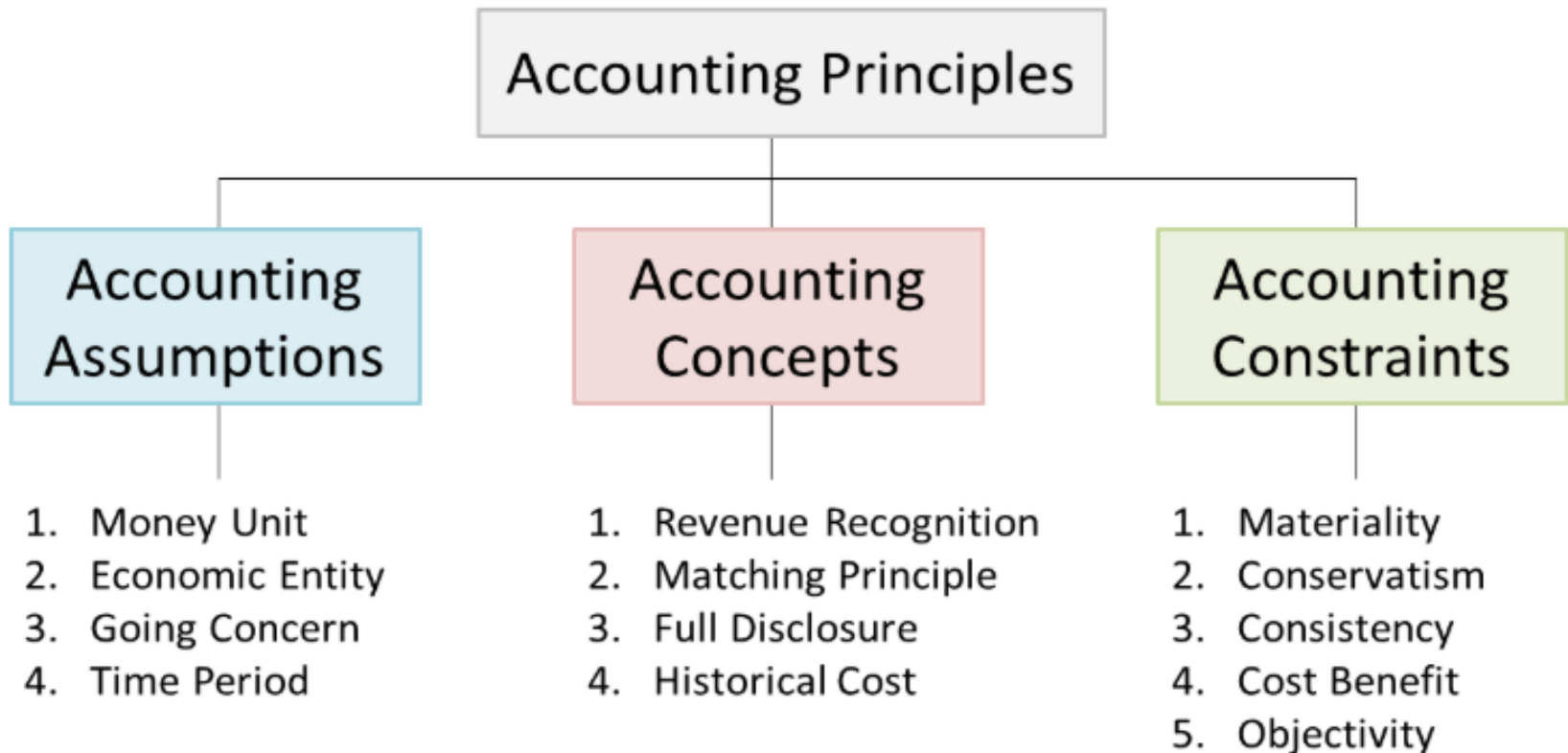
Costs that are matched with revenues on the income statement. For example, Cost of Goods Sold is an expense caused by Sales. Insurance Expense, Wages Expense, Advertising Expense, Interest Expense are expenses matched with the period of time in the heading of the income statement.

# Financial Accounting

- Following is a list of common **types of expenses** recognized in the financial statements:
- Salaries and wages
- Utility expenses
- Cost of goods sold
- Administration expenses
- Finance costs (Interest Exp)
- Depreciation (Non Cash)
- Rent Etc

# Financial Accounting

## Accounting Principles



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# Financial Accounting

## Accounting Principles

- **MONEY MEASUREMENT**

All transactions of the business are recorded in terms of money

- **Economic Entity**

1. Sole Proprietorship
2. Partnership
3. Ltd. Companies

# Financial Accounting

## Accounting Principles

- **Going concern concept**

The business will continue in operational existence for the foreseeable future

- **Time Period**

is an accounting principle which states that a business should report their financial statements appropriate to a specific time period.

# Financial Accounting

## Accounting Principles

- **Revenue recognition principle**,  
a feature of accrual accounting, requires that revenues are recognized on the income statement in the period when realized and earned—not necessarily when cash is received
- **Matching principle** states that expenses should be recognized and recorded when those expenses can be matched with the revenues those expenses helped to generate.



# Financial Accounting

## Accounting Principles

- **Full disclosure principle**

is a concept that requires a business to report all necessary information about their financial statements and other relevant information to any persons who are accustomed to reading this information.

- **Historical Cost Principle.**

states that businesses must record and account for most assets and liabilities at their purchase or acquisition price. In other words, businesses have to record an asset on their balance sheet for the amount paid for the asset.

# Financial Accounting

## Accounting Principles

- **Materiality principle**

states that an accounting standard can be ignored if the net impact of doing so has such a small impact on the financial statements that a user of the statements would not be misled.

# Financial Accounting

## Accounting Principles

- **Conservatism principle** is the general concept of recognizing expenses and liabilities as soon as possible when there is uncertainty about the outcome, but to only recognize revenues and assets when they are assured of being received.

# Financial Accounting

## Accounting Principles

### Consistency

refers to the principle that companies should use the same accounting methods to record similar transactions over time. In other words, companies shouldn't bounce between accounting rules and treatments to manipulate profits or other financial statement elements.

# Financial Accounting

## Accounting Principles

- **Cost benefit principle**

relationship states that the cost of providing financial information in the financial statements must not outweigh the benefit of that information to the users. In other words, financial information is not free.

# Financial Accounting

## Accounting Principles

- **Objectivity** is a philosophical **concept** of being true independently from individual subjectivity caused by perception, emotions, or imagination. A proposition is considered to have objective truth when its truth conditions are met without bias caused by a sentient subject.

# Financial Accounting

## Accounting Equation

- Transaction Analysis and the Accounting Equation

# Financial Accounting

## Accounting Equation Q2

- On 1 Jan 2019, Hussain started in business and deposited £60,000 into a bank account opened specially for the business.
- On 3 Jan 2019, Hussain buys a small shop for £32,000, paying by cheque.
- On 6 Jan 2019, Hussain buys some goods for £7,000 from Ali, and agrees to pay for them some time within the next two weeks.
- On 10 Jan 2019, goods which cost £600 were sold to Adil for the same amount, the money to be paid later.
- On 13 Jan 2019, goods which cost £400 were sold to Khan for the same amount. paid for them immediately by cheque.
- On 15 Jan 2019, Hussain pays a cheque for £3,000 to Ali in part payment of the amount owing.
- Adil, who owed Hussain £600, makes a part payment of £200 by cheque on 31 Jan 2019.



# Financial Accounting

## Accounting Equation

| Date      | Assets      |           |          |                    | Liabilities     |   | Capital   |
|-----------|-------------|-----------|----------|--------------------|-----------------|---|-----------|
|           | Bank        | Shop      | Goods    | Account Receivable | Account Payable |   |           |
| 1-Jan-19  | 60,000.00   |           |          |                    |                 |   | 60,000.00 |
| Bal       | 60,000.00   |           |          |                    |                 |   | 60,000.00 |
| 3-Jan-19  | (32,000.00) | 32,000.00 |          |                    |                 |   |           |
| Bal       | 28,000.00   | 32,000.00 |          |                    |                 |   | 60,000.00 |
| 6-Jan-19  |             |           | 7,000.00 |                    | 7,000.00        |   |           |
| Bal       | 28,000.00   | 32,000.00 | 7,000.00 |                    | 7,000.00        |   | 60,000.00 |
| 10-Jan-19 |             |           | (600.00) | 600.00             |                 |   |           |
| Bal       | 28,000.00   | 32,000.00 | 6,400.00 | 600.00             | 7,000.00        |   | 60,000.00 |
| 13-Jan-19 | 400.00      |           | (400.00) |                    |                 |   |           |
| Bal       | 28,400.00   | 32,000.00 | 6,000.00 | 600.00             | 7,000.00        |   | 60,000.00 |
| 15-Jan-19 | (3,000.00)  |           |          |                    | (3,000.00)      |   |           |
| Bal       | 25,400.00   | 32,000.00 | 6,000.00 | 600.00             | 4,000.00        | - | 60,000.00 |
| 31-Jan-19 | 200.00      |           |          | (200.00)           |                 |   |           |
|           | 25,600.00   | 32,000.00 | 6,000.00 | 400.00             | 4,000.00        | - | 60,000.00 |

### Accounting Equation

- On 1 Jan 2019, Hussain started in business and deposited £60,000 into a bank account opened specially for the business.
- On 3 Jan 2019, Hussain buys a small shop for £32,000, paying by cheque.
- On 6 Jan 2019, Hussain buys some goods for £7,000 from Ali, and agrees to pay for them some time within the next two weeks.
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- On 13 Jan 2019, goods which cost £400 were sold to Khan for the same amount. paid for them immediately by cheque.
- On 15 Jan 2019, Hussain pays a cheque for £3,000 to Ali in part payment of the amount owing.
- Adil, who owed Hussain £600, makes a part payment of £200 by cheque on 31 Jan 2019.

### Accounting Equation

| Date      | Assets      |           |          |                    | Liabilities     |   | Capital   |
|-----------|-------------|-----------|----------|--------------------|-----------------|---|-----------|
|           | Bank        | Shop      | Goods    | Account Receivable | Account Payable |   |           |
| 1-Jan-19  | 60,000.00   |           |          |                    |                 |   | 60,000.00 |
| Bal       | 60,000.00   |           |          |                    |                 |   | 60,000.00 |
| 3-Jan-19  | (32,000.00) | 32,000.00 |          |                    |                 |   |           |
| Bal       | 28,000.00   | 32,000.00 |          |                    |                 |   | 60,000.00 |
| 6-Jan-19  |             |           | 7,000.00 |                    | 7,000.00        |   |           |
| Bal       | 28,000.00   | 32,000.00 | 7,000.00 |                    | 7,000.00        |   | 60,000.00 |
| 10-Jan-19 |             |           | (600.00) | 600.00             |                 |   |           |
| Bal       | 28,000.00   | 32,000.00 | 6,400.00 | 600.00             | 7,000.00        |   | 60,000.00 |
| 13-Jan-19 | 400.00      |           | (400.00) |                    |                 |   |           |
| Bal       | 28,400.00   | 32,000.00 | 6,000.00 | 600.00             | 7,000.00        |   | 60,000.00 |
| 15-Jan-19 | (3,000.00)  |           |          |                    | (3,000.00)      |   |           |
| Bal       | 25,400.00   | 32,000.00 | 6,000.00 | 600.00             | 4,000.00        | - | 60,000.00 |
| 31-Jan-19 | 200.00      |           |          | (200.00)           |                 |   |           |
|           | 25,600.00   | 32,000.00 | 6,000.00 | 400.00             | 4,000.00        | - | 60,000.00 |

# Financial Accounting

## Balance Sheet Format

|                           |  |           |                           |                            |           |
|---------------------------|--|-----------|---------------------------|----------------------------|-----------|
|                           |  |           | Hussain Trader            |                            |           |
|                           |  |           | Balance Sheet             |                            |           |
|                           |  |           | For the end of 31 Jan2019 |                            |           |
| <b>Current Assets</b>     |  |           |                           | <b>Current Liabilities</b> |           |
| Bank                      |  | 25,600.00 |                           | Account Payable            | 4,000.00  |
| Goods                     |  | 6,000.00  |                           |                            |           |
| Account Receivable        |  | 400.00    |                           | Owner Equity               |           |
| Total Current Assets      |  |           | 32,000.00                 | Capital                    | 60,000.00 |
| <b>Non-Current Assets</b> |  |           |                           |                            |           |
| Shop                      |  |           | 32,000.00                 |                            |           |
| Total Assets              |  |           | 64,000.00                 | Total Liab.Equity          | 64,000.00 |

## Accounting Equation

- On 1 Jan 2019, Hussain started in business and deposited £60,000 into a bank account opened specially for the business.
- On 3 Jan 2019, Hussain buys a small shop for £32,000, paying by cheque.
- On 6 Jan 2019, Hussain buys some goods for £7,000 from Ali, and agrees to pay for them some time within the next two weeks.
- On 10 Jan 2019, goods which cost £600 were sold to Adil for the same amount, the money to be paid later.
- On 13 Jan 2019, goods which cost £400 were sold to Khan for the same amount. paid for them immediately by cheque.
- On 15 Jan 2019, Hussain pays a cheque for £3,000 to Ali in part payment of the amount owing.
- Adil, who owed Hussain £600, makes a part payment of £200 by cheque on 31 Jan 2019.

| Number of transaction as above | Assets | Capital and Liabilities |
|--------------------------------|--------|-------------------------|
| 1                              | +      | +                       |
| 2                              | +<br>- |                         |
| 3                              | +      | +                       |
| 4                              | +<br>- |                         |
| 5                              | +<br>- |                         |
| 6                              | -      | -                       |
| 7                              | +<br>- |                         |

# Financial Accounting

## Transaction effects

| Example of transaction   | Effect                            |                                   |
|--|-----------------------------------|-----------------------------------|
| (1) Owner pays capital into the bank                               | ↑ Increase asset (Bank)           | ↑ Increase capital                |
| (2) Buy goods by cheque  | ↓ Decrease asset (Bank)           | ↑ Increase asset (Stock of goods) |
| (3) Buy goods on credit  | ↑ Increase asset (Stock of goods) | ↑ Increase liability (Creditors)  |
| (4) Sale of goods on credit  | ↓ Decrease asset (Stock of goods) | ↑ Increase asset (Debtors)        |
| (5) Sale of goods for cash (cheque)                                | ↓ Decrease asset (Stock of goods) | ↑ Increase asset (Bank)           |
| (6) Pay creditor   | ↓ Decrease asset (Bank)           | ↓ Decrease liability (Creditor)   |
| (7) Debtor pays money owing by cheque                              | ↑ Increase asset (Bank)           | ↓ Decrease asset (Debtors)        |
| (8) Owner takes money out of the business bank account for own use | ↓ Decrease asset (Bank)           | ↓ Decrease capital                |
| (9) Owner pays creditor from private money outside the firm        | ↓ Decrease liability (Creditor)   | ↑ Increase capital                |

# Financial Accounting

## Transaction effects Q3

**1.11** Complete the columns to show the effects of the following transactions:

|   | <i>Effect upon</i> |                    |                |
|---|--------------------|--------------------|----------------|
|   | <i>Assets</i>      | <i>Liabilities</i> | <i>Capital</i> |
| (a) We pay a creditor £70 in cash.  |                    |                    |                |
| (b) Bought fixtures £200 paying by cheque.                                |                    |                    |                |
| (c) Bought goods on credit £275.  |                    |                    |                |
| (d) The proprietor introduces another £500 cash into the firm.            |                    |                    |                |
| (e) J Walker lends the firm £200 in cash.                                 |                    |                    |                |
| (f) A debtor pays us £50 by cheque.                                       |                    |                    |                |
| (g) We return goods costing £60 to a supplier whose bill we had not paid. |                    |                    |                |
| (h) Bought additional shop premises paying £5,000 by cheque.              |                    |                    |                |

# Financial Accounting

## Transaction effects Q4

**1.13** G Brown has the following items in her balance sheet as on 30 April 20X8: Capital £18,400; Creditors £2,100; Fixtures £2,800; Car £3,900; Stock of goods £4,550; Debtors £2,780; Cash at bank £6,250; Cash in hand £220.

During the first week of May 20X8

- (a) She bought extra stock for goods £400 on credit.
- (b) One of the debtors paid her £920 by cheque.
- (c) She bought a computer by cheque £850.

You are asked to draw up a balance sheet as on 7 May 20X8 after the above transactions have been completed.

# Financial Accounting

## Debit Credit Rules

- **Debit & Credit** (meaning)

Its Meaning & usage change according to account

Assets

Liabilities

Capital

Revenue

Expenses

*(Don't use dictionary meaning)*


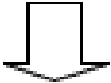

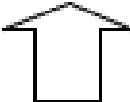

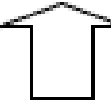
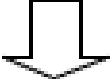
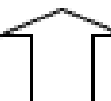

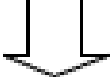


# Financial Accounting

## Debit Credit Rules

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### Rules of Debit and Credit Quick Reference Guide

| <b>ACCOUNT<br/>CLASSIFICATION</b> | <b>DEBIT</b>   | <b>CREDIT</b>   |
|-----------------------------------|--|---|
| <b>Assets</b>                     |    |    |
| <b>Liabilities</b>                |    |    |
| <b>Owner's Equity</b>             |   |   |
| <b>Revenue</b>                    |  |  |
| <b>Expense</b>                    |  |  |

# Financial Accounting

## Debit Credit Rules

### Chapter 1



### Accounting System

Accounting Equation

$$\text{Assets} = \text{Liabilities} + \text{Owner's Equity}$$

### Chapter 2

#### Account

Debits | Credits

### Rules of Debit and Credit

#### BALANCE SHEET ACCOUNTS

#### ASSETS

##### Asset Accounts

|                         |                          |
|-------------------------|--------------------------|
| Debit for increases (+) | Credit for decreases (-) |
| <u>Balance</u>          |                          |

=

#### LIABILITIES

##### Liability Accounts

|                         |                          |
|-------------------------|--------------------------|
| Debit for decreases (-) | Credit for increases (+) |
|                         | <u>Balance</u>           |

+

#### OWNER'S EQUITY

##### Owner's Capital Account

|                         |                          |
|-------------------------|--------------------------|
| Debit for decreases (-) | Credit for increases (+) |
|                         | <u>Balance</u>           |

#### Owner's Drawing Account

|                         |                          |
|-------------------------|--------------------------|
| Debit for increases (+) | Credit for decreases (-) |
| <u>Balance</u>          |                          |

#### Income Statement Accounts

##### Revenue Accounts

|                         |                          |
|-------------------------|--------------------------|
| Debit for decreases (-) | Credit for increases (+) |
|                         | <u>Balance</u>           |

##### Expense Accounts

|                         |                          |
|-------------------------|--------------------------|
| Debit for increases (+) | Credit for decreases (-) |
| <u>Balance</u>          |                          |

### Unadjusted Trial Balance

$$\text{Total Debit Balances} = \text{Total Credit Balances}$$

# Financial Accounting

## Debit Credit Rules

### 'T' shape

Title of account written here

---

*Left-hand side of the page*  
This is the 'debit' side.

*Right-hand side of the page*  
This is the 'credit' side.

# Financial Accounting

## “T” Account

| Debit  |         | Bank   |        | Credit |        |
|--------|---------|--------|--------|--------|--------|
| 1-Jan  | Capital | 60,000 | 3-Jan  | shop   | 32,000 |
| 13-Jan | sale    | 400    | 15-Jan | A/P    | 3,000  |
| 31-Jan | A/R     | 200    |        |        |        |
|        |         |        |        |        |        |
|        |         |        |        |        |        |
|        |         |        |        |        |        |
|        |         |        |        |        |        |

| Debit |  | Capital | Credit |        |
|-------|--|---------|--------|--------|
|       |  |         | 1-Jan  | 60,000 |
|       |  |         |        |        |
|       |  |         |        |        |
|       |  |         |        |        |
|       |  |         |        |        |
|       |  |         |        |        |
|       |  |         |        |        |

| Accounting Equation |             |           |          |                    |                 |             |
|---------------------|-------------|-----------|----------|--------------------|-----------------|-------------|
| Date                | Assets      |           |          |                    | Liabilities     | Capital     |
|                     | Bank        | Shop      | Goods    | Account Receivable | Account Payable |             |
| 1-Jan-19            | 60,000.00   |           |          |                    |                 | 60,000.00   |
| Bal                 | 60,000.00   |           |          |                    |                 | 60,000.00   |
| 3-Jan-19            | (32,000.00) | 32,000.00 |          |                    |                 |             |
| Bal                 | 28,000.00   | 32,000.00 |          |                    |                 | 60,000.00   |
| 6-Jan-19            |             |           | 7,000.00 |                    | 7,000.00        |             |
| Bal                 | 28,000.00   | 32,000.00 | 7,000.00 |                    | 7,000.00        | 60,000.00   |
| 10-Jan-19           |             |           | (600.00) | 600.00             |                 |             |
| Bal                 | 28,000.00   | 32,000.00 | 6,400.00 | 600.00             | 7,000.00        | 60,000.00   |
| 13-Jan-19           | 400.00      |           | (400.00) |                    |                 |             |
| Bal                 | 28,400.00   | 32,000.00 | 6,000.00 | 600.00             | 7,000.00        | 60,000.00   |
| 15-Jan-19           | (3,000.00)  |           |          |                    | (3,000.00)      |             |
| Bal                 | 25,400.00   | 32,000.00 | 6,000.00 | 600.00             | 4,000.00        | - 60,000.00 |
| 31-Jan-19           | 200.00      |           |          | (200.00)           |                 |             |
|                     | 25,600.00   | 32,000.00 | 6,000.00 | 400.00             | 4,000.00        | - 60,000.00 |

# Financial Accounting

## Footing & Balancing

| Debit  |         | Bank   |            | Credit |
|--------|---------|--------|------------|--------|
| 1-Jan  | Capital | 60,000 | 3-Jan shop | 32,000 |
| 13-Jan | sale    | 400    | 15-Jan A/P | 3,000  |
| 31-Jan | A/R     | 200    | 31-Jan c/f | 25,600 |
|        |         | 60,600 |            | 60,600 |
| 1-Feb  | b/f     | 25,600 |            |        |

Balancing

Total or Footing  
Sameline

# Financial Accounting

## Footings & Balancing

| Debit      |        | Capital   |        | Credit |
|------------|--------|-----------|--------|--------|
| 31-Jan c/f | 60,000 | 1-Jan     | 60,000 |        |
|            |        | 1-Feb b/f | 60,000 |        |
|            |        |           |        |        |
|            |        |           |        |        |
|            |        |           |        |        |

# Financial Accounting

## Review Questions Q4

### 3.1 Complete the following table:

|  | <i>Account to<br/>be debited</i> | <i>Account to<br/>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<br/>be debited</i> | <i>Account to<br/>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**

**End**