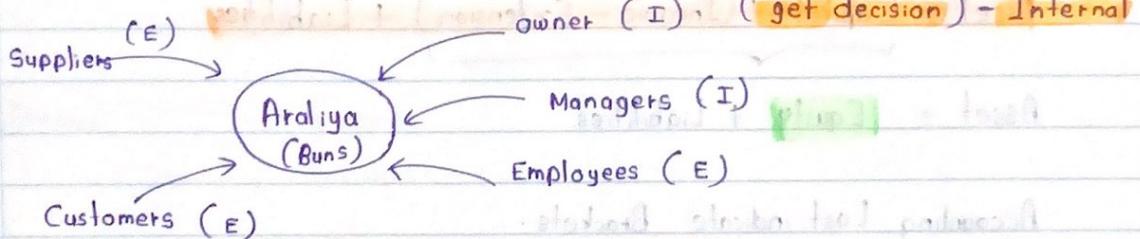


Accounting and Engineering Economics

1) Introduction to Accounting

Accounting

- 1) Financial Accounting (mainly focus External)
- 2) Management Accounting (Internal)

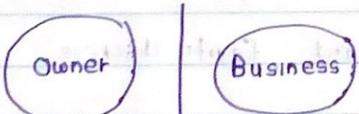


Cost Accounting is under the Management Accounting.

Examples : Electricity

Rent

Accounting Entity Concept



Accounting

Process of Collecting information with the Stakeholders.
Recording
Summarizing

Elements of financial

Statements

Assets (உற்பத்தி) : Phone, laptop

Liability (உறுப்பு)

Equity (கூடுமரசங்கம்)

Income

Expense

No: _____ Date: _____

(ഉമ്മൻ) (പുതിയ) (സ്ഥാ)

Asset = Capital + Liabilities

$$550\ 000 = 50\ 000 + 500\ 000$$

$$\text{profit} = \text{Income} - \text{Expension}$$

(ഉമ്മൻ) (കരിക്ക) (ശീക്ഷണ)

Asset = Capital + Profit + Liabilities

Asset = Capital + $\underbrace{(\text{Income} - \text{Expension})}_{\text{Profit}}$ + Liabilities

Asset = Equity + Liabilities

Accounting Lost indicate Brackets.

Equity is increase \rightarrow Owner

Income

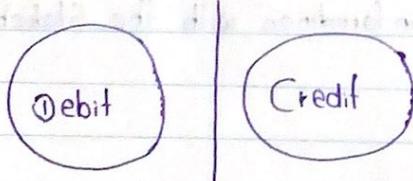
Income

Equity increase on Asset decrease or Liability decrease.

Expense

Asset decrease on Liabilities increase and Equity decrease

Accounting



Principals Of Accounting

Asset \rightarrow Increase

Income \rightarrow Decrease

Expense

Income

No. _____

Date: _____

Asset → I → Debit

→ D → Credit

Expense → I → Debit

→ D → Credit

Capital → D → Credit

→ I → Credit

Income → D → Debit

→ I → Credit

Liability → I → Credit

→ D → Debit

$$\text{Asset} = \text{Capital} + \text{Income} - \text{Expense} + \text{Liability}$$

$$\underbrace{\text{Asset} + \text{Expense}}_{\text{Debit Increase} \uparrow} = \underbrace{\text{Capital} + \text{Income}}_{\text{Credit Increase} \uparrow} + \text{Liability}$$

① Cash

Capital	50 000	Motor Vehicle	250 000
Bank loan	500 000		
		B.C.F	300 000
	550 000		550 000

Capital

Cash 50 000

② Bank loan

Cash 500 000

③ Motor Vehicle

Cash 250 000

Atlas

Cash

$$\begin{array}{r}
 157 \\
 70 \\
 \hline
 127
 \end{array}
 \quad
 \begin{array}{r}
 100 \\
 127 \\
 \hline
 127
 \end{array}
 \quad
 \begin{array}{r}
 167 \\
 173 \\
 \hline
 100
 \end{array}$$

①	Capital	100 000	Insurance bill	7000
	Bank loan	600 000	Loan repayment	150 000
	Sales	100 000	purchases	60 000
	Capital	200 000	capital	10 000
			B.C.F	773 000
	BBF	10 000 000	BBF	10 000 000

Bank Loan

cash	150 000	cash	600 000	Cash	7000
------	---------	------	---------	------	------

Insurance Bill

Purchases		Sales
cash	60 000	cash 100 000

Capital

Cash 100 000
Cash 200 000

① Drawings

Cash	10 000	10 000
Bank	10 000	10 000

↓
Transaction and Events

↓
Source Document

↓
Primary Entry Journals

↓
Ledgers

↓
Trial balance

↓
Financial Statements.

purchase Journal

purchase return Journal

Sales Journal

Sales return Journal

Cash received Journal

Cash payment Journal

petty cash Journal

General Journal

purchase Journal - purchase Invoice.

p. r. Journal - Debit Note

Sales " - Sales Invoice

Sales return " - Credit Note

cash received " - Receipt

Cash payment " - payment Voucher

petty cash " - Petty cash Voucher

General " - General Journal Voucher

No.

Date: /

(2) <u>Capital</u>		<u>Cash</u>	
Capital	500 000	Furniture	15 000
Sales	10 000	Purchase for Vehicle	300 000
		Purchase goods	20 000
		Salaries	5 000
		BCF	140 000
		BBF	<u>510 000</u>

<u>Furniture</u>	<u>Purchase</u>	<u>Capital</u>
Cash 15 000	Cash 300 000	
	Cash 20 000	Cash 500 000

<u>Sales</u>	<u>Salaries</u>
Cash 10 000	Cash 5000

<u>(3) Capital</u>		<u>Cash</u>
Capital	500 000	purchase
Vehicle	700 000	50 000
Capital	300 000	Insurance and rent
Sales	150 000	12 000
Sales	150 000	purchase
Rent income	40 000	80 000

<u>Capital</u>	<u>Purchase</u>	<u>Vehicle</u>	<u>Kalyani</u>
Cash 500 000	purchase 50000 cash 80000	Cash 15 000	Cash 700 000

<u>Sales</u>	<u>Rent</u>
Cash 150 000	Cash 40 000
Cash 150 000	

No: _____

Date: _____

08/09/2023

Objectives of Accounting

To control / protect

purchase Journal

Goods record / purchase on credit is recorded in purchase Journal.

Purchase Journal

Date	Invoice No	Supplier	Descriptions of goods				Total Value:	L/P
			Ques.	Qty.	Unit price	Value		
5/1	100	Kumara	Sugar	100	130	13000	320000	320000
			Salt	50	60	3000		
			Tea	200	80	16000		
							320000	
			(-) debit that discount 10%			(32000)		
							288000	
7/1	101	Naleen	Tshirt	50	500	25000	105000	105000
			Shirt	100	800	80000		
							105000	
			(-) debit that discount 5%			(5250)		
							99750	
			Debited to purchase Account.				128550	

credit - kumara

credit - Naleen

Purchase

Purchase return

purchase 6300
return

purchase 288000

purchase 8550
return

purchase 99750

credit 128550

credit 14850

Allas

Reasons for return of goods

- * Defective or of faulty production
- * Selection of Wrong specification & type
- * Less quality

Purchase Return Journal

* Information about purchase

creditors - debit

purchase Return Account - Credit

Purchase Return Journal

Date	Debit No	Suppliers	Descriptions of good				Total	L/P
			Ques	Qty	Unit Price	Value		
16	-	kumata	Sugar	40	130	5200		
			Salt	30	60	1800		
						7000		
			① debit that discount 10%.				(700)	
								6300
17	-	Naleen	Tshirt	10	500	5000		
			Shirt	5	800	4000		
						9000		
			② debit that discount 5%.				(450)	
								8550
			credited to purchase Account Return					14850

Sales Journal

Goods sold on credit is recorded in the sales Journal

(ଶ୍ଵାସବ୍ୟବରେଣ୍ଟ)

Debtors - Debit

Sales Alc - Credit

$$65^{\circ} \text{ } 00' \text{ } 00'' \quad 65^{\circ} \text{ } 00' \text{ } 00'' \times 10^6$$

$$325^{\circ} \quad 125^{\circ}$$

$$325^{\circ} \quad 175^{\circ} \quad 175^{\circ}$$

Sales Journal

$$\text{Debtors} = \text{Gayaan}$$

Debtors - kumoiH

Sales.

Sales 247500 | Sales 85500 | Sales 617500 | Sales 17100 | Debtors 865000

Sales return

debtors, 102600

No: _____

Date: ____ / ____ / ____

Sales Return Journal

Sales return A/c - Debit

Debtors A/c - credit.

Sales Return Journal

Date	Cr. Note No.	Customer	Type	Qty	Unit price	Value	Total	L/p.
10/4	76	Grayan	pillows	50	500	25000		
			bedsheet	100	700	70000		
						95000		
		(-) Trade Discount 10%				(9500)		
							85500	
15/4	66	kumari	Pillow cover	60	300	18000		
		(-) Trade Discount 5%				(900)		
		credited to the sales return Account.					17100	
							102600	

Lecture 03**Conceptual Framework for financial Reporting****(1) The objective of financial Reporting**

(To provide financial information to parties who have invested resources to the entity for decision making purpose.)

parties : Existing and potential
Inventors
vendors
other creditors

(2) Elements

- Asset
- Liability
- Equity
- Income
- Expense

(3) underline assumption

going Concern

(4) Recognize criteries

Relevant and faithful representation

(5) Qualitative characteristics

- Historical Cost
- Current Value method
 - Fair value
 - Value in use
 - Full filament Value
 - Current Cost

*** Fundamental Q/C**

- Relevant and faithful representations.
- (Collection of three sub qualities)

*** Enhanced Q/C**

- comparability
- verifiability
- timeliness
- understandability

(6) Reporting Entity

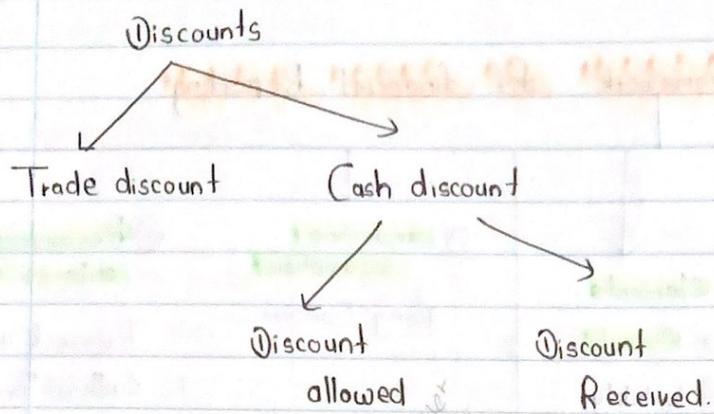
(Entity which should prepare financial statement)

* It should not be legal

- completeness
- free from errors
- neutral

No _____

Date: _____



15/05/2023

Cash receipt journal

Source document → Receipt (@²⁰²³)

Cash receipt journal

Date	R/N	Description	Discount allowed	Amount	Receipt Analysis			
					Cash sales	Receipt from debtors	Income	Other
3/1		Debtor Jasun	13	247			247	
		Debtor Gilhan	16	304			304	
14/1		Debtor Naleen	2	88			88	
25/1		Debtor Kamal	5	155			155	
			36	794			794	

No: _____

$$475 \times \frac{5}{100} = 23.75$$

$$855 \times \frac{5}{100} = 42.75$$

Date: 18/1

$$\frac{475}{95} \times 5 = 25$$

$$\frac{855}{95} \times 5 = 45$$

Cash Payment Journal

Date	P/V	Description	Discount	Amount Received	Receipt Analysis			
					Cash purchase	Payment to credits	Expense	Other
4/1		Rent		430			430	
10/1		Creditor Sumudu	2.25	475		475		
		Creditor Green	4.55	855		855		
12/1		Motor expence		81			81	
16/1		Wages		580			580	
22/1		Drawings		200				200
27/1		Fixtures		720				720
				70	3341		1330	1091
							920	

Leger

No:

Date:

Cash Control Account

BBF	7942	collection of Account	3341
collection of Account	794		

Creditor - Control

cash control	1330	xx
Discount Received	70	

Expenses

cash control	1041
--------------	------

Drawings

Cash control	200
--------------	-----

fixtures

Cash Control	720
--------------	-----

Debtors Control Account.

xx	Collection of Account
	Discount Received 36

Discount Received.

Creditors	70
-----------	----

Discount Allowed

Debtors	36
---------	----

No. _____

Date: _____ / _____ / _____

Petty Cash Journal

Date	Description	V/N	Payments	Analysis of expences				L/F
				Cleaning	motor expences	Post	stationary	
2/5	Postage		180				180	
3/5	Travelling		120					120
4/5	Cleaning		150	150				
7/5	Petrol		220			220		
8/5	Travelling		250					250
9/5	Stationary		170				170	
11/5	Cleaning		180	180				
14/5	Postage		50				50	
15/5	Travelling		80					80
18/5	Stationary		90				90	
22/5	Cleaning		230	230				
20/5	Postage		130				130	
24/5	Stationary		430				430	
26/5	Petrol		180		180			
27/5	Cleaning		210	210				
29/5	Postage		50				50	
30/5	Petrol		140		140			
			2860	770	970	410	260	450

Cash Control		Petty cash Control.		Cleaning	
Petty cash	3000	Cash	3000	Cleaning	770
Control				me	970
				Postage	410
motor expences				Stationary	260
P.C.C 970		P.C.C 410		travelling	450
				Stationary	
				travelling	

17/05/2023

Assets - Furniture, Inventory (stock), Cash, Debtors, Vehicles, Buildings, Office equipments, Land, Bank, Cash, Prepayments

Liabilities - bank loan, Creditors, Accrued Expenses

Equity - Capital, Retained earnings, Reserves

Sales, Commission Income, Rent Income, Discount Received, Interest Income

Income - Cost of Goods sold, Salaries, Electricity, Loan interest,

Expenses - Rent expenses, Insurance, Discount allowed

Practise Question 01

② Jan 1 → Cash - Increasing - Debit - Rs 500 000
 → Capital - Increasing - Credit. - Rs 500 000
 (Equity)

Jan 2 → cash - Decreasing - credit - Rs 15 000
 → Furniture - Increasing - Debit - Rs 15 000

Jan 3 → cash → Decreasing - credit - Rs 300 000
 → Vehicle → Increasing - Debit - Rs 300 000
 Purchase

Jan 6 → Cash → Increasing - Debit - Rs 10 000
 → goods sales → Increasing - Credit - Rs 10 000

Jan 8 → Cash → Decreasing → debit → 20000
 → Purchase good → Increase → debit → 20000

Jan 31 → Cash → Decreasing → Credit → 5000
 → Salaries → Increasing → Debit → 5000

No: _____

Date: _____

Cash

Capital	500 000	Furniture	15 000
Sales	10 000	Purchase Vehicle	300 000
		Salaries	5 000
		purchase goods	20 000
		BCF	170 000
	<u>510 000</u>		<u>510 000</u>
BBF	170 000		

CapitalFurniture

Cash 500 000

cash 15 000

Vehicle Purchase VehicleSalesPurchase good.

cash 300 000

Cash 10 000

cash 20000

Salaries

Cash 5000

No. 11.10
11.67
11.13

11.20
b7
11.53

Cash

Date: 1/1/1

(3)	Capital	500 000	purchase	50 000
	motor Vehicle	700 000	50 000	
	Capital	300 000	Insurance	8 000
	Sales	150 000	rent expense	4 000
	Sales	150 000	Withdrawn	5 000
	rent income	40 000		
	Nimal	80 000	BCF	1073 000
		<u>140 000</u>		<u>140 000</u>
	BBF	<u>1073 000</u>		

Capital

12 cash 5000	Cash 500 000		
	Cash 300 000		
	Motorveh. 700 000		
		Purchase	
		Cash 50 000	Cash 150 000
		Nimal 80 000	Cash 150 000
	motor Vehicle		
	Cash 700 000	cash 700 000	

Insurance

Cash 8000		Tent income	
	Cash 4000	Cash 40000 cash 5000	

Drawings

Nimal

		Rent expence	
	Cash 80000	Cash 4000	

Practise

No

Cash Receipt Journal

Cash payment Journal

Date	Voucher No	Description	Chq No	Discount Received	Value	Analysis			
						Cash	Payment to creditors	Expenses	Other
4/1	1	Purchases	900500		150000	purchase 150000			Paymen
4/2	2	Furniture	900501		90000				90000
4/5	3	Petty cash	900502		20000				20000
4/6	4	Transport	900503		15000			15000	
		Charges							
4/9	5	Mala	900504	5000	95000		95000		
4/14	6	Building Rent	900505		40000			40000	
				5000	150000	150000	95000	19000	11000

No: _____

Date: _____

29/05/2023

Transaction of General Journal

asset sales

depreciation

interest income

interest expense

stock sales

General Journal

Opening balance.

purchases of non current asset on credit

Correction of Errors

Accounting adjustments

Capital other than cash

① drawing other than Cash

My asset Value on today : 127 000

Liability : 0 000

Equity : 127 000

Source document : Journal Voucher

Transaction record in a General Journal

2

General Journal

Leger

Payables

Equity:

Creditors - kalthota

RBF 30000

BBF 1070000

Machinery 600 000

Furniture

Creditors - ABC.

The owner's Contribution of capital in assets other than Cash

Asset account Dr. xxxx

Capital account Cr. xxxx

Sale of non current asset on credit

Debtor AC Dr. xxxx

Asset disposal AC Cr. xxxx

Recorded the selling price of

Land		Land Disposal AC	
BBF 500 000	Disposal 500 000	Land 500 000	Debtors 700 000
		Gain P&L 200 000	
		700 000	700 000

Debtor

Debit 700 000

Drawings of an asset other than cash

Drawings Account Dr. xxxx

Asset Account Cr. xxxx



- (2) i) Capital
ii) Revenue
iii) Revenue
iv) Capital
v) Capital
vi) Revenue
vii) 1000 Capital
viii) 5000 Revenue
ix) Capital
- (3) i) Capital
ii) Capital
iii) Capital
iv) Revenue
v) Capital
vi) Revenue
- (4) i) Capital
ii) Revenue
iii) Capital
iv) Revenue (reselling)
v) Capital
vi) Revenue
vii) Capital
viii) Revenue Capital

Accounting entity Concept ~ Owner → Business

Accounting is a process of Collecting, Recording, Classifying, Summarizing, Analyzing, Interpreting, Communicating Stakeholders

Elements of financial statements: Asset

Liability

Equity

Income

Expense

Profit : Income - Expense

Assets = Capital + (Income - Expenses) + Liability

$\underbrace{\text{Assets} + \text{Expenses}}_{\text{Debit}} = \underbrace{\text{Capital} + \text{Income} + \text{Liability}}_{\text{Credit}}$

Business Stakeholders: A person or entity having an interest in the economic performance of the business.

Investors - The providers of risk Capital and their advisers are concerned with the risk inherent in, and return provided by, their investments.

Employees - Employees and

Investors - To ascertain the return for the investment.
To help them determine whether they should buy, hold or sell.

Employees - to assess the ability of the entity to provide remuneration, retirement benefits and employment opportunities.

Lenders - to determine whether their loans, and the interest attaching to them, will be paid when due.

Suppliers and other trade Creditors

- to determine whether amounts owing to them will be paid when due.

Customers - they have a longterm involvement with or are dependent on the entity.

The Government and its agencies - to regulate the activities of entities, determine taxation policies and as the basis for national income and similar statistics.

Public - Contribution to the local Economy

Objectives of Accounting

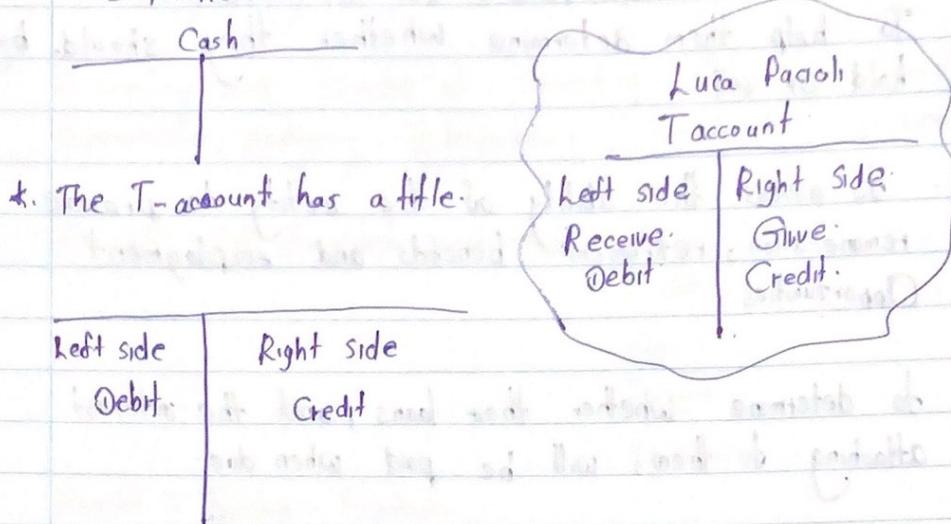
To control / Protect the business resources.

To ascertain the operational profit or loss and to ascertain the financial position of business.

To facilitate rational decision making

To provide required information to stakeholders.

The T-Account



- * The T-account has a title.

Purchase Journal

Source document - purchase invoice.

Purchase A/c - Debit

Creditors A/c - Credit

Purchase Return Journal

Source document - debit note

Creditors A/c - Debit

Purchase return A/c - Credit

Sales Journal - Sales invoice

Debtors - Debit

Sales A/c - Credit

Sales Return Journal - Credit note

Sales return A/c - Debit

Debtors - Credit

Accounting Conceptual Frameworks

* Fundamental qualitative characteristics.

Relevance

Faithful Representation

* Enhancing qualitative characteristics.

Comparability

Variability

Timelines

Understandability

Underlying assumption
→ going concern assumption

Accounting Process

Transactions and events

Source Documents

Primary books

Ledger

Trial balance

Financial Statements

Sales invoice - Sales Journal

Purchase invoice - Purchase Journal

Debit note - Purchase return Journal

Credit note - Sales return Journal

Journal Voucher - General Journal

Receipt - Cash receipt Journal

PV - Cash payment Journal

Current Account - Daily transactions

Savings account - deposit account (limited transaction)

Types of Discounts

Trade discounts

Cash Discounts

Discount Allowed

Discount Received

Cash receipt Journal - Source document : receipt

No. _____

Cash receipt Journal - receipt.

↓

- ✓ Receipt of cash from cash Sales
- ✓ Receipt of cash from credit Customers or receivables
- ✓ Receipt of cash from other Sources

Petty cash Journal

Imperial system

General journal

Source document - journal Voucher

Transaction recorded in the general journal

Opening entries

To record the assets, liabilities and equity to start the accounting System of a business.

Purchase of non-current assets on credit

Asset A/c Debit xxxx

Creditor A/c credit xxxx

The owner's contribution of capital in assets other than cash

Asset account Debit xxxx

Capital account credit xxxx

Sale of non-current assets on credit

Asset disposal Debit xxxx

Asset credit xxxx

Drawings of an asset other than cash

Drawings Account Debit xxxx

Asset Account Credit xxxx

No _____ Date _____
Expenditure on fixed assets

Capital expenditure

Revenue expenditure

Capital Expenditure

Purchase costs

Delivery Costs

Legal charges

Installation Costs

Op gradation Costs

Replacement Costs

Revenue Expenditure

Repair Costs

Maintenance charges

Repainting Cost

Renewal expenses

Ledger

A general ledger is a complete record of financial transactions and events.

TB - Trial Balance

Trading Account \rightarrow Cost of sales = Opening stock + Purchases - Closing stock

Gross profit = Sales - Cost of sales

Profit and loss and other comprehensive Income statement
(P & L and OCI)

Statement Of financial position (SFP)

No.

Date: _____

12/06/2023

Accounting Process

Aranya Enterprise

$$5 \times 100 = 500$$

$$(2) \times 200 = 400$$

P & L		Inventory
Sales (200 x 2)	400	300
<u>Cost of Sales</u>		
Opening stock	-	
Purchase (100 x 5)	500	
(-) closing stock	(300)	
Cost of sales	(200)	
	200	

Gross profit = Sales - Cost of Sales

No: _____

Date: _____

Araliya Enterprise Business

(for the year ended 31st December 2020)

Trading Account

Sales	(Sales)	230,000
Cost of Sales	(Cost of Sales)	(15,000)
Carriage inwards		5000
Return Outwards	(Return Outwards)	(10,000)
Return Inwards	(Return Inwards)	(15,000)
Purchases	(Purchases)	(120,000)
closing stock	(closing stock)	(20,000)
B	Gross profit	(110,000)
Gross profit		120,000

5000
15000
120,000
140,000
30,000
110,000
230,000
20,000

52400
16220
394170
365280
24480
44680
469320
16220
28320

Sales		469,320
Cost of Sales		(16,220)
Opening stock	(Opening stock)	52400
Return Inwards	(Return Inwards)	16220
Return Outwards	(Return Outwards)	(19,480)
Purchases	(Purchases)	394170
Carriage Inwards	(Carriage Inwards)	24480
closing stock	(closing stock)	(5000)
Gross profit		(440,800)
	Attest	28,520

No.

Trading, Acc'

Date:

Sales
Return Inwards

380 400
(1540)
378 860

Cost of Sales

Return outwards
Opening stock
Closing stock
Carriage outwards
Carriage inwards
Purchases

(3410)
41 600
(44 780)
(2 100)
3 700
188 430

(185 440)

Gross profit

193 420

41 600
3 700
3 700
188 430
188 730
233 880
246 850
188 810
3 410
185 440

378 360
185 440
193 420

Other Income

193 420

P&L Acc.

0.6 P&L
(0.4)

Atta

No. _____

Date: _____

Trading Account

Sales		230 000
Return inwards		(15 000)
		215 000
<u>Cost of sales</u>		
Carriage inwards	5000	
Return outwards	(10 000)	
Purchases	120 000	
closing stock	(20 000)	
		(85 000)
<u>Gross profit</u>		<u>130 000</u>

Trading Account

Sales		469 320
Return inwards		(16 220)
		453 100
<u>Cost of sales</u>		
Return outwards	(19 480)	
Purchases	394 170	
Carriage inwards	2 490	
Opening stock	52 400	
closing stock	(5 000)	
		(424 880)
<u>Gross profit</u>		<u>28 520</u>

No. _____

Date: _____

Bales		380 400
Returns inwards		(1540)
		378 860
<u>Cost of sales</u>		
Opening stock	41 600	
Carriage outwards	2 100	
Carriage Inwards	3 700	
Return outwards	(3 410)	
Purchases	188 430	
Closing stock	(44 780)	
Gross profit		(187 640)
		<u>191 220</u>

Comprehensive Account.

Gross profit		191 220
Other Income		-
Administrative Expense		
Salaries and wages	61 400	
Rent	3 700	
Insurance	1 356	
Office expence	412	
Lightning and heating expn	894	
General expn	245	
Distribution Expense		(68 007)
Motor Expn	1910	
Net profit		(1910)
		121 303

No. _____

Date: _____

Statement of Financial Position

(as at 31st December, 2018)

(in Rs.)

Assets

Non Current assets

building
motor vehicle
fixtures and fitting

	rupees (Rs.)
Building	107 300.
Motor Vehicle	92 000
Fixtures and fitting	12 400
	<u>190 000</u>

Current assets

Inventory
account receivable
Cash at bank

	rupees (Rs.)
Inventory	44 780
Account receivable	42 560
Cash at bank	51 064
	<u>92 446</u>

Total Assets

199 746

Equity and Liabilities

Owner's equity

Net profit

121 303.

Capital

68 843

Drawing

(22 000)

212 146

168 146

Current liability

Account payable

31 600

- 31 600

Total equity & Liab

199 746

121 303
 68 843
 168 146
 190 200
 168 146

(4)

Sales

return inwards

210 420
(4 900)

205 520

Cost of Sales

Purchases

108 680

9 410

1 115

840

(3 720)

(11 290)

(105 035)

120 485

Opening Inventory

Carriage outwards

Carriage inwards

return outwards

Closing stock

Gross profit

No: _____

Date: _____

19/06/2023

Adjustment to the Financial Statements

Relevant expense account - Credit debit
payable account - Debit credit

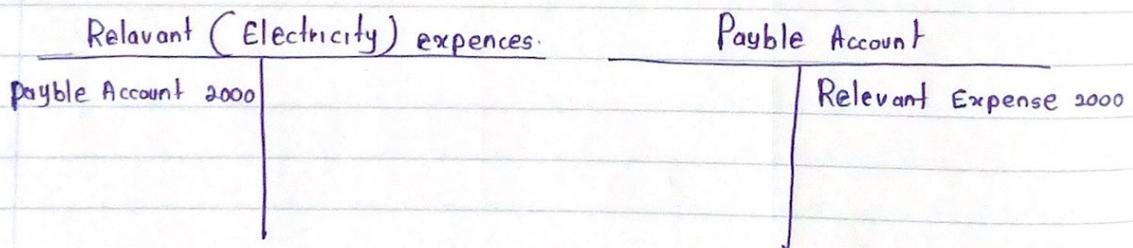
(1) Accrued Expenses (சுதா விழை)

1/1/2022 | 31/12/2022

1 month Electricity → 10 000

12 month → 12 000

Electricity	Cash
Cash 10 000	Electricity 10 000



Relevant Expense A/c - debit
Accrued Expense A/c - credit

(2) Prepaid Expense

Prepaid expense A/c - debit

Relevant expense A/c - Credit

Electricity	
Cash 15 000	prepaid expense 3000
P 8 L	12 000

No: _____

Date: ____ / ____ / ____

Electricity Expense.

Cash	30 000	Prepaid	10 000
		P&L	20 000
	<u>30 000</u>		<u>30 000</u>

(3)

Cash	Rent income
Rent income 50 000	
	Cash 50000 P&L 60 000 Rent revenue 50 000

Rent received	
Rent 10 000	
income.	BF 10 000

(4) Income receivable

Income receivable / Accrued income A/c Debit xxxx
 Relevant Income A/c (provision) Credit xxxx

Commission Income.	
IRIA 20 000	Cash 100 000
P&L 80 000	
<u>100 000</u>	<u>100 000</u>

Income received advance

BCP 20 000	Commission 20 000

No. _____

Date: _____

Income received in advance Prepaid Income

Relevant Income A/C - Debit xxxx

Income Received In advance - Credit xxxx

(5)

Nayanathara Enterprise For the year

End m^o 31/12/2020

	RS
Sales	157 165
Cost of Sales Open stock purchases	4190 92 800
(Closing Inventory)	(2400)
Cost of Sales	(94 520)
Gross profit.	62 645
Other Income.	
Discount received.	160
Administrative expenses.	160
Office furniture	
Rent	3400 - 4230
Wages and Salaries	31400 + 340
	31740
	(34910)

No.		<i>(Carriage outwards)</i>	Date	31/00/2020
Selling and Distribution expenses				10000
Delivery van	84	3750		8400
Van Van running Cost	1345 + 72	1417		1345
Discount allowed		820		820
				(2237)
Finance expenses	002			002
				(002)
Net profit		25 658		25 658

Nayanathara Enterprise As at 31/12/2020

SFP Statement of Financial Position

Assets		
Non current Assets		
Office furniture	2900	2900
Delivery van	3750	3750
		6650
Current Assets		
Inventory	2400	2400
Cash at bank	4100	4100
Cash in hand	324	324
Account receivable	12316	12316
Prepaid expense	230	230
Total Assets		19370
Owner equity		
Capital	11 808	11 808
+ Net profit	25 658	25 658
(- Drawings)	(17 100)	(17 100)
		26 020
Non current Liabilities		
Account payable	5245	5245
		Atlas
		20363

1995
S 657
815 No.
23 1720

Date: _____

Current liabilities.

Salaries and wages. 340

Account payable 72

Account payable 5245

5657

Total Equity and liability.

26020

Adjustments to the Financial Statements

Bad debts

Bad debts Acc debit xxxx

Debtors / Receivables Acc credit xxxx

Provision for doubtful debts

doubtful debt acc debit xxxx

Provision for doubtful debt Acc credit xxxx

Provision doubtful debt

		Debtors
Bad 100 000	Bad 50000 under provision 50000	Bad 50000
		Bad 100000
	BBP 100 000	

SOF in → Current Asset

Debtors 100 000

(-) provision for doubtful debt

No: _____

Date: ____ / ____ / ____

Over provision

Debtors	Provision doubtful debt	
Bad 500 000	O.P. 2500	Bad 500 000
Bad 475 000	B/d 47500	<u>50 000</u>
		500 000

SOF in → Current Asset

Debtors 475 000

(-) Doubtful debt 47500

Depreciation

Depreciation A/c Debit xxxx

Provision for depreciation A/c credit xxxx

Land is ~~an~~ unlimited life.

Straight line business

Cost 100 000

SOp 10 000

When 3 items.

- ~~Depreciation~~ ~~Dependence~~ = Cost - Smry

~~Ex. Example~~

$$\frac{100000}{3} = 33333$$

$$= \underline{100\ 000} - \frac{10\ 000}{3}$$

1st year → (33333)

2nd year → (33333) (33333)

~~Reducing ^{Part} of base basis~~

Reducing balance first basis

Reducing Balance Basis = Carrying Value \times Rate

$$\text{Rate} = 1 - n \sqrt{\frac{s}{c}} \times 5000$$

$$\begin{aligned} \text{Rate}_1 &= \cancel{0.05} \quad 1 - 3 \sqrt{\frac{10000}{100000}} \times 100\% \\ &= 53.55\% \end{aligned}$$

Year 01 $\rightarrow 10000 \times 53.55\%$

$$= \$5358.41$$

Year 02 $\rightarrow 46416 \times 53.55\%$

$$= 2487.2$$

Year 03 $\rightarrow 21544 \times 53.55\%$

$$\underline{90000}$$

No. _____

Date: _____

(17/07/2023)

(12) Accounting Equation

$$\text{Asset} = \text{Capital}$$

$$\text{Asset} = \text{Capital} + \text{Liability}$$

$$\text{Asset} = \text{Capital} + \text{Profit} + \text{Liability}$$

$$\text{Asset} = \text{Capital} + (\text{Income} - \text{Expense}) + \text{Liability}$$

$$\text{Asset} = \text{Capital} + \text{Equity} + \text{Liability}$$

Practice Question 01

- 1) $\text{NCA} + \text{CA} = \text{C} + \text{NCL} + \text{CL}$
- 2) $\text{NCA} + \text{CA} = \text{C} + \text{NCL} + \text{CL}$
- 3) $\text{NCA} = \text{C} + \text{NCL} + \text{CL} + \text{CA}$
- 4) $\text{NCA} + \text{CA} - (\text{NCL} + \text{CL}) = \text{C}$

d) Sold goods for cash for 15000.

Cost of Sales 10000

Practice Question 02

$$\text{Asset} + \text{Expense} = \text{Capital} + \text{Liability} + \text{Income}$$

a) 100 000

= 100 000

b) 25 000

(25 000)

c) 20 000

(20 000)

d) 5 000

5000

e) 15 000 + 10 000 =

15 000

(10 000)

f) 8 000 + 6 000 =

8 000

(6 000)

Atlas

for his personal usage.

$$g) \underline{(10\ 000)} = \underline{(10\ 000)}$$

$$h) \underline{(4\ 000)} = \underline{(4\ 000)} \quad 1000 \\ \underline{(1\ 000)}$$

$$i) \begin{array}{r} 6000 \\ - (6000) \\ \hline 2000 \\ - (2000) \\ \hline \end{array}$$

$$\begin{array}{r} \text{total} \quad \text{total} \\ \text{Income} \quad - \quad \text{Expense} \\ \hline \end{array} = 24\ 000 - 18\ 000 = 6000 //$$

Practice Question No 4

Cash + Debtor + Inventor + Non current asset = Equity + Non Current liability + Current liability.

1) Owner invested Rs. 5000 Capital.

2) Bought Inventory for Rs 300 000 on credit.

3) 50 000 ^{wo} Inventory (cost of Sales) has been sold on credit.

4) Non current asset depreciated 40 000.

5) Entity has settled bank loan for Rs. 50 000.

6) Entity has collected 55 000 and 5 000 discount allowed.

7) bad debts Rs. 2000

8) Drawings Rs 50000

$$\text{Asset} = \text{Equity} + \text{Liability}$$

$$31/12/2022 \rightarrow 500\ 000 = 300\ 000 + 200\ 000$$

$$31/12/2021 \rightarrow 400\ 000 = \underline{200\ 000} + 200\ 000$$

(-) Added Capital (50 000)

(+) Drawings £ 40 000

Profit 90 000

practise Question 06

$$\text{Asset} = \text{Equity} + \text{Liability}$$

Closing equity 900 000

Opening equity 900 000

400 000

(-) Additional Capital (150 000)

Capital

(+) Drawings £ 90 000

Profit 300 000

practise Question 07

$$\text{Asset} = \text{Equity} + \text{Liability}$$

Closing equity 600 000

Opening equity 200 000

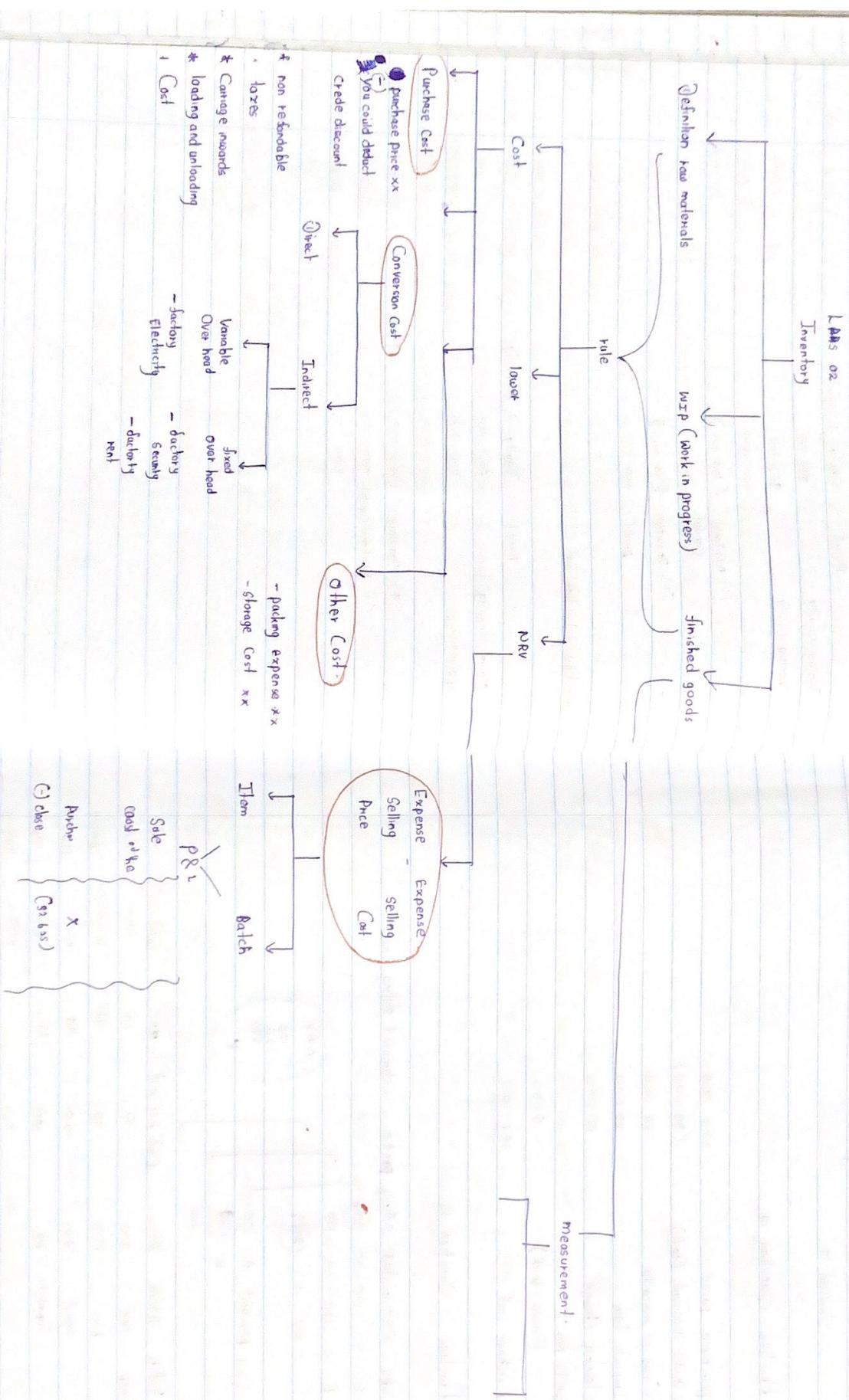
400 000

(+) Drawings (130 000)

(-) Additional Capital 250 000

280 000

Lektion 02 - Inventory



No. _____

Date: _____

24/07/2023

LkAS 02 - Inventory

Session 15

Practise Question 01

purchase price	300 000
(-) Trade discount (10%)	(30 000)
Carriage inwards	50 000
Impact tax	20 000
Cleaning charge	15 000
VAT - No. (10000 x 60%)	<u>6000</u>
Purchase cost	<u>361 000</u>

Practise Question 02

NRV = Estimated selling price - Estimated selling Cost

$$A = 120 - 30 = 90$$

$$B = 150 - 20 = 130$$

$$C = 300 - 15 = 290$$

Cost per unit A 100

B 120

C 300

NRV
90
120
290
B

Batch	Item	Quan	Cost per unit	NRV	Total cost	NRV
1	Soap lux	200	35	30	7000	6000
	Rani	150	40	41	6000	6000
	Signal	100	120	110	12000	11000
	Supernatural	60	100	95	<u>6000</u>	<u>5700</u>
					<u>31000</u>	<u>28700</u>

Stock loss
2300

No _____

Date: _____

Batch method.**Batches**

	Total cost	Total NRV	NRV
Soap	13000	12150	12150
Toothpaste	<u>18000</u>	16700	<u>16700</u>
	<u>31000</u>		<u>28850</u>

$$\text{Stock loss} = \underline{\underline{2150}}$$

Item method

Date	Receipt			Issue			Balance	
	@Qty	unit pris	Value	@Qty	unit price	Value	@Qty	Value
2/2							200	100 000
1/1							500	280 000
10/1	300	600	180 000	200	500	100 000		
15/1				50	600	30 000		
				250		130 000	250	150 000
20/1	100	650	650 000				350	215 000
24/1				175	600	105 000	175	110 000

Batch method

WAC

Date	Receipt			Issue			Balance		
	@Qty	unit price	Value	@Qty	unit price	Value	@Qty	unit pr	Value
1/1							200	500	100 000
10/1	300	600	180 000				500	560	280 000
15/1				250	560	140 000	250	560	140 000
20/1	100	650	650 000				350	585.7	205 000
24/1				175	585.7	102 500	175	585.7	102 500

Atlas