**Westminster International University in Tashkent**

**4ACCN008C-n Financial Accounting, Semester I, 2020/2021**

**Workshop 3**

The workshop is aimed at exploring Waveapps’ tools formaking transactions other than sales and purchases.

In the previous workshop we made sales on cash basis by using *Add Income* function of WAVE. Let’s now try to use *Add Expense* function. Remember that these functions are used mainly for cash (both in hand and in bank) transaction.

Go to >>**Accounting**>>**Transactions >> Add Expense**

Go through “Edit transaction details” (on the right space).

Description: type **10 Pencils and 1 Diary from “KARANDASH” for office use**

Account: **Cash on hand**

Date: current

Deposit or Withdrawal: Withdrawal

Total Amount: **24000**

Click on **Uncategorized Income**, choose **Office Supplies** and then save.

Suppose that we are lack of money for our operations and the owners of WEST decide to invest more into the business:

Go to >>**Accounting**>>**Transactions >> More >> Add Journal Transaction**

On the space to the right:

Description: type **Capital introduced by owners in the form of cash**

Date: current

For Debit: from **Uncategorized Expense** select **Cash on Hand** and type **5 000 000** sums

For Credit:from **Uncategorized Income** select **Owner’s Equity** and type **5 000 000** sums

In Notes you can type: **Additionally paid by owners**.

*Review financial statements (“****Reports****” section of the main menu) - Balance sheet, Incomes statement (Statement of profits and losses), Cash Flow statement. Discuss briefly the changes.*

**! Discuss**:The difference between journal transactions and other transactions made in “Wave” by contrasting the books of original entry (Day books: Sales day book, Purchase day book, Cash book and General Journal) and relating them to the following parts of “Wave”:

* ***Sales*** (used for sales on credit by invoicing)
* ***Purchase*** (used for purchases on credit when billed)
* **Accounting>>Transaction** =>***Add income*** (best used for sales on cash) / ***Add expense*** (best used for purchases on cash,though these two options can be used for all types of cash transactions)
* **Accounting>>Transaction** =>***Add journaltransaction***(This option can be best used for transactions other than sales, purchases and cash transaction, though this option allows you to make anytype of transaction.

Now suppose that the owners, in addition to their cash contribution, decide to introduce a capital in the form of office furniture. To make the recording of this transaction in WAVE possible we need to create a new account for this type of a non-current asset.

**Creating an account for non-current (fixed) asset - *Office Furniture*:**

Go to >>**Accounting**>>**Chart of accounts**>>**Assets**>>**Property, Plant, Equipment**>>

>>**Add a New Property, Plant, Equipment Account**

Account Type: **Property, Plant, Equipment**(select)

Account Name: **Office Furniture**(type)

Account ID: ----

Description: ----

**! Discuss**: Each entity may assign a separate ID number for each account; this is usually indicated in accounting policy of an entity. ID numbers along with names of accounts are then shown in the charter of accounts; ID numbers are assigned in ascending order.

Now, let’s record the contribution of the shareholders in the form of office furniture into the business:

Go to >>**Accounting**>>**Transactions >> More >> Add Journal Transaction**

On the space to the right:

Description: type **Capital introduced by owners in the form of office furniture**

Date: current

For Debit: from **Uncategorized Expense** select **Office Furniture**and type **2 000 000** sums

For Credit:from **Uncategorized Income** select **Owner’s Equity** and type **2 000 000** sums

In Notes you can type: **Additional owner’s contribution in the form of tangible assets**.

*Refer to Reports and look for any change in the Balance sheet, Statement of incomes and Cash Flow.*