

6.2 A drill to practise understanding analyzed bank transactions

Describe in words each of the transactions below, which have already been analyzed in terms of the double entry system as an exchange of equal value.

1.	IN	bank	£30	
	OUT	sales		£30

firm sells goods for £30, receiving payment by cheque

2.	IN	purchases	£40	
	OUT	bank		£40

firm buys goods for £40, paying by cheque

3.	IN	labour	£50	
	OUT	bank		£50

firm pays wages of £50 by cheque

4.	IN	bank	£56	
	OUT	cash		£56

firm pays £56 cash into the bank

5.	IN	promise from A	£37	
	OUT	bank		£37

firm pays £37 by cheque to A on account

6.	IN	cash	£100	
	OUT	bank		£100

firm takes £100 cash out of the bank

7.	IN	sales	£45	
	OUT	bank		£45

firm repays £45 by cheque, in respect of sales returned by customer

8.	IN	bank	£95	
	OUT	promise to B		£95

firm receives payment of £95 by cheque from B

9.	IN	rent (permission to use building)	£250	
	OUT	bank		£250

firm pays rent of £250 by cheque

10.	IN	bank	£78	
	OUT	purchases		£78

firm receives cheque for £78 in respect of goods returned to supplier

11.	IN	club membership	£110	
	OUT	bank		£110

firm pays £110 subscription to club, by cheque

12.	IN	machinery	£500	
	OUT	bank		£500

firm buys machinery for £500, paying by cheque

13.	IN	insurance	£64	
	OUT	bank		£64

firm pays insurance premium £64 by cheque

14.	IN	bank	£14	
	OUT	insurance		£14

firm receives refund of £14 by cheque, in respect of overpaid insurance premium

15.	IN	bank X	£400	
	OUT	bank Y		£400

firm transfers £400 from Bank Y to Bank X