

4.1 A drill to practise the analysis of simple cash transactions

Analyze each of the following transactions as movements of equal value IN to and OUT of the business, as shown in the first example below.

1. a firm buys goods for £600 cash.

IN	purchases	£600	
OUT	cash		£600

2. a firm sells goods for £700 cash.

IN	cash	£700	
OUT	sales		£700

3. a building firm buys a cement-mixer for £5 000 cash.

IN	cement mixer	£5 000	
OUT	cash		£5 000

4. a firm pays wages £150 cash.

IN	work or labour	£150	
OUT	cash		£150

5. a firm pays £15 cash for window cleaning.

IN	window cleaning	£15	
OUT	cash		£15

6. a firm receives £250 rent, in cash.

IN	cash	£250	
OUT	permission to use building		£250

7. a clothes shop sells clothes for £70 cash.

IN	cash	£70	
OUT	sales		£70

8. a firm pays a manager's monthly salary £1 500 in cash.

IN	work or labour	£1 500	
OUT	cash		£1 500

9. a business pays £500 cash for advertising.

IN	benefit of advertising	£500	
OUT	cash		£500

10. a professional business collects £450 cash from a client for advice.

IN	cash	£450	
OUT	advice (or 'service' or 'sales', etc.)		£450

11. a hotel business charges a customer £100 cash for a room for the night.

IN	cash	£100	
OUT	permission to use room		£100

12. a business which runs buses collects 50p cash from a passenger for a ticket.

IN	cash	50p	
OUT	ticket (or 'permission to travel on bus')		50p

13. a business pays an insurance premium of £800 for the year, in cash.

IN	insurance (= right to make claims)	£800	
OUT	cash		£800

14. the business above (in Q13) cancels its insurance half-way through the year, and receives a refund of £400 in cash.

IN	cash	£400	
OUT	insurance		£400

15. a business pays £125 cash for a licence to trade in the market.

IN	licence	£125	
OUT	cash		£125

16. a business pays £300 cash to hire a machine for a week.

IN	permission to use machine	£300	
OUT	cash		£300

17. a business pays £25 cash as interest to a lender.

IN	permission to use money	£25	
OUT	cash		£25

18. a business pays £85 in cash for electricity.

IN	electricity	£85	
OUT	cash		£85

19. a business pays £350 in cash for use of the telephone.

IN	use of telephone	£350	
OUT	cash		£350

20. the business above (in Q19) was overcharged, and receives a cash refund of £50 from the telephone company.

IN	cash	£50	
OUT	use of telephone		£50

21. a business pays £1 500 cash for one of its employees to attend a management training course.

IN	training	£1 500	
OUT	cash		£1 500

22. a money-lending business receives £15 cash, interest from a borrower.

IN	cash	£15	
OUT	permission to use money		£15

23. a business buys goods for £500 cash on Monday, and sells the same goods for £750 cash on Tuesday.

Monday:

IN	purchases	£500	
OUT	cash		£500

Tuesday:

IN	cash	£750	
OUT	sales		£750

24. a firm of inventors receives royalties of £1 000 in cash, from a firm which uses one of their patented inventions.

IN	cash	£1 000	
OUT	permission to use invention		£1 000

25. a firm allows a 10% discount to regular customers. The firm sells goods with a list price of £200 to a regular customer, therefore receiving £180 in cash.

IN	cash	£180	
OUT	sales		£180

26. a firm pays a refund of £20 cash to a customer who has returned some unwanted goods previously bought from the firm.

IN	sales (or 'sales returns')	£20	
OUT	cash		£20

27. a firm returns some goods to the supplier, and receives a refund of £25 cash.

IN	cash	£25	
OUT	purchases (or 'purchase returns')		£25

28. a restaurant firm receives payment of £45 cash from a customer.

IN	cash	£45	
OUT	sales (or 'meal' etc.)		£45

29. a firm pays £36 cash for one year's membership of a trade association.

IN	membership of trade association	£36	
OUT	cash		£36

30. a firm pays £20 cash to a student for handing out advertising material.

IN	labour/benefit of advertising	£20	
OUT	cash		£20