

14.2 A drill to practise understanding entries in accounts

State where you would reasonably expect to find the DR or the CR corresponding to each of the accounting entries listed below, and describe the likely events or circumstances that the entries are intended to record.

1. a CR in a sales account

corresponding DR entry most likely to be found in cash or a customer's account, recording a sale transaction

2. a DR in a sales account

corresponding CR entry most likely to be found in cash or a customer's account, recording sales return

3. a DR in a purchases account

corresponding CR entry most likely to be found in cash or a customer's account, recording a purchase transaction

4. a CR in a purchases account

corresponding DR entry most likely to be found in cash or a customer's account, recording a purchase return

5. a DR in a debtor's account

corresponding CR entry most likely to be found in the sales account, recording a sale on credit

6. a CR in a debtor's account

corresponding DR entry most likely to be found in cash or bank, recording payment received from a debtor

7. a CR in the account for bank

corresponding DR entry could be in almost any account, depending on **why** the money was paid out

8. a DR in the account for bank

corresponding CR entry could be found in almost any account, depending on **why** the money was received

9. a DR in a creditor's account

corresponding CR entry most likely to be found in the account for cash or bank, recording payment made to the creditor

10. a CR in a creditor's account

corresponding DR entry most likely to be found in purchases account

11. a DR in the cash account

corresponding CR entry could be found in almost any account, depending on **why** the money was received

12. a CR in the cash account

corresponding DR entry could be in almost any account, depending on **why** the money was paid out

13. a CR in the capital account

corresponding DR entry most likely to be found in the account for cash or bank, recording payment made to the firm by the owner

14. a DR in the capital account

corresponding CR entry most likely to be found in the account for cash or bank, recording money taken out of the firm by the owner

15. a DR in the account for electricity

corresponding CR entry most likely to be found in the account for promises to the electricity supplier

16. a CR in the account for electricity

corresponding DR entry most likely to be found in the account for promises to the electricity supplier, recording a reduction or refund of an amount already owed

17. a DR in the account for rent payable

corresponding CR entry most likely to be found in the account for bank or for promises to the landlord, recording the firm's actual payment or liability to pay rent

18. a CR in the account for rent payable

corresponding DR entry most likely to be found in the account for bank or cash, or in the landlord's account, recording a refund of rent, or a reduction in the liability to pay rent

19. a DR in a customer's account

corresponding CR entry most likely to be found in the sales account, recording a sale on credit

20. a CR in a customer's account

corresponding DR entry most likely to be found in the account for bank or cash, recording receipt of payment from customer

21. a DR in a supplier's account

corresponding CR entry most likely to be found in account for bank or cash, recording payment made to the supplier

22. a CR in a supplier's account

corresponding DR entry most likely to be found in purchases account,
recording a purchase on credit

23. a CR in a lender's account

corresponding DR entry most likely to be found in account for bank,
recording receipt of money from the lender

24. a DR in a lender's account

corresponding CR entry most likely to be found in account for bank,
recording repayment made to the lender

25. a DR in a wages account

corresponding CR entry most likely to be found in account for bank or cash,
recording payment of wages

26. a CR in a wages account

The wages account is used to record the input labour. This CR apparently shows labour going OUT. It must be part of a correction or transfer, with the corresponding DR entry most likely to be found in bank or cash account, recording correction of previous overpayment of wages

27. a CR in the account for purchase returns

corresponding DR entry most likely to be found in the supplier's account (for promises from the supplier), recording a purchase return

28. a DR in the account for purchase returns

Purchase returns should be going OUT. This DR entry is coming IN. It is probably the correction of an error. The corresponding CR entry is most likely to be found in the supplier's account. This would correct a previously recorded overstatement of the value involved in a purchase return

29. a CR in the account for sales returns

Sales returns should be coming IN. This CR entry is going OUT. The corresponding DR entry is most likely to be found in the customer's account. This would possibly be to correct an overstatement of the value involved in a sales return previously recorded

30. a DR in the account for sales returns

corresponding CR entry most likely to be found in the customer's account, recording a straightforward sales return

31. a DR in the account for advertising

corresponding CR entry most likely to be found in the account for promises to the supplier of advertising, or in the account for bank or cash, recording payment for advertising

32. a CR in the account for advertising

corresponding DR entry most likely to be found in account for promises to the supplier of advertising, recording correction of a previous error