

9.1 A drill to practise the timing of the record of a transaction

State *whether*, *when*, and *how* each of the events below would normally be recorded as a transaction.

1.

(a) Monday: a firm orders goods value £500 from a supplier

no movement of money or invoice, therefore no trigger for action

(b) Tuesday: the firm receives the goods

no movement of money or invoice, therefore no trigger for action

(c) Wednesday: the firm sells the goods for £700 cash

movement of money = trigger to record transaction

IN	cash	£700	
OUT	sales		£700

(d) Thursday: the firm receives an invoice for £500 from the supplier

receipt of invoice = trigger to record purchase on credit

IN	purchases	£500	
OUT	promise to supplier		£500

(e) Friday: the firm pays the supplier £500 by cheque

movement of money = trigger to record transaction

IN	promise back from supplier	£500	
OUT	bank		£500

2.

- (a) Monday: a firm orders goods value £250 from a supplier, sending a cheque with the order

movement of money = trigger to record transaction

IN	purchases	£250	
OUT	bank		£250

- (b) Tuesday: the firm receives the goods

no movement of money or invoice, therefore no trigger for action

3.

- (a) Monday: a firm receives an order from a customer for goods value £325

no movement of money or invoice, therefore no trigger for action

- (b) Tuesday: the firm sends a sales invoice to the customer

sending of invoice = trigger to record sale on credit

IN	promise from customer	£325	
OUT	sales		£325

- (c) Wednesday: the firm dispatches the goods to the customer

no movement of money or invoice, therefore no trigger for action

- (d) Thursday the firm receives a cheque for £325 from the customer

movement of money = trigger to record transaction

IN	bank	£325	
OUT	promise back to customer		£325

4.

- (a) Monday: a firm receives an order from a customer for goods value £850, with cheque payment enclosed

movement of money = trigger to record transaction

IN	bank	£850	
OUT	sales		£850

- (b) Tuesday: the firm delivers the goods

no movement of money or invoice, therefore no trigger for action

5.

- (a) Monday: firm receives order for goods value £50

no movement of money or invoice, therefore no trigger for action

- (b) Tuesday: firm delivers goods value £50

no movement of money or invoice, therefore no trigger for action

- (c) Friday: the firm sends a sales invoice to the customer

sending of invoice = trigger to record sale on credit

IN	promise from customer	£50	
OUT	sales		£50

6.

(a) Monday: a firm uses electricity value £25

no movement of money or invoice, therefore no trigger for action

(b) Tuesday: the firm uses electricity value £25

no movement of money or invoice, therefore no trigger for action

(c) Wednesday: the firm uses electricity value £25

no movement of money or invoice, therefore no trigger for action

(d) Thursday: the firm uses electricity value £25

no movement of money or invoice, therefore no trigger for action

(e) Friday: the firm receives an electricity bill for £75

receipt of invoice = trigger to record purchase on credit

IN	electricity	£75	
OUT	promise to Electricity Company		£75