

4.2 A drill to practise understanding analyzed 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	cash	£80	
	OUT	sales		£80

firm sells goods for £80 cash

2.	IN	purchases	£100	
	OUT	cash		£100

firm buys goods for £100 cash

3.	IN	work or labour	£60	
	OUT	cash		£60

firm pays wages £60 cash

4.	IN	permission to use land or building	£450	
	OUT	cash		£450

firm pays rent £450 cash

5.	IN	sales (or 'sales returns')	£95	
	OUT	cash		£95

firm pays £95 cash refund on goods previously sold

6.	IN	cash	£18	
	OUT	purchases (or 'purchase returns')		£18

firm receives £18 cash refund on goods returned to supplier

7.	IN	permission to use money	£55	
	OUT	cash		£55

firm pays £55 interest in cash

8.	IN	use of telephone	£105	
	OUT	cash		£105

firm pays telephone bill £105 in cash

9.	IN	cash	£150	
	OUT	advice (or 'service' or 'sales')		£150

legal firm receives £150 cash payment from client

10.	IN	use of taxi	£12	
	OUT	cash		£12

firm pays taxi fare £12 cash

11.	IN	insurance	£180	
	OUT	cash		£180

firm pays £180 cash for insurance

12.	IN	cash	£290	
	OUT	lessons (or 'sales')		£290

school or training centre receives £290 cash for lessons

13.	IN	machinery	£150	
	OUT	cash		£150

firm buys machinery for £150 cash

14.	IN	membership	£48	
	OUT	cash		£48

firm pays £48 cash for membership of trade association

15.	IN	vehicle licence	£55	
	OUT	cash		£55

firm pays £55 cash for vehicle licence.