

6.1 A drill to practise the analysis of bank and cheque transactions

Analyze each of the following transactions as movements of equal value IN to and OUT of the business.

1. a firm pays wages of £50 by cheque

IN	labour	£50	
OUT	bank (or promise to bank)		£50

2. a firm sells goods for £300, receiving payment by cheque

IN	bank (or promise from bank)	£300	
OUT	sales		£300

3. a firm buys goods for £450, paying by cheque

IN	purchases	£450	
OUT	bank (or promise to bank)		£450

4. a firm pays £75 cash into the bank

IN	bank (or promise from bank)	£75	
OUT	cash		£75

5. a firm takes £100 cash out of the bank

IN	cash	£100	
OUT	bank (or promise to bank)		£100

6. (a) a firm sells goods on credit to a customer for £35

IN	promise from customer	£35	
OUT	sales		£35

(b) the firm receives a payment of £20 by cheque from the customer

IN	bank (or promise from bank)	£20	
OUT	promise to customer		£20

(c) the firm receives a further payment of £15 in cash from the customer

IN	cash	£15	
OUT	promise to customer		£15

7. (a) a firm buys goods on credit for £650

IN	purchases	£650	
OUT	promise to supplier		£650

(b) the firm pays the supplier £650 by cheque

IN	promise from supplier	£650	
OUT	bank (or promise to bank)		£650

8. a firm pays a supplier £90 on account, paying by cheque

IN	promise from supplier	£90	
OUT	bank (or promise to bank)		£90

9. a firm receives payment of £24 by cheque from a debtor

IN	bank (or promise from bank)	£24	
OUT	promise back to debtor		£24

10. a firm receives and immediately pays an electricity bill of £260 by cheque

IN	electricity	£260	
OUT	bank (or promise to bank)		£260

11. a firm takes £30 cash out of the bank

IN	cash	£30	
OUT	bank (or promise to bank)		£30

12. a market trader delivers the day's takings, £500 cash, to the bank

IN	bank (or promise from bank)	£500	
OUT	cash		£500

13. a customer returns some goods, and the firm gives a refund of £150 by cheque

IN	sales	£150	
OUT	bank (or promise to bank)		£150

14. a firm pays £240 by cheque for a year's subscription to a trade journal

IN	subscription	£240	
OUT	bank (or promise to bank)		£240

15. a firm pays £600 by cheque to a newspaper, for placing an advertisement in the paper

IN	(benefit of) advertising	£600	
OUT	bank (or promise to bank)		£600