

11.1 A drill to practise recording transactions on accounts

For each separate business below, analyze the given transactions as movements IN to and OUT of the business, and record the transactions on a separate account for each item that moves.

Practical advice: unless your handwriting is very small, you should not attempt to draw more than two T accounts across a sheet of A4 paper, and no more than three down the sheet.

BUSINESS A

transactions:

1. owner puts £1 000 cash into the business
2. business buys goods value £800 on credit from X
3. business sells goods on credit to Y for £900
4. business pays £750 cash to X
5. business receives £900 cash from Y
6. business sells goods for £100 cash
7. business buys goods value £200 from X on credit
8. business pays £220 cash to X
9. business puts £500 cash into the bank
10. owner takes £30 out of the bank for his own use

Accounts

<i>Cash</i>			
(1)	1 000	(4)	750
(5)	900	(8)	220
(6)	100	(9)	500

<i>Capital</i>			
(10)	30	(1)	1 000

<i>Purchases</i>			
(2)	800		
(7)	200		

<i>Promises from/to Supplier X</i>			
(4)	750	(2)	800
(8)	220	(7)	200

<i>Promises from/to Customer Y</i>			
(3)	900	(5)	900

<i>Sales</i>			
		(3)	900
		(6)	100

<i>Bank</i>			
(9)	500	(10)	30

BUSINESS B

transactions

1. owner puts £750 of own money into bank for business
2. business borrows £250 from XYZ, receiving a cheque for this amount
3. business buys goods on credit from S for £500
4. business sells goods on credit to C for £400
5. C returns goods previously sold to him for £100
6. business returns goods to S, previously bought for £80
7. business pays wages of £80 by cheque
8. business receives cheque for £250 from C
9. business pays £110 by cheque to XYZ, being £10 interest and £100 repayment of principal
10. business pays wages £20 by cheque

Accounts

<i>Bank</i>			
(1)	750	(7)	80
(2)	250	(9)	110
(8)	250	(10)	20

<i>Capital</i>			
		(1)	750

<i>XYZ</i>			
(9)	100	(2)	250

<i>Purchases</i>			
(3)	500	(6)	80

<i>Promises from/to S</i>			
(6)	80	(3)	500

<i>Sales</i>			
(5)	100	(4)	400

<i>Promises from/to C</i>			
(4)	400	(5)	100
		(8)	250

<i>Wages (labour)</i>			
(7)	80		
(10)	20		

<i>Interest (permission to use money)</i>			
(9)	10		

BUSINESS C

transactions

1. owner puts £2 000 of her own money into bank for the business
2. business buys goods for £1 500 on credit from P
3. business sells goods on credit for £1 300 to Q
4. business pays rent £200 by cheque
5. business receives cheque for £1 200 from Q
6. Q returns goods previously sold to him for £100
7. business pays insurance £250 by cheque
8. business pays parking fine £50 by cheque
9. business pays £1 000 by cheque to P
10. owner takes goods value £50 out of business for her own use

Accounts

<i>Bank</i>			
(1)	2 000	(4)	200
(5)	1 200	(7)	250
		(8)	50
		(9)	1 000

<i>Capital</i>			
(10)	50	(1)	2 000

<i>Purchases</i>			
(2)	1 500	(10)	50

<i>Promises from/to P</i>			
(9)	1 000	(2)	1 500

<i>Promises from/to Q</i>			
(3)	1 300	(5)	1 200
		(6)	100

<i>Sales</i>			
(6)	100	(3)	1 300

<i>Rent (permission to use building)</i>			
(4)	200		

<i>Insurance</i>			
(7)	250		

<i>Parking Fine</i>			
(8)	50		