

8.2 A drill to practise understanding the analysis of one-way transactions and involuntary liabilities

Describe in words the events or situations that could be analyzed and recorded in the double entry system as below:

1.	IN	theft	£100	
	OUT	cash		£100

firm has lost £100 cash as a result of theft

2.	IN	tax charge	£450	
	OUT	promise/liability to pay tax		£450

firm records liability to pay tax of £450

3.	IN	promise/liability to pay tax	£120	
	OUT	bank		£120

firm pays £120 by cheque to settle or reduce tax liability

4.	IN	blackmail	£60	
	OUT	cash		£60

firm pays £60 cash to blackmailer (note how the reason for payment must be noted as an input, even though it is both insubstantial and worthless)

5.	IN	parking fine	£16	
	OUT	cash		£16

firm pays parking fine of £16 in cash

6.	IN	bank	£300	
	OUT	government grant		£300

firm receives £300 by cheque, the receipt being explained as a government grant

7.

IN	charitable donation	£250	
OUT	bank		£250

firm pays £250 by cheque, the corresponding input (reason or explanation) being ‘charitable donation’. In plain English, the firm gives a charitable donation of £250 by cheque

8.

IN	bank	£600	
OUT	prize		£600

firm wins a cheque for £600 as a prize. (Coming IN is the cheque, or bank type money. The output, reason, or explanation is ‘prize’)