



JMC JAYASEKERA  
MANAGEMENT CENTRE  
"Pioneers in Professional Education"

# Chartered Accountancy – BL 01

## Financial Accounting

Sandeepa Jayasekera

B.Sc. (Acct.) Hons. Gold Medal Winner, ACA, SAT, ACMA (UK), CGMA (UK), CA Prize Winner for AFR subject in Strategic Level II, CA First in Order of Merit Prize Winner in CAB II Level, CIMA Strategic Level Aggregate Prize Winner, Reading for MBA (PIM-SJP).

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# Source Documents and Financial Records

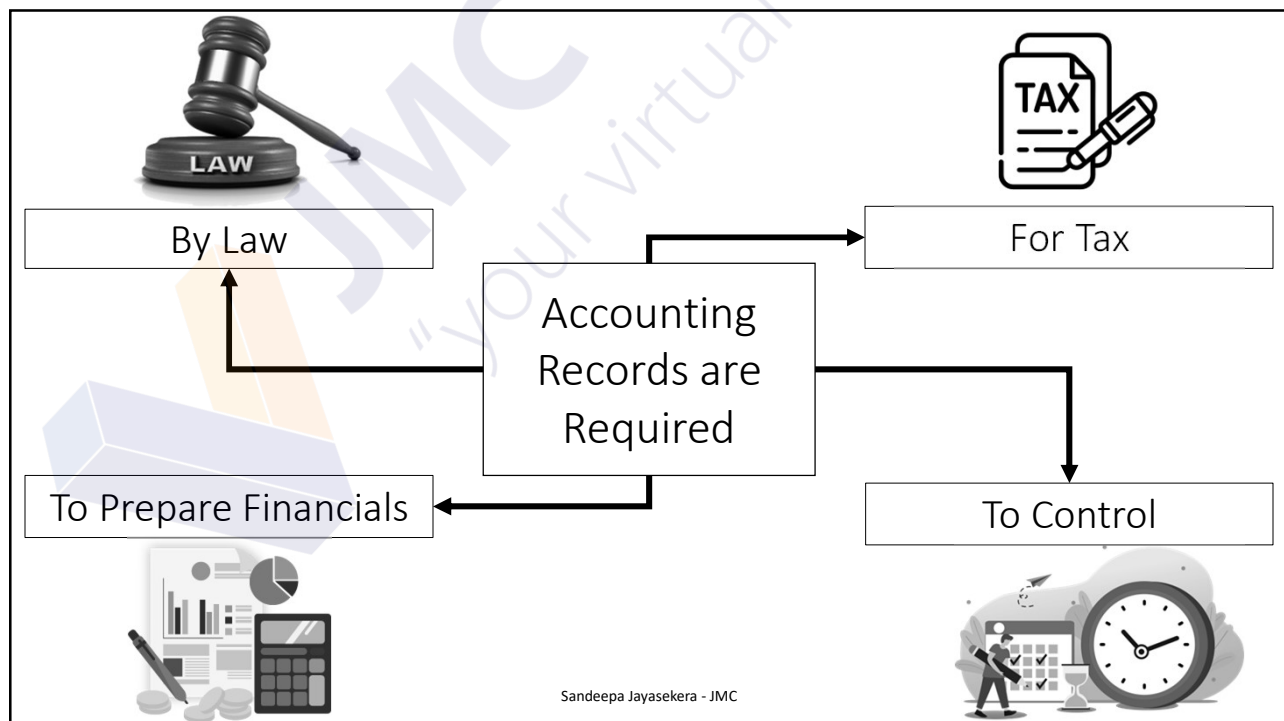
## Financial Records



Sandeepa Jayasekera - JMC

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# Quotations



**CIB**  
SHOPPING CENTRE  
No. 119, Main Street,  
Kaduruwela.



*A Subsidiary of*



**Wijaya Group** (Pvt) Ltd.

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Tel: 0722227030      Mobile: 077230939      Fax: 0722227031

2020/01/02

කළමනාකරණය,  
J.M.C පාරවෙරේ පාසල,  
කොළඹ 05.

**මිල ගණන් දැනුම් දීම**

**දැනුම් ගණන් පත්‍රයක**

අංක අය	විස්තරය	ප්‍රමාණය	එකතුව මිල.(රු.)	වටාගැනීම.(රු.)
01	වර්ගකුණු මිලදීමකි	වටාගැනීම 229	185.00	42 365.00

**කුඩා කුණු පත්‍රයක**

අංක අය	විස්තරය	ප්‍රමාණය	එකතුව මිල.(රු.)	වටාගැනීම.(රු.)
01	වර්ගකුණු මිලදීමකි	වටාගැනීම 24	185.00	4440.00

**විකුණු වස්තු මිල ගණන් පත්‍රයක**

අංක අය	විස්තරය	ප්‍රමාණය	එකතුව මිල.(රු.)	වටාගැනීම.(රු.)
01	110" කැට්ටන් පිටිමකි	මිටර් 8.25	595.00	4908.70
02	මෙහෙල් කැට්ටන්	මිටර් 8.25	125.00	1031.25
03	මෙහෙල් මාර්	අඩි 10.5	110.00	1155.00
මුළු වටිනාකම				7095.00

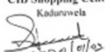
(වැට් අයය (වැට්ට්))

අදාළ පත්‍රයක මිල ගණන් කටයුතු කළ බවට අවසර ගන්නා බව  
ලියවිය යුතු බව මෙයින් දැනට පෙනී යයි. එම මිල ගණන් වලට අය වන්නේ දින 30 ක්  
පසුගිය දින 01 වැනි දිනට පසුව දැනට වෙයි.

(එමගින් මි.අ.වි.වි. කොටස් හා වැට්ට් ගිණිමකින් කරයි)

දැනුම්,  
මෙයට,

**CIB Shopping Centre**  
Kaduruwela



Branch Manager

2020/01/02

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## Sales Quotation

Date : 21/04/2021  
Quotation No : 113  
Valid Upto : 21/04/2021

Customer : JMC FORT

Item Description	Qty	Selling Price	Unit Total
1. EX CHAIR, LOW BACK, GAS LIFT	1.00	13250.00	13250.00
2. WRITING TABLE(120X60X76.5cm) 1D 1C	1.00	16190.00	16190.00
3. 6X3 OFFICE CUPBOARD (PREMIUM)	1.00	22130.00	22130.00
4. EX PREMIUM CHAIR, HIGH BACK, NY BASE, PI ARM, GAS LIFT	1.00	17690.00	<del>17690.00</del>

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Document sent by supplier to buyer mentioning the fixed prices of the goods and services.

[illegible]

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Document sent by Buyer to Seller mentioning the goods and services ordered from supplier. This document has two copies. One is sent to supplier and other one is kept within the buyer for internal reporting.



# PLANERGY™

## PLANERGY™

Boston Office  
 One Post Office Square, Suite 3600  
 Boston MA, 02109  
 USA

**Terms:** 30 Days  
**Phone No:** 800-123-4567  
**Email:** john@taylorcdickens.com

## Purchase Order

PO No: PO00495  
 04/26/2017  
 PO Status Closed Completed

SUPPLIER		DELIVERY ADDRESS	
<b>Taylor Dickens</b> 70 Bowman St. South Windsor, CT 06074 USA		<b>Boston Office</b> One Post Office Square, Suite 3600 Boston MA, 02109 USA	
<b>Terms:</b> 30 Days <b>Phone No:</b> 800-123-4567 <b>Email:</b> john@taylorcdickens.com		<b>Phone No:</b> 800-123-4567 <b>Attn:</b> Patrick	

DELIVERY DATE	REQUESTED BY	APPROVED BY	DEPARTMENT
04/28/2017	Patrick Smith	John Smith	IT Department

### NOTES

Description ABC


ITEM NAME	ITEM CODE	QTY	ITEM PRICE	DISC.	TOTAL
Nescafe Gold Blend Coffee 7oz	Q02-00350	1.00	\$4.99	0.00	34.99
Tetley Tea Round Tea Bags 440/Pk	Q02-TET440	1.00	20.49	0.00	20.49
Niceday Economy Lever Arch File A4 Black	G81-485759	15.00	1.90	0.00	28.50
3 Tier Letter Tray	Q02-1525055	3.00	23.89	0.00	71.67
Viking A4 Economy Copier	Q02-9537	5.00	3.59	0.00	17.95
Economy Manila Envelopes - 500	Q02-2071074	2.00	15.49	0.00	30.98
3 Tier Letter Tray	Q02-1525055	1.00	23.89	0.00	23.89

ORDER TOTAL

\$228.47

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Document prepared by supplier mentioning the goods and services ordered by buyer. This document is prepared to keep a track of items sold.



# Branford Patriots

Order No. 61271
 

Order Date 3/8/2019

## Sales Order Form

Please enter your real email address. When the workflow finishes, we'll send you an email with a PDF of the PO. We will not store or use your email address for any purpose other than this demo.

Email Address

Client Information

Full Name
 EMail
 Phone

Ship to my billing address
 ☒ Yes

Billing Address

Street
 City
 State
 Zipcode

Shipping Address


Street
 City
 State
 ZipCode

Order Details

Item No.	Item Name	Quantity	Unit Price	Sub Total
1				

Grand Total

Please sign here

Powered by 

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## Goods Received Note

Document prepared by the buyer listing the goods received from the supplier. This document is prepared by the store's controller of the buyer. This document confirms and records the goods received. The finance division matches the purchase order and goods received note when making settlements to supplier.

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ForceIntellect		Force Intellect Pvt Ltd.												
HINJWADI ROAD, BANGALORE, INDIA		HINJWADI ROAD, BANGALORE, INDIA												
Phone : 9993533444 Telex : 0788-4038587 Email : contact@forceintellect.com		Phone : 9993533444 Telex : 0788-4038587 Email : contact@forceintellect.com												
<b>Material Receipt Note</b>		Authorized												
GRN NO. : GRN/Process/000116.03.18		GRN DATE : 16/03/2018												
From: ABC Industries, Kurla, MUMBAI, MAHARASHTRA, INDIA		S.E. NO. : 0040717-18/Process (16/03/2018)												
		BILL NO. : 632												
		CHALLAN NO. : 65652												
		DATE : 16/03/2018												
		SIR NO. : 1												
		TRANSPORTER : A.R.C.												
		VEHICLE NO. : MH 12 HY 8957												
Sl. No.	PO No. / Date	Item Code	Item Description	Dept.	UCM	Challan Qty	Received Qty	Short Qty	Excess Qty	Rejected Qty	Accepted Qty	Rate	Discount	Total Value
1	2000171718 EX. 16/03/2018	0001040165	BEARING 2025 Main - ARMAV 1236, 1234, 1235, 1237, 1238	MEC	WAVE CAL	5.000	5.000	0.000		1.000	4.000	1900.00	0.00	7600.00
Grand Total													7600.00	
Authorized : Yes Inspection Required : Yes														
PREPARED BY : EDP STORE MANAGER 16/03/2018 08:52 pm INSPECTED BY : H.O.D. ACCOUNT MANAGER Page 1 of 1														

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## Goods Despatched Note

Document prepared by the supplier mentioning the goods delivered to the buyer. This document is kept to provide information if there's an inquiry by buyer on goods delivered.

### Goods Delivery Note

#### Shipping Details

Order Number: 58643

Delivered to: Anella Thome

Email: anella@snagmail.com

Phone: 222 555 7777

Address: 4 Tulson St., Dallas, TX 45321

Date Dispatched: June 4, 2025

Expected Delivery Date: June 8, 2025

Original Price (\$)	1	USD 63	63	USD 63
Original Price	0	USD 63	63	USD 63
Tax			1	%
Total				USD 63

#### Terms & Conditions

- The recipient agrees that he/she has received the above items in good condition.
- Any lost or damaged items must be reported within 48 hours of receiving.

Click Below to Pay & Accept

Thank You for Doing Business with Us!

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**BEYOND COMPUTER SYSTEM (PVT) LTD**  
 NO:144 B WJAYAKUMARATHUNGA MAWATHA,  
 COLOMBO - 05  
 TEL : 0112820199

**INVOICE**

DATE	INVOICE NO
12/29/2021	23637

INVOICE TO  
 JAYASEKARA MANAGEMENT CENTER  
 65/2A, CHITTAMPALAM A GARDNER  
 MAWATHA,  
 COLOMBO 02

P.O. NO.	REP

DESCRIPTION	QTY	RATE	AMOUNT
INTEL CORE I3 PROCESSOR & MOTHER BOARD	1	43,800.00	43,800.00
<b>SUBTOTAL</b>			43,800.00
<b>TOTAL</b>			R=43,800.00

D/P Cr

All Cheques to be drawn for "BEYOND COMPUTER SYSTEM (PVT) LTD."

No warranty for physical damages, water damages, lightning, corrosion, Keyboard/Mouse/Power Adapter/Speakers and any other natural disasters.

ID No: \_\_\_\_\_  
 Customer Signature: \_\_\_\_\_

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**JKOA JOHN KEELLS OFFICE AUTOMATION (PVT) LTD.**  
 99 Union Place, Colombo 2. Tel: 011 2310000 Fax: 011 2431745  
 Technical Support: 148 Vincent Street, Colombo 2  
 Service Hotline: 011 2445780 E-mail: jkoa@jkeells.com Website: www.jkoa.com  
 VAT REG. NO: 114099962-7000 SVAT REG. NO: SVAT001423 Business Reg. No: P-127

Customer Copy

INVOICE NO.	PAGE NO.	DATE
748275938	1 of 1	Feb 17/2022

INSTALL LOCATION: J M C Jayasekara Management Cen  
 JMC Jayasekara management center, 65/2A, chittampalam  
 Gardner mw, colombo 2  
 Order No: 0622078694 Delivery No: 0511075335  
 Printed on: 17.02.2022 - 14:16:36

BILL-TO: J M C Jayasekara Management Centre (Pvt) Ltd  
 65/2A, Chittampalam Gardner Mawatha  
 Colombo 02

VAT Registration No: SVAT No: \_\_\_\_\_

**Invoice**

CUSTOMER CODE	CUSTOMER P/O #	SALESMAN CODE	CREDIT LIMIT	BALANCE OUTSTANDING	TERM	ZONE
57278	PS44941	TP1			15 Days	

PART NO. / MODEL NO.	DESCRIPTION / ITEM / SERIAL NUMBER	QTY.	UNIT VALUE	DISC. %	VALUE	VAT%	VAT AMOUNT	TOTAL VALUE
6LH58791000	GEAR 2502	1	007.83	100 %	0.00			0.00
6LKB7209100	ADPS-PLATE-BHV-HH TX-2-2502	1	0.00	100 %	0.00			0.00
6LKB7242000	BLT-SY-3274-300-4-2502	1	821.06	100 %	0.00			0.00
6LKB7244000	BLT-SY-3274-354-6-2502	1	004.33	100 %	0.00			0.00

Invoice Message Lines

John Keells Office Automation (Pvt) Ltd.

This is a computer generated invoice. No manual signature required.

The cheque should be drawn in favour of John Keells Office Automation (Pvt) Ltd. Crossed "A/C Payee only". If payment is by cash please obtain an official receipt from the company. The company reserves the right to change the interest of the prevailing bank rate for invoices not settled within the approved credit period.

Received the above goods in good condition.

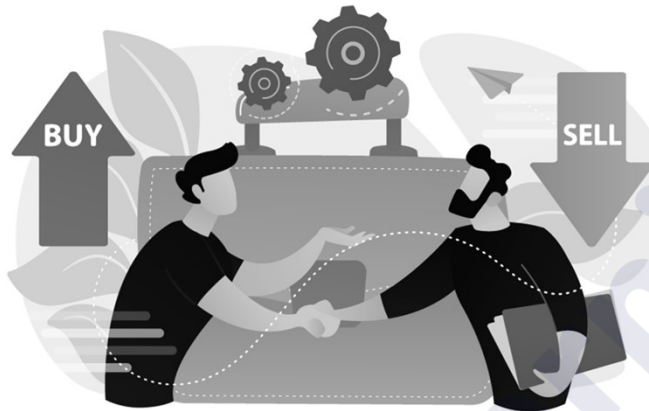
<b>TOTAL VALUE</b>	
<b>NBT AMOUNT</b>	0.00
<b>TOTAL VAT AMOUNT</b>	
<b>TOTAL INVOICE VALUE</b>	2,583.22
<b>Discount</b>	0.00

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# Invoice

Relates to Sales or Purchase Order

Buyer  
Receives an  
Invoice



Supplier  
Issues an  
Invoice

Credit Sale & Purchase

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## Copies of Invoices

To Buyer as  
Request for  
Payment



To Accounts  
Department to  
Match Payment



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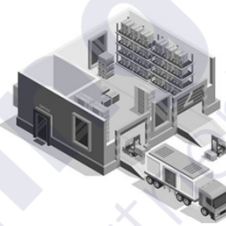


## Copies of Invoices

Sales  
Department to  
Record Sales



To Warehouse to  
Generate Goods  
Dispatch note



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CUSTOMER COPY		NIPPON PAINT LANKA (PVT) LTD			
TAX INVOICE		Member of NIPSEA Group			
CREDIT		Colombo Office : Nippolac Towers, No. 69 A, Buthgamuwa Road, Rajagiriya. Tel: 011-4356900 - 8 Fax: 011-4356909			
ISO 9001 - 2008 Certified Company		Matara Office : 67, Kumaradasa Mawatha, Matara. Tel: 041-4933530 - 8 Fax: 041-4390436 www.nipponpaint.com.lk			
COPY		Technical Center : Tel : 011-4449488			
INVOICE NO.:	2701068877	Serial No :	1176823		
JMC JAYASEKARA MAANAGEMENT CENTRE (PVT) LTD 65/2A, CHITTAMPALAM GARDINER MW, COLOMBO 02		DATE :	26.02.2019		
DEALER CODE: 3010000860 P.O.NO.: KDU-19 (01)		ORDER NO. :	2689052016		
		DELIVERY NOTE :	2695075363		
		REP.CODE :	00000116		
		P.O. NO. :	KDU-19 (01)		
		NBT REG.NO. 104024890 - 9000			
		VAT REG.NO. 104024890 - 7000			
		SVAT NO. 003665			
ITEM CODE	DESCRIPTION	BATCH NO.	QTY.	RATE	VALUE
PTPTSTU0008	NIPPOLAC SUPER TURPENTINE 2LT	1101565717	4	880.00	3,520.00
				Gross Value	3,520.00
				Less Discount ( 25.00-% )	880.00(-)
				Subtotal	2,640.00
				Grand Total	2,640.00

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## Credit Note (Negative Invoice)

Document related to  
**RETURNED** Goods or  
**REFUNDS** when a Buyer is  
Overcharged by an Invoice

[Your Logo]

[Your Web Address]

### CREDIT NOTE

[Customer Name]  
[Customer Address 1]  
[Customer Address 2]  
[Customer Town]  
[Customer City]  
[Customer Postcode]

Date:  
1st October 2012

Credit Note Number:  
CN-0001

VAT Number:  
GB12345678

[Your Company Name]  
[Address 1]  
[Address 2]  
[City]  
[Town]  
[Postcode]

Description	Quantity	Price	Amount
Faulty Widgets on Invoice INV-0001	2	10.00	20.00
Service One - Partial Refund (Hours)	3	40.00	120.00
		Subtotal	140.00
		<b>TOTAL</b>	<b>140.00</b>

Issued by Supplier to Buyer

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## Debit Note

Document related to  
**RETURNED** Goods or  
**REFUNDS**, where a Buyer is  
sending to Supplier to  
Demand a Credit Note

Issued by Buyer to Supplier



**Zyler India,**  
44 Annasalai,  
Chennai 600002, India.

GSTIN: 33GSPTN037IGIZD  
Phone: 98573829384  
PAN 312456789

**Bill To**  
Ambit Depots,  
10 Thakur Street, Chennai 600450  
Tamil Nadu, India.

GSTIN: 33GSPKA037IGIFE  
Phone: 982309583  
Circuit ID: 57686533GSPKA037IGIFE

Place Of Supply: Tamil Nadu (33)

### Debit Note

Debit Note# CDN-000004

Balance Due  
₹103.00

Debit Note Date : 05 Sep 2017  
Terms : Due on Receipt  
Due Date : 05 Sep 2017  
Reference Invoice# : PC106  
Reference Invoice Date : 03 Aug 2017

#	Item & Description	Rate	CGST	SGST	Amount
1	Item rate adjusted	100.00	1.50 1.5%	1.50 1.5%	100.00
	Sub Total				100.00
	CGST 1.5 (1.5%)				1.50
	SGST 1.5 (1.5%)				1.50
	Total				₹103.00
	Balance Due				₹103.00

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## Statement

Statement issued by supplier to buyer mentioning the sales made, sales returns made, cash received and cash receivable for a time period. Buyer is using this statement to compare the payable balance vs receivable in statement and settle the payment outstanding. .

## Remittance Advice

Document sent by buyer to seller mentioning the invoices settled, credit notes netted off and amount settled. Using this document, the supplier will update the accounts.

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## Receipts

### KOMSEKY (Pvt) LTD.

Tel : 0112 335 194  
Fax : 0112 473 833  
E-mail : komseky@gmail.com

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No: 65/3,  
Sir Chittampalam A. Gardiner Mawatha,  
Colombo - 2

Date 2022.02.23

Received with thanks from JMC Jayasekera Management  
Centre Ltd

of a sum of Rupees Twenty Six Thousand only  
and cents Rs. 36,000/-

on account of Annual Retiree Allowance Charges and Retiree Fees 2021

Rs. 36,000/- Cash

All Cheques Subject to Realization,



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# Receipts

JAYASEKERA MANAGEMENT CENTRE (PVT) LTD  
163A  
ARCHBISHOP NICHOLAS MARCUS M  
NEAR THE MAIN BUS STAND  
NEGOMBO

**LANKA BELL**  
The truly Sri Lankan telecommunication company

**OFFICIAL RECEIPT**

**Lanka Bell Ltd.**  
No. 344,  
Galle Road,  
Colombo 03,  
Sri Lanka,  
Tel : 011 5 335000

Date : 21-JUN-19  
Receipt No. R70/250174

Received with thanks from  
a sum of Rupees

by FIVE THOUSAND TWO HUNDRED NINETY SIX ONLY  
as per details given below.

Account No. 486716

Narration BILL

Amount 5,296.00

Subject to realisation of the Cheque ( Bank : BANK OF Ceylon Branch :  
492307 Date : 21-Jun-2019 )

This is hereby certify that the amount payable as stamp duty in respect of this receipt has  
been paid and remitted in terms of Stamp Duty Act

\* Stamp Date : 21-JUN-19 16:09:45

Cashier

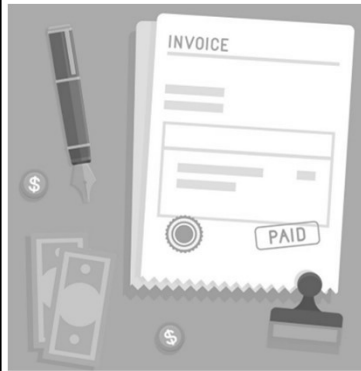
Note : This receipt will be valid only after the realisation of the cheque / credit card

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# Books of Prime Entry

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## Prime Entry Books



Info  
Summarized  
to

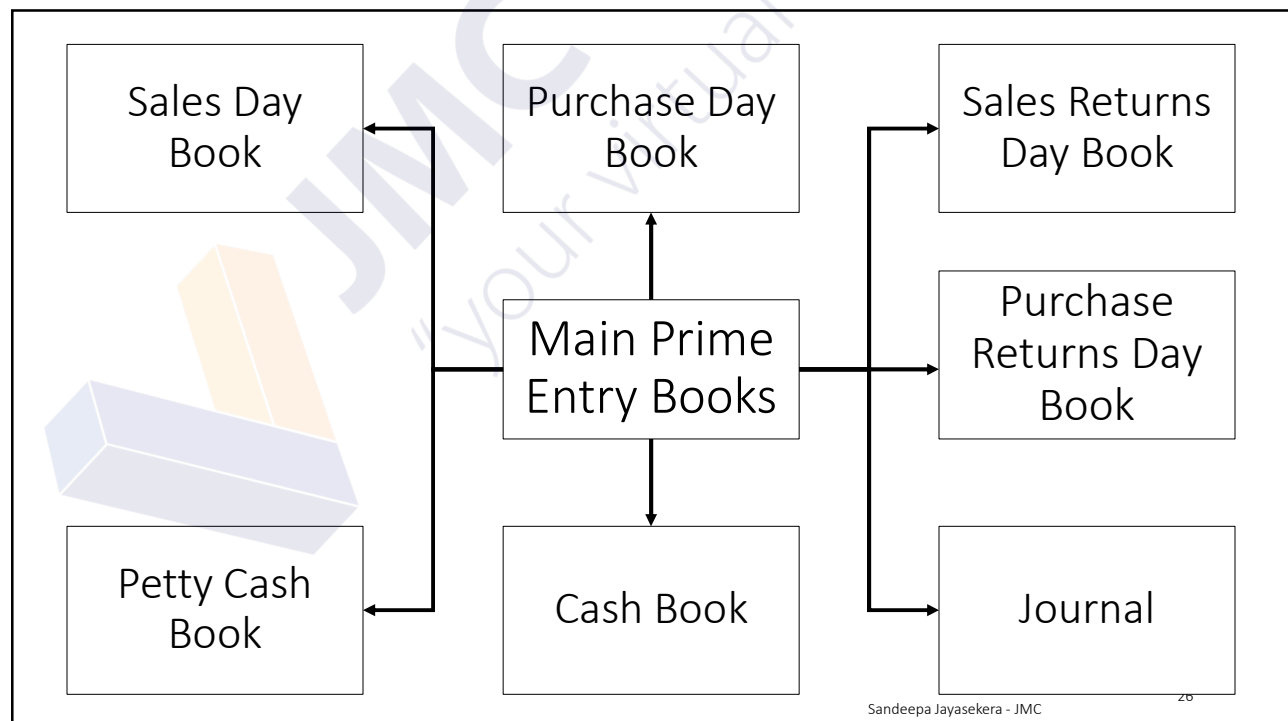
**PRIME  
ENTRY  
BOOKS**  
in Accounting



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Credit Sales on Each Day are Summarized to	Sales Day Book		
Sales Day Book Format			
Date	Invoice Number	Customer	Total Amount Invoiced Rs.
20X0/3/01	576	Shantha PLC	12,000.00
20X0/3/01	577	Thilina Ltd	10,000.00
20X0/3/01	578	Aruna PLC	18,000.00
20X0/3/01	579	Ranathunga Ltd	7,500.00
			47,500.00

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**Sales Analysis can be done through  
Sales Day Book**

# Sales Day Book

## Sales Day Book Format

Date	Invoice Number	Customer	Total Amount Invoiced Rs.	Soap Sales	Shampoo Sales
20X0/3/01	576	Shantha PLC	12,000.00	12,000.00	
20X0/3/01	577	Thilina Ltd	10,000.00		10,000.00
20X0/3/01	578	Aruna PLC	18,000.00	10,000.00	8,000.00
20X0/3/01	579	Ranathunga Ltd	7,500.00		7,500.00
			47,500.00	22,000.00	25,500.00

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**Purchase Invoices Received  
Each Day are Summarized to**

**Purchases Day Book**

**Purchases Day Book Format**

Date	Supplier	Total Amount Invoiced Rs.	Purchases for Resale	Expenses
20X0/3/03	Omega PLC	53,000.00	53,000.00	
20X0/3/03	Reliant Ltd	24,000.00		24,000.00
20X0/3/03	Garton PLC	65,000.00	65,000.00	
20X0/3/03	Welsh Ltd	8,000.00		8,000.00
		150,000.00	118,000.00	32,000.00

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Credit Notes on Sales Returns of Each Day are Summarized to		Sales Return Day Book	
Sales Return Day Book Format			
Date	Credit Note	Customer and Goods	Amount Rs.
20X0/3/05	CR124	Aruna PLC 50 Packs of Soap	5,000.00
20X0/3/06	CR125	Ranathunga Ltd 30 Shampoos	3,000.00
			8,000.00

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Credit Notes on Purchase Returns of Each Day are Summarized to

## Purchase Return Day Book

### Purchase Return Day Book Format

Date	Customer and Goods	Amount Rs.
20X0/3/05	Omega PLC 200 Kg Rubber Compound	25,000.00
20X0/3/03	Garton PLC 100 Kg of Latex	30,000.00
		55,000.00

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## Cash Book



Record Cash Receipts and Payments through the Current Account

Cash Receipts

Record all Cash Receipts (Deposits)

Cash Payments

Record all Cash Payments (Cheques and Transfers)

Petty Cash

Cash Float given to Meet Occasional Small Payments in Cash using an Imprest System.

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All Cash Received		Cash Book (Receipts)
Cash Book (Receipts)		
Date	Narrative	Total Rs.
20X0/3/01	Balance b/f (Brought Forward)	10,000
20X0/3/03	Cash Sale	25,000
20X0/3/05	Accounts Receivable : Surosh	12,000
20X0/3/10	Loan : BOC	100,000
		147,000

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All Cash Received with Analysis Columns			Cash Book (Receipts)		
Cash Book (Receipts)					
Date	Narrative	Total Rs.	Account Receivables	Cash Sales	Other
20X0/3/01	Balance b/f	10,000			
20X0/3/03	Cash Sale	25,000		25,000	
20X0/3/05	Accounts Receivable : Surosh	12,000	12,000		
20X0/3/10	Loan : BOC	50,000			50,000
		97,000	12,000	25,000	50,000

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All Cash Payments		Cash Book (Payments)
Cash Book (Payments)		
Date	Narrative	Total Rs.
20X0/3/02	Cash Purchase	5,000
20X0/3/03	Accounts Payable : Akbar Brothers	15,000
20X0/3/06	Accounts Payable : Nishanth Ltd	15,000
20X0/3/07	Loan : Repayment	10,000
		45,000

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All Cash Payments with Analysis Columns			Cash Book (Payments)		
Cash Book (Payments)					
Date	Narrative	Total Rs.	Account Payables	Cash Purchase	Other
20X0/3/02	Cash Purchase	5,000		5,000	
20X0/3/03	Accounts Payable : Akbar Brothers	15,000	15,000		
20X0/3/06	Accounts Payable : Nishanth Ltd	15,000	15,000		
20X0/3/07	Loan : Repayment	15,000			15,000
20X0/3/31	Balance C/D	47,000			
		45,000	30,000	5,000	15,000

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## Petty Cash Book



A Cash Float used to Manage Small Expenses

### Imprest System

- Amount of Money in Petty Cash is an Agreed Sum or Float
- Cash + Vouchers = Imprest
- Regularly the Expensed amount will be Topped up

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## Petty Cash Book

Receipts Rs.	Date	Narrative	Total Rs.	Travel Rs.	Welfare Rs.	Stationary Rs.	Other Rs.
10,000	1/9	Balance B/F					
	2/9	Milk Powder	1,500		1,500		
	2/9	Travelling	2,000	2,000			
	3/9	Books	1,000			1,000	
		Balance C/D	5,500				
			10,000	2,000	1,500	1,000	

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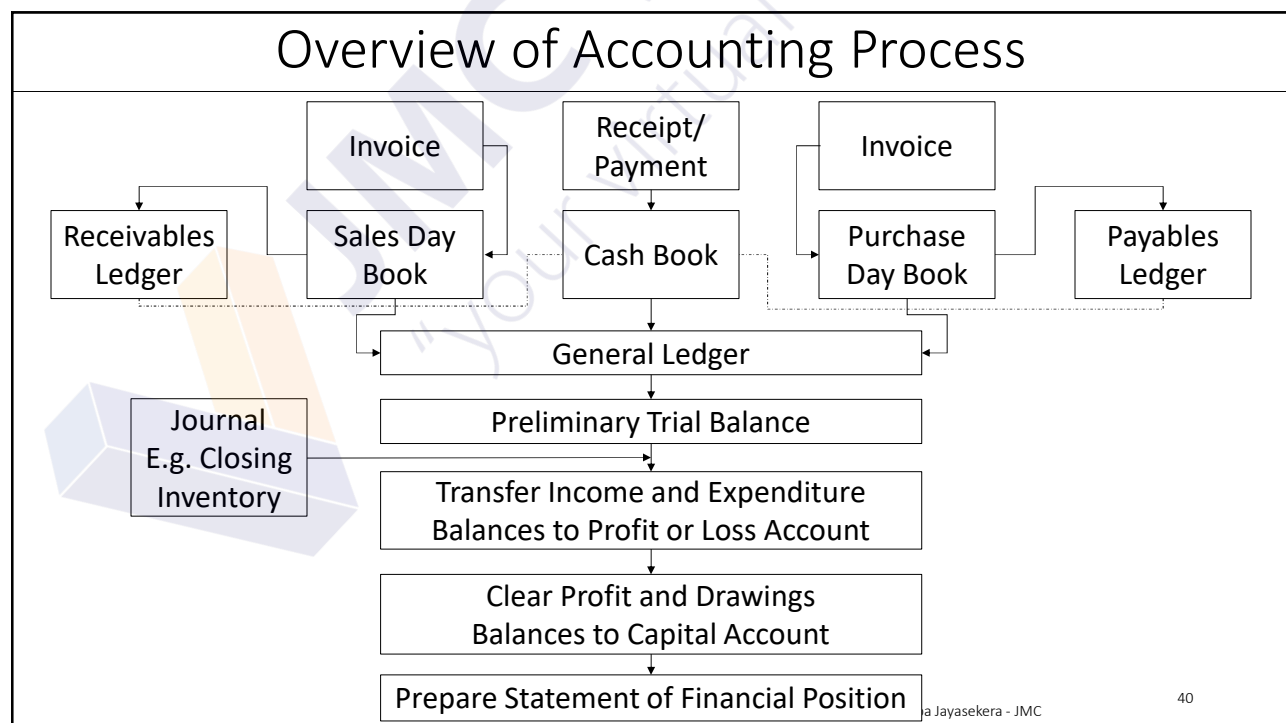
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# Double Entry Bookkeeping and Ledger Accounting

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# General Ledger

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## General Ledger

Ledger that contain  
Principal Accounts

Prime  
Entry  
Books  
Daily  
Totals



General  
Ledger

For Convenience, the Ledger may be  
Divided to Sections. Section may be  
Allocated with a Code.

- [A] Plant and Machinery (Non-Current Assets)
- [B] Plant and Machinery Accumulated Depreciation (Provision)
- [C] Proprietors Capital (Equity)
- [D] Inventory (Current Asset)
- [E] Trade Receivables (Current Assets)
- [F] Trade Payables (Current Liability)
- [G] Wages and Salaries (Expense)

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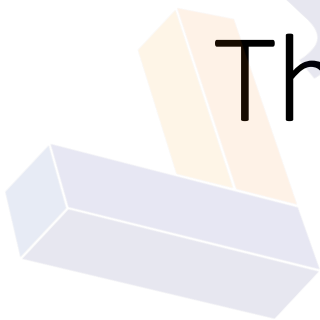
21

## Format of a General Ledger

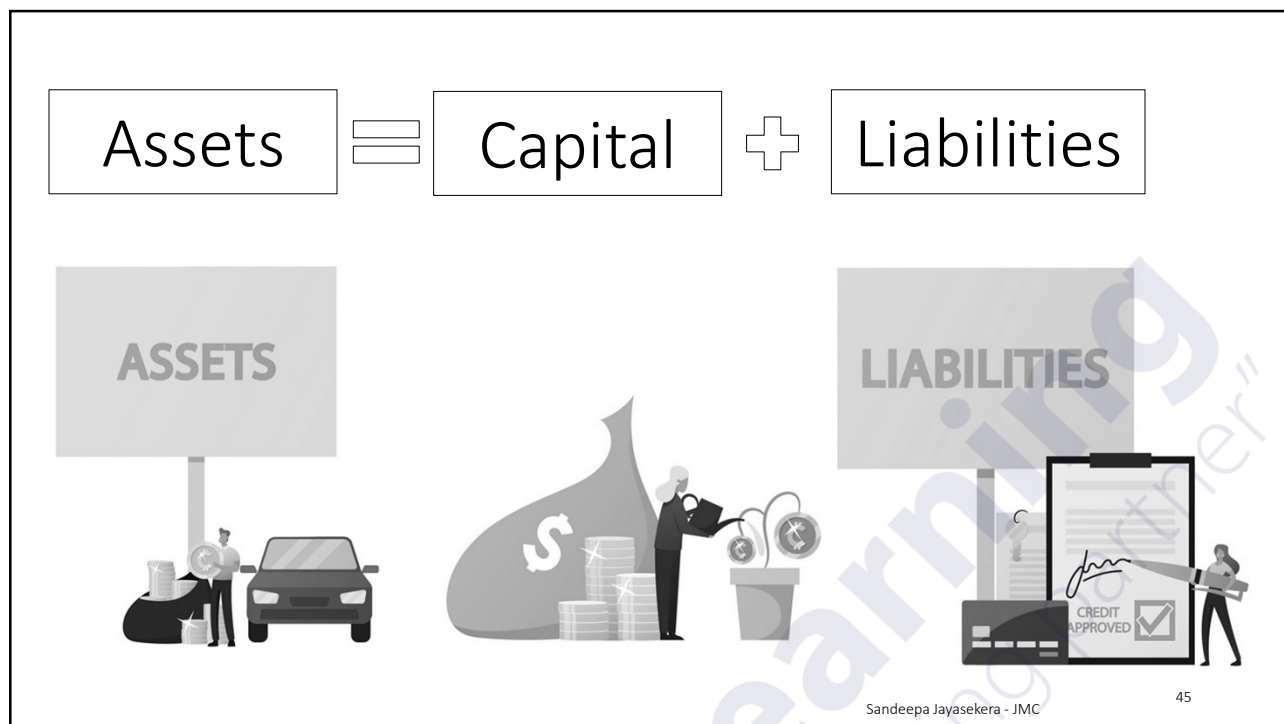
Marketing Expenses							
Date	Narrative	Ref.	Rs.000	Date	Narrative	Ref.	Rs.000
15/4/X2	Wijaya Newspaper Limited	JP209	9,000				
Debit Side				Credit Side			

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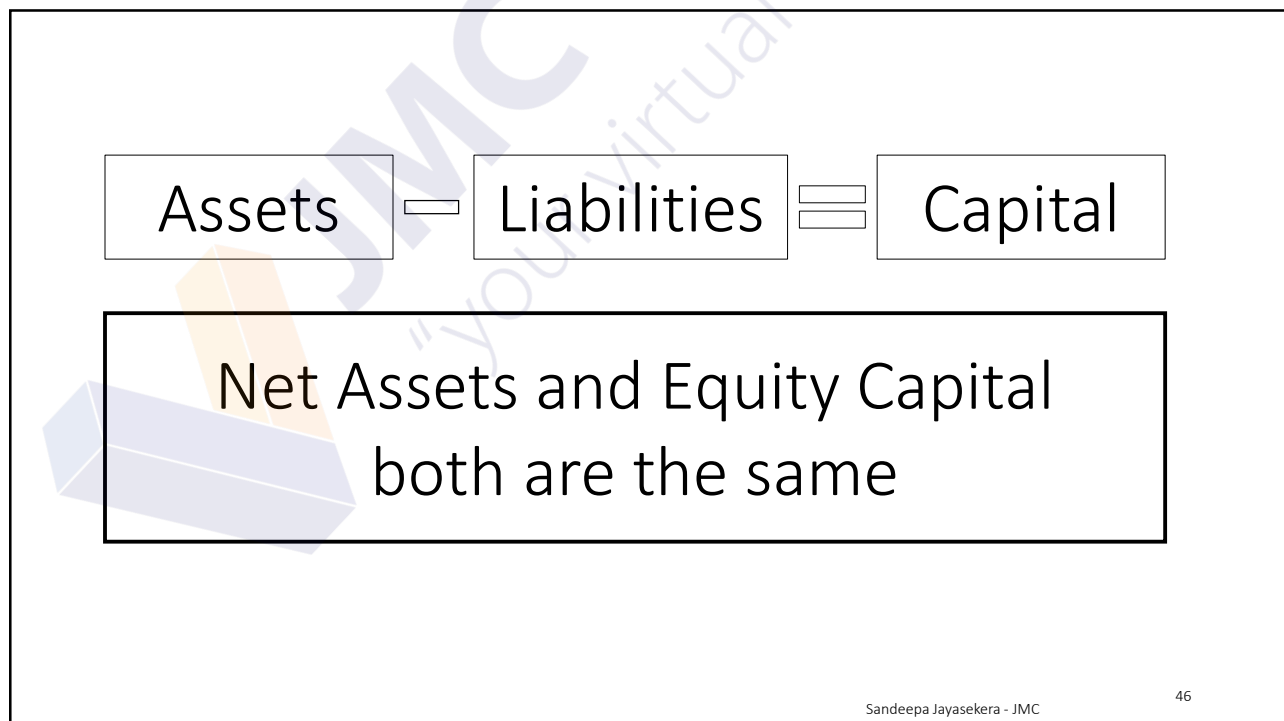
## The Accounting Equation



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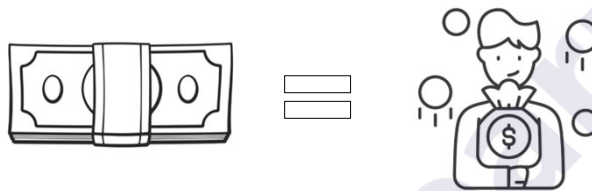


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Mario started a Computer Business  
by investing Rs.5,000,000 in cash

Assets = Capital

Cash  
Rs.5,000,000 = Equity Capital  
Rs.5,000,000



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Business purchased a building by paying Rs.2,500,000. He  
purchased Rs.2,000,000 worth of Computers.

Assets = Capital

Building Rs.2,500,000  
Inventory Rs.2,000,000  
Cash Rs.500,000 = Equity Capital  
Rs.5,000,000

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Mario sold the computers at a value of Rs.3,000,000,  
earned a profit of Rs.1,000,000.

Assets	=	Capital
Building Rs.2,500,000		Equity Capital Rs.5,000,000
Inventory Rs.0		Retained Profit Rs.1,000,000 (3,000,000 – 2,000,000)
Cash Rs.3,500,000 (500,000 + 3,000,000)		

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Mario made a drawing (Money taken out of Business by Owner)  
of Rs.200,000

Assets	=	Capital
Building Rs.2,500,000		Equity Capital Rs.5,000,000
Inventory -		Retained Profit Rs.1,000,000
Cash Rs.3,300,000 (3,500,000 – 200,000)		(-) Drawings (-)Rs.200,000

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Mario purchased Rs.1,000,000  
worth of Computers on a credit term

Assets	=	Capital	+	Liabilities
Build. Rs.2,500,000		Equity Capital Rs.5,000,000		
Inventory 1,000,000	=	Retained Profit Rs.1,000,000	+	Creditors Rs.1,000,000
Cash Rs.3,300,000		(-) Drawings (-) Rs.200,000		

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Mario invested another Rs.500,000. Obtained a loan of  
Rs.600,000. Sold computers costing Rs.400,000 for Rs.750,000.

Assets	=	Capital	+	Liabilities
Build. Rs.2,500,000		Equity Capital Rs.5,500,000		Creditors Rs.1,000,000
Inventory 500,000	=	Retained Profit Rs.1,350,000 (1,000,000 + 350,000)	+	Loan Rs.500,000
Cash Rs.5,150,000 (3,300,000 + 750,000 + 500,000 + 600,000)		(-) Drawings (-) Rs.200,000		

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## Accounting Equation Expanded

$$\text{Assets} = \text{Capital} + \text{Profit} + \text{Liabilities}$$

$$\text{Assets} = \text{Capital} + \text{Income} - \text{Expenses} + \text{Liabilities}$$

$$\text{Assets} + \text{Expenses} = \text{Capital} + \text{Income} + \text{Liabilities}$$

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## Question 01

Record how each of the following transaction would affect the accounting equation.

- 1.1 Investing Rs.1,000,000 to commence the business
- 1.2 Obtaining a loan of Rs.500,000 from Bank of Ceylon
- 1.3 Purchasing Rs.800,000 worth of inventory on credit
- 1.4 Paying Rs.600,000 to the supplier
- 1.5 Drawing Rs.10,000 cash and Rs.10,000 worth of goods

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## Question 01

- 1.6 Selling Rs.450,000 worth of inventory for Rs.650,000
- 1.7 Received Rs.300,000 from customers.
- 1.8 Paying the telephone bill Rs.25,000
- 1.9 Salary cost of Rs.50,000. Rs.25,000 paid in cash and balance is payable.
- 2.0 Purchase of Property Plant and Equipment of Rs.200,000

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## Double Entry Bookkeeping

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## Dual Effect

Every transaction has equal but opposite effect. Transactions shall be recorded in ledger accounts as DEBIT and as an equal but opposite CREDIT



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## Dual Effect Examples

Purchasing a Car by spending Rs.5Mn

- Asset Car of Rs.5Mn increases
- Asset Cash of Rs.5Mn decreases

Obtaining a Bank Loan of Rs.10Mn

- Asset Cash of Rs.10Mn increases
- Liability Loan of Rs.10Mn decreases

Incurring a Marketing Expense of Rs.2Mn

- Expense Marketing of Rs.2Mn increases
- Asset Cash of Rs.2Mn decreases

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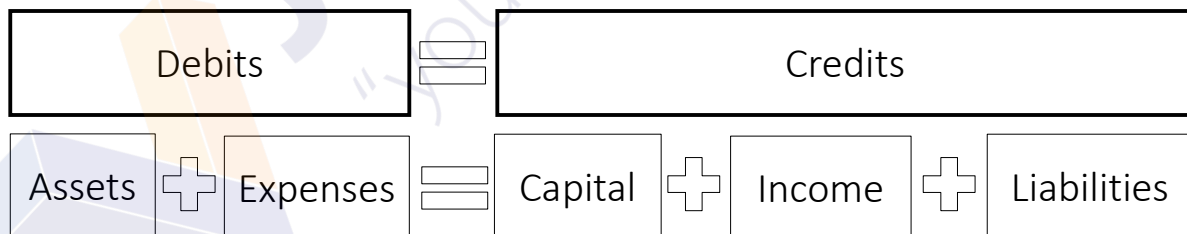
# Double Entry System

Element	Increase	Decrease
Assets	Debit	Credit
Expenses		
Equity	Credit	Debit
Income		
Liabilities		

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## Accounting Equation with Debit and Credit Linked



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## Ledger Accounts

**PRIME  
ENTRY  
BOOKS**  
in Accounting



Info  
Summarized  
to



**LEDGER**

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## Ledger Account and Dual Impact

Ledger is a collection of accounts kept either physically or electronically. The transactions are recorded in ledger to reflect the dual impact.

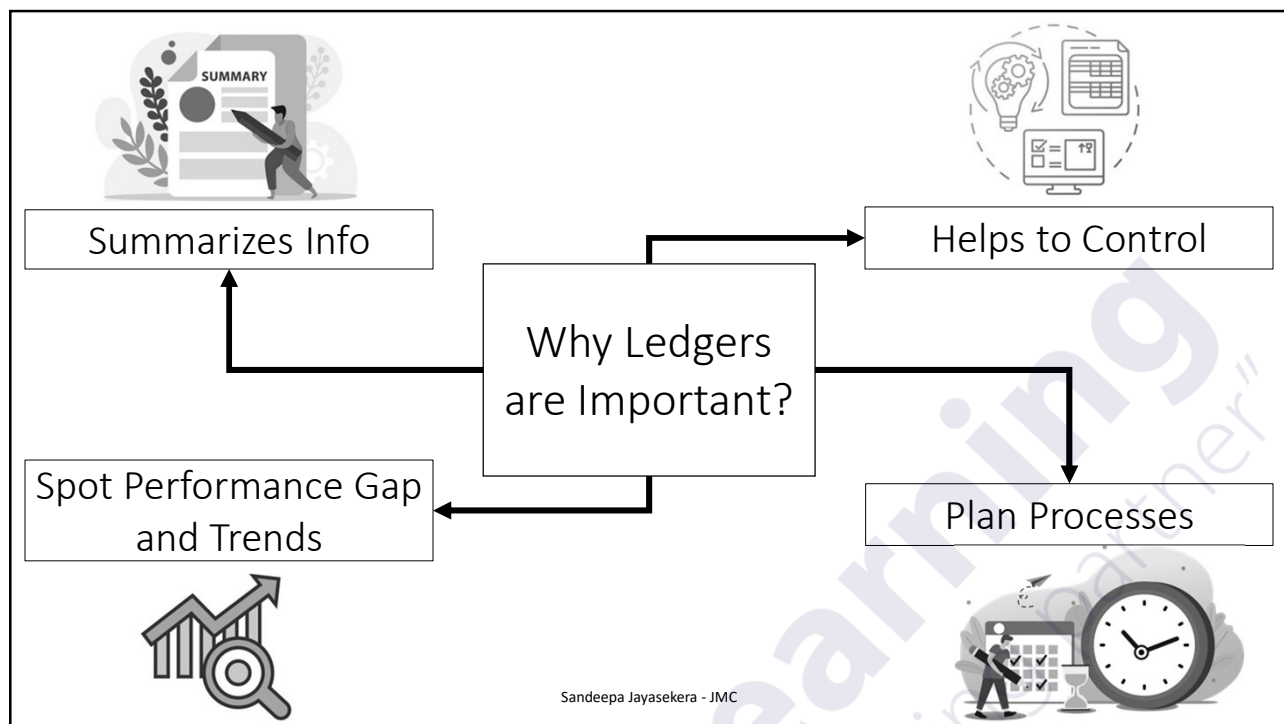
Debit

Credit

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## Question 02

Decide the double entries for the following transactions and show them in T accounts.

2.1 Praveen invested Rs.2,000,000 to the business as his capital

2.2 A drawing made Rs.50,000

2.3 Credit purchase made of Rs.50,000

2.4 The creditor has given a 5% cash discount on settlement of the credit balance of Rs.40,000.

2.5 The total salary of the company is Rs.75,000. Rs.50,000 was paid in cash and the balance amount was accrued.

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## Question 02

- 2.6 An equipment worth of Rs.40,000 was purchased using a loan facility.
- 2.7 The equipment was repaired and incurred Rs.2,000. This is payable.
- 2.8 Received an interest income of Rs.5,000
- 2.9 The goods returned to the supplier worth of Rs.10,000
- 2.10 Credit sales made Rs.100,000.
- 2.11 Debtor is settling the debt balance of Rs.80,000 and company has given a 10% cash discount.
- 2.12 The goods returned by the customer worth of Rs.20,000
- 2.13 Equipment depreciation is Rs.5,000

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## Receivables and Payables Ledgers

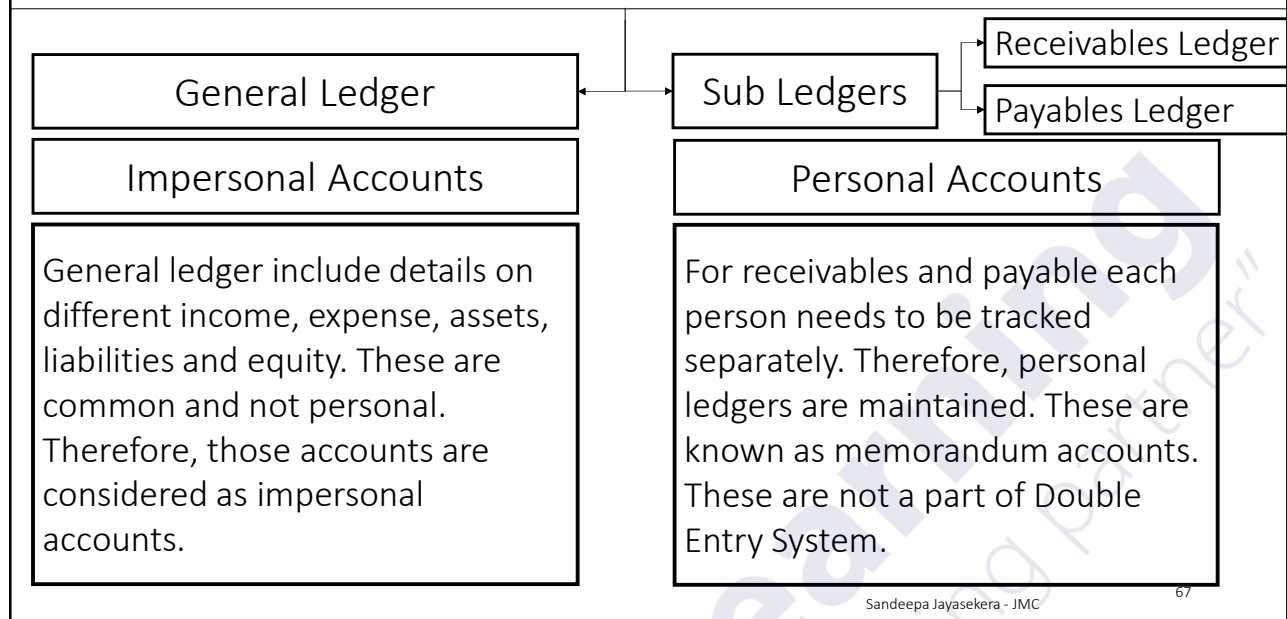
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## Impersonal and Personal Accounts



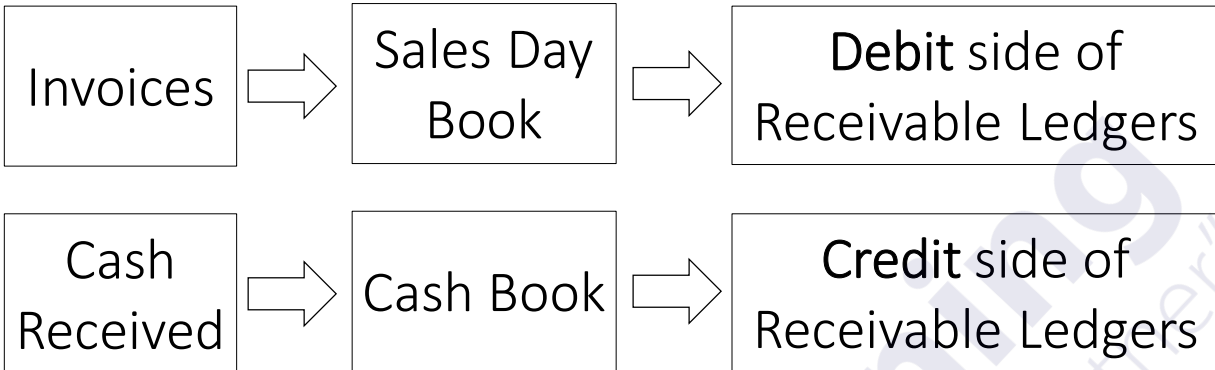
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## Receivables Ledger

<ul style="list-style-type: none"> <li>• Sales daybook records invoices in chronological order (Days order). The totals accounted in General ledger</li> <li>• A Separate Personal Account for Customers is required to             <ul style="list-style-type: none"> <li>• Calculate individual receivable</li> <li>• Send Credit Statements to customers at month ends</li> <li>• Check the Credit Limits</li> <li>• Match the money received against debt owed</li> </ul> </li> </ul>	<div data-bbox="881 1297 1385 1350" data-label="Section-Header"> <h3>Customers Personal Accounts</h3> </div>  <p style="text-align: right;">Sandeepa Jayasekera - JMC 68</p>
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## Receivables Ledger



Each customer is given a reference and that reference is appearing in the sales daybook.

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## Format of a Receivable Ledger

Sahan Ltd.							
Date	Narrative	Ref.	Rs.000	Date	Narrative	Ref.	Rs.000
01/01/X1	Balance Carried Forward		90,000	20/01/X1	Cash		190,000
10/01/X1	Sales	SDB 24	200,000	31/01/X1	Balance Carried Down		100,000
			<u>290,000</u>				<u>290,000</u>
01/02/X1	Balance Carried Forward		100,000				

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## Payables Ledger

- Purchase daybook records invoices in chronological order (Days order)
- A Separate Personal Account for supplier is required to
  - Calculate individual payable
  - Check the Credit Limits
  - Match the money paid against debt payable

### Suppliers Personal Accounts

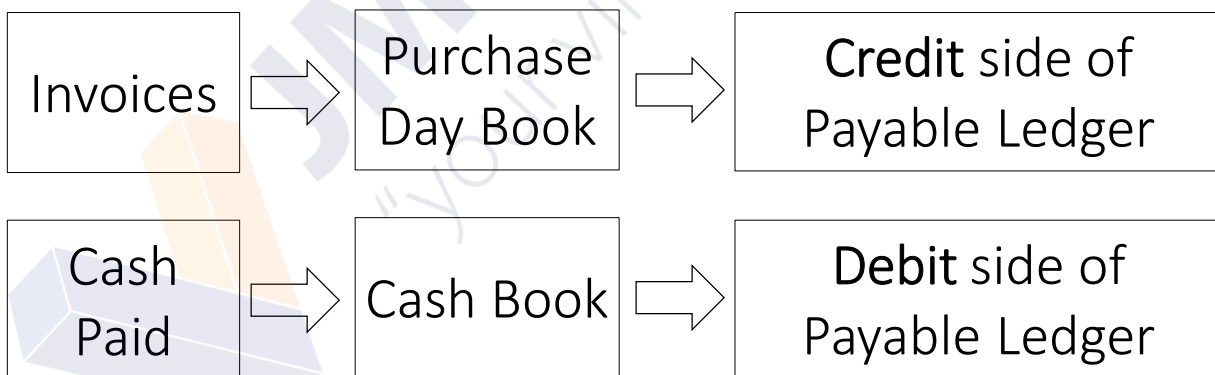


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## Payables Ledger



Each supplier is given a reference and that reference is appearing in the purchase daybook.

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## Format of a Payable Ledger

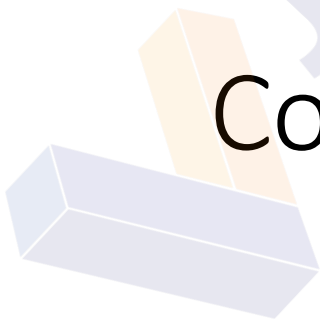
Tesco Ltd.							
Date	Narrative	Ref.	Rs.000	Date	Narrative	Ref.	Rs.000
25/01/X1	Cash		250,000	01/01/X1	Balance Carried Forward		50,000
31/01/X1	Balance Carried Down		100,000	15/01/X1	Purchases	PDB 13	300,000
			<u>350,000</u>				<u>350,000</u>
				01/02/X1	Balance Carried Forward		100,000

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## Control Accounts



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# What is a Control Account?

The ledger account maintained in the General Ledger for the individual accounts maintained in the sub ledger.

E.g.

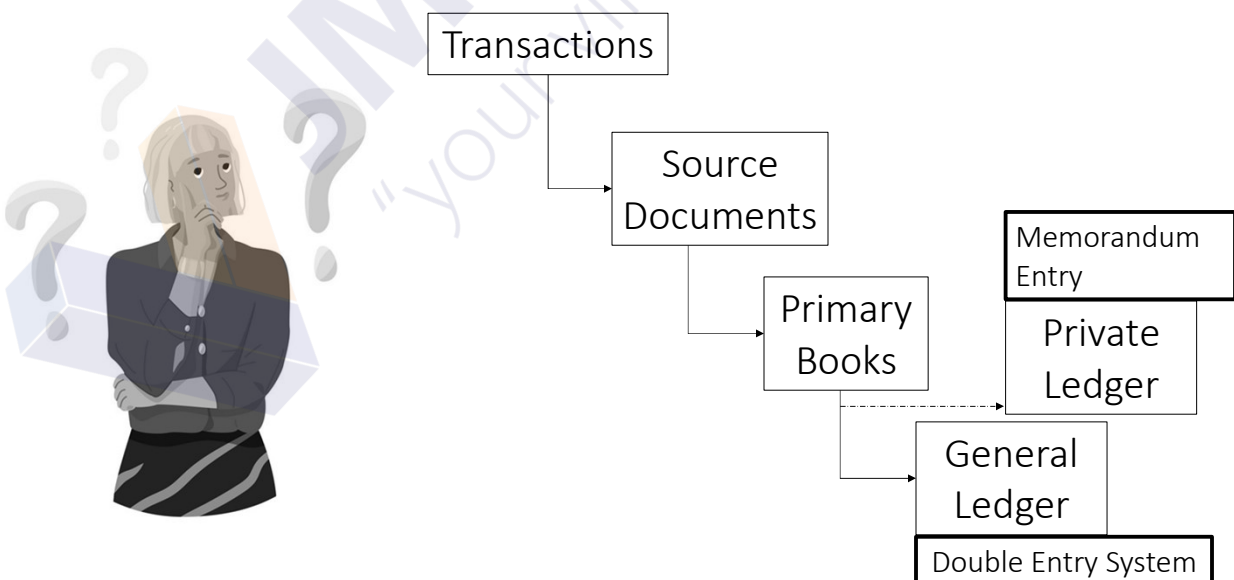
Receivables Control

Payables Control



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## Recording Transactions in Control Accounts



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## Examples

Following credit sales occurred in Sumana Ltd.

- Rs.50 to Dayawathi
- Rs.40 to Seelawathi
- Rs.25 to Siriyawathi

Following amounts were received from the debtors.

- Rs.30 from Dayawathi
- Rs.20 from Seelawathi
- Rs.20 from Siriyawathi

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# General Ledger

Receivable Control				Revenue			
Revenu	115	Cash	70	Profit or	115	Rec. Control	115
		Bal C/D	45	Loss	<u>115</u>		<u>115</u>
	<u>115</u>		<u>115</u>				
Bal. B/F	45						
		Cash					
Rec. Control	70	Bal C/D	70				
	<u>70</u>		<u>70</u>				
Bal. B/F	70						

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Private Ledger – Receivables Ledger						
Dayawathi			Siriyawathi			
Revenue	50	Cash	30	Revenue	25	
		Bal. C/D	20		Cash	20
	<u>50</u>		<u>50</u>		Bal. C/D	5
Bal B/F	20				<u>25</u>	<u>25</u>
				Bal B/F	5	
Seelawathi						
Revenue	40	Cash	20	Dayawathi		20
		Bal. C/D	20	Seelawathi		20
	<u>40</u>		<u>40</u>	Siriyawathi		5
Bal B/F	20			Total of Receivables Ledger		45
				Receivables Control – General Ledger		45
At any given time, the total of Receivable Ledgers shall be equivalent to balance of Receivables Control Account						

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Control Accounts and Ledgers																																									
Source Doc.		Credit Sales to Saman Rs.100		Credit Sales to Kamal Rs.200		Cash Received from Sman Rs.110		Cash Received from Kamal Rs.150																																	
Prime Entry Books		Sales Day Book Saman 100 Kamal 20 Total 300		Receivables Private Ledger <table><tr><td colspan="4">Saman</td><td colspan="4">Kamal</td></tr><tr><td>Rev.</td><td>100</td><td>Cash</td><td>110</td><td>Rev.</td><td>200</td><td>Cash</td><td>150</td></tr><tr><td>Bal</td><td><u>10</u></td><td></td><td><u></u></td><td></td><td><u></u></td><td>Bal.</td><td><u>50</u></td></tr><tr><td colspan="4">Samana (10) Credit Kamal 50 Debit Total 40 Debit</td><td colspan="4"></td></tr></table>				Saman				Kamal				Rev.	100	Cash	110	Rev.	200	Cash	150	Bal	<u>10</u>		<u></u>		<u></u>	Bal.	<u>50</u>	Samana (10) Credit Kamal 50 Debit Total 40 Debit								Cash Book Saman 110 Kamal 150 Total 260	
Saman				Kamal																																					
Rev.	100	Cash	110	Rev.	200	Cash	150																																		
Bal	<u>10</u>		<u></u>		<u></u>	Bal.	<u>50</u>																																		
Samana (10) Credit Kamal 50 Debit Total 40 Debit																																									
General Ledger		Revenue <table><tr><td>Rec.</td><td>300</td></tr><tr><td>Control</td><td></td></tr></table>		Rec.	300	Control		Receivable Control <table><tr><td>Rev.</td><td>300</td><td>Cash</td><td>260</td></tr><tr><td></td><td><u></u></td><td>Bal.</td><td><u>40</u></td></tr></table>				Rev.	300	Cash	260		<u></u>	Bal.	<u>40</u>	Cash <table><tr><td>Rec.</td><td>260</td></tr><tr><td>Control</td><td></td></tr></table>		Rec.	260	Control																	
Rec.	300																																								
Control																																									
Rev.	300	Cash	260																																						
	<u></u>	Bal.	<u>40</u>																																						
Rec.	260																																								
Control																																									

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### Question 03

There was no receivables balance in Elara company as at 01<sup>st</sup> July 20X2. Following transactions occurred during the month of July.

1. Rs.300 worth of metal items were sold to Gemunu on credit basis on 3<sup>rd</sup> July.
2. Rs.150 worth of electrical items were sold to Thissa on credit basis 11<sup>th</sup> July.
3. Rs.250 worth of metal items were sold to Vijaya on credit basis 15<sup>th</sup> July.
4. Rs.90 was paid by Gemunu on 10<sup>th</sup> July by Gemunu Ltd. after receiving a 10% settlement discount.
5. Thissa received 8% discount when he settled the balance of Rs.80 on 18<sup>th</sup> July.

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### Question 03

6. Vijaya has paid Rs.120 and there were no discounts. Using the following reference number record the above transactions in sales day book, common ledger and private ledgers.

- RL1 Gemunu's Receivable Account
- RL2 Thissa's Receivable Account
- RL3 Vijaya's Receivable Account
- GL1 Bank Account
- GL2 Receivables Control Account
- GL3 Discounts Given Account
- GL4 Metal Items Revenue Account
- GL5 Electrical Items Revenue Account


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# Why do we need Control Accounts?

	<h2>Ensure the Accuracy</h2>
	<ul style="list-style-type: none"><li>• Following errors may occur when account entries are posted in private ledgers<ul style="list-style-type: none"><li>• Errors of Transposition</li><li>• Errors of Omission</li><li>• Errors of Miscast</li><li>• Errors of Calculation</li></ul></li><li>• Control accounts and Private ledger accounts can be compared, and those errors can be identified.</li></ul>


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# Why do we need Control Accounts?

<h2>Locate the Error</h2>	
<p>Control accounts are prepared either daily, weekly or monthly. If there's an error in invoice recording, payment recording or issue in order of recording, such can be recognized.</p>	

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# Why do we need Control Accounts?

An illustration showing two stylized figures interacting with a massive clipboard. The clipboard is held by a large black clip and features a line graph, a bar chart, and a pie chart with segments labeled 25%, 17%, 10%, and 48%. One figure stands on a stack of papers, pointing at the line graph, while the other stands to the right, holding a large pen. The background includes some clouds.

### As an Internal Control


- Two separate accounts officers record transactions in control accounts and private ledgers.
- Once these two are compared the errors and mistakes can be identified.

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# Why do we need Control Accounts?

### Prepare the Financials Quickly

Preparing a trial balance using Control account balance is quicker than taking separate balances of Private Ledgers.

An illustration of a person standing next to a large clipboard. The person is holding a magnifying glass over a bar chart on the clipboard. The clipboard also shows a pie chart and a target icon. To the left of the person is a small calendar or grid with the number 55. Several coins are floating in the air above the clipboard. The background is light gray.

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## Question 04

The receivables control account as at 01<sup>st</sup> April 20X7 has a debit balance of Rs.8,024,000 and a credit balance of Rs.57,000. The payables control account has a Rs.6,235,000 credit balance and a Rs.105,000 debit balance. Following information is available for the year ended 31<sup>st</sup> March 20X8.

Credit Revenue	63,728,000
Credit purchases	39,974,000
Cash from Debtors	55,212,000
Cash paid to Creditors	37,307,000
Discount received	1,475,000
Discounts given	2,328,000

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## Question 04

Sales Return	1,002,000
Purchase Return	535,000
Writing off irrecoverable debtors	326,000
Cash received for the Debit balance in Creditors Ledger	105,000
Amount reduced from customers for losses in transportation	212,000

Prepare the Receivables and Payables Control accounts for the year ended 31<sup>st</sup> March 20X8.

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## Contra Entries

- Same person or the company may have both receivable and payable balances
- If there's an agreement to settle those balances a Contra Entry can be passed



Payables Debit  
Receivables Credit

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## Question 05

Following entries are there in a Payables control account.

Cash Paid 79,500

Credit Purchases 83,200

Discounts Received 3,750

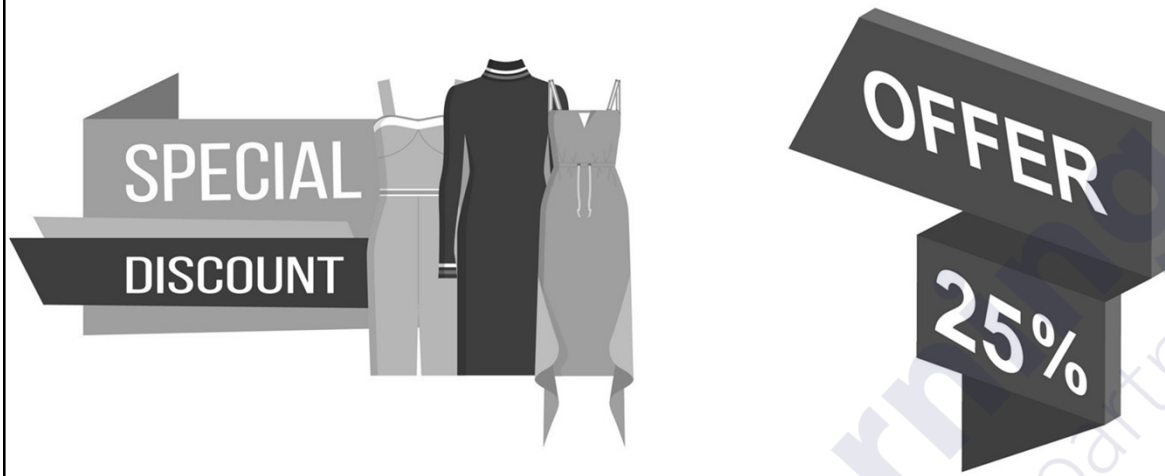
Contra Entry with Trade Receivables 4,000

Balance Carried Down as at 31/12/20X8 12,920

Calculate the Balance Brought Forward 01/01/20X8.

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## Discount



Trade Discounts

Cash Discounts

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### Question 06

Soniya Ltd. purchased 10 Mobile Phones from Roni Ltd. For Rs.20,000 each. A 10% trade discount was received. If the credit amount is settled within 14 days a 5% cash discount can be obtained.

What are these discounts from Roni's point of view?

Calculate the value of discounts and show the accounting entries.

What are these discounts from Soniya's point of view?

Calculate the value of discounts and show the accounting entries.

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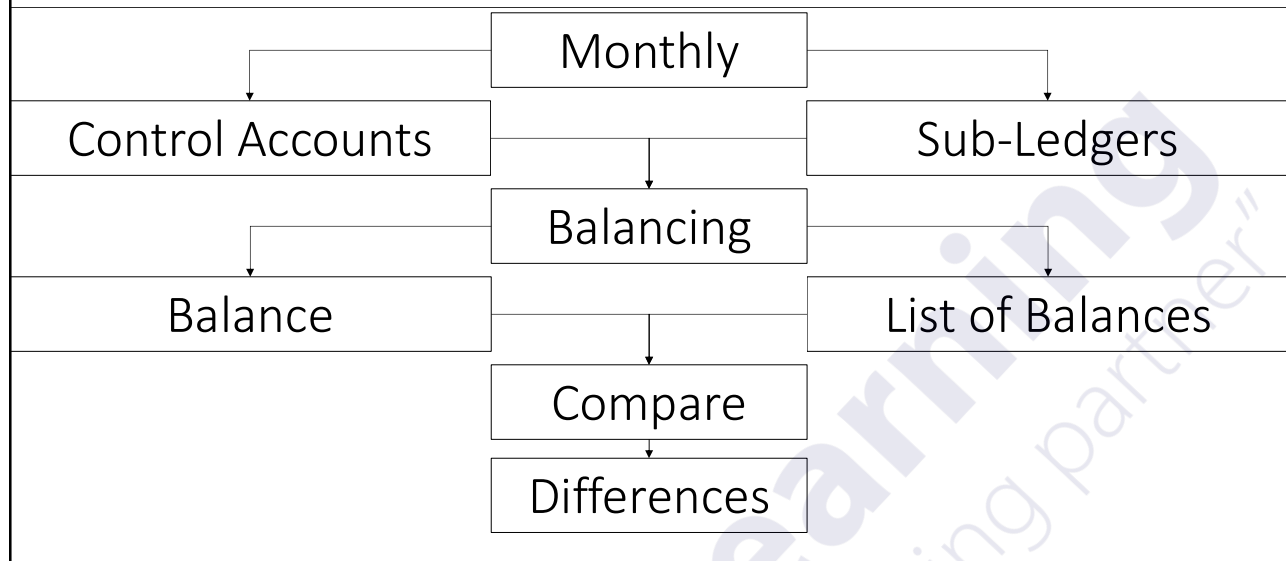
Discounts		
	Trade Discounts	Cash Discounts
Meaning	Amount deducted from the marked price at the purchase. Generally, a trade discount is given for a bulk purchase.	Discount given from the credit amount, if it is settled before or within the credit period to encourage early settlements.
Accounting Discounts Received	The purchase amount shall be net of trade discount.	Discounts received shall be recognized as an other income.
Accounting Discounts Given	The revenue amount shall be net of trade discount.	Discounts given shall be recognized as an other expense.

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Question 07	
Based on following information prepare the profit or loss account for the year ended 31 <sup>st</sup> March 20X9 of Zezta Ltd.	
Gross Purchase Cost	240,000
Trade Discount Received	8,000
Cash Discounts Received	3,000
Cash Sales	68,000
Credit Sales	300,000
Cash Discounts Given	16,000
Distribution Expenses	20,000
Administration Expenses	30,000
Drawings	4,000

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## Balancing the Control Accounts and Agreeing with the Debtor and Creditor Control Accounts



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Reasons for Differences	Correction
<b>Errors in totaling the Prime Entry Books</b> This will cause wrong amounts in control Accounts	A Double Entry is required in the General Ledger
<b>Transposition Errors</b> Correct amount posted in the Control accounts, but incorrect amount posted in the memorandum ledgers.	Correct the errors in Sub-ledgers
<b>Missing Transactions</b> A Transaction can be recorded in Control accounts but missed in the Sub-Ledgers or vice versa.	If the transaction is missed in general ledger a double entry is required. If the transaction is missed in sub-ledger, it shall be corrected
Errors in Totaling the List of balances in the Sub-Ledgers or Total in Control Accounts	Correct the totals

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## Question 08

The total of debtor balances in receivables ledger is Rs.800 higher than the debtors control account balance. What errors below would result in above difference?

- A. Sales day book has totaled with a deficit of Rs.800
- B. Cash discount given of Rs.800 is missed in general ledger
- C. Rs.800 receivable balance has been accounted as a credit balance
- D. Cash receipt journal was totaled with a deficit of Rs.800

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## Steps taken to agree the Control Account balances and Personal Ledgers

Step 01

Compare the Personal Ledgers and Control accounts and identify the differences.

Step 02

Correct the Errors in Personal Ledgers

Step 03

Start with the balance of the control account before adjustments and put the adjustments for corrections

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## Question 09

The balance in the payables control account of Shantha Ltd. as at 31 December 20X6 was Rs.12,500. However, the total of payables ledgers were Rs.12,800.

Following errors were found. Credit purchases of Rs.1,200 purchased towards last week has been missed in the control account. A creditor with a Rs.900 balance has been missed in the payables ledger list.

- A. Rs.12,500
- B. Rs.13,400
- C. Rs.12,800
- D. Rs.13,700

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## Suppliers Statement

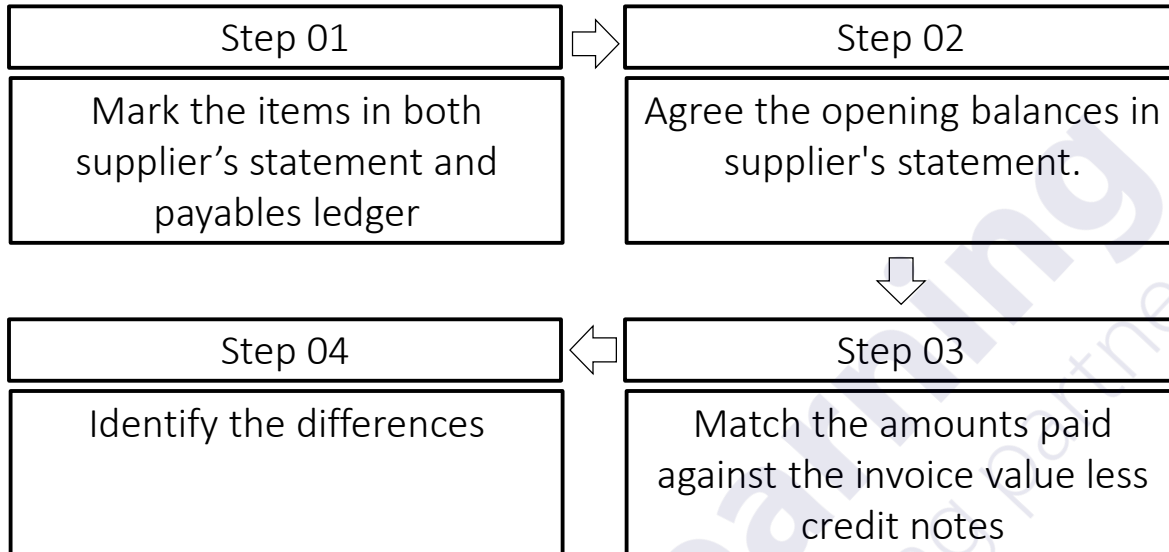
- The suppliers are sending a monthly statement to their credit customers including the sales made for the month, discounts given, credit notes issued, amount received and amount receivable. This statement is called supplier's statement.
- Once the statement received, the buyers shall compare it with the payables ledger account and identify and reconcile the differences.



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### Steps to reconcile the differences between supplier's statement and payables ledger



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### Reasons for Differences

Item	Impact
Payments in Transit Time Differences	Once a Cheque is being issued, it will be recorded in the ledger. However, the cheque may have not received (Postal delays).
Omitted Invoices and Credit Notes Errors and Time Differences	The invoices and Credit notes can be omitted in the Payables ledger, despite those being recorded in the General ledger. There can be delays in recording as well.
Other Errors Errors	Invoices, Credit Notes, Payments values can be either missed or wrong amounts recognized in the ledger.

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## Question 10

Based on information given, prepare a reconciliation of supplier's statement and payables ledger.

Account Statement Revello Ltd. Nawala				
Accounts Department - Kaalidaas Ltd.		Date - 20X1.05.31 Ref Number - 038		
Date	Details	Debit	Credit	Balance
30/4/01	Balance Brought Forward from Previous statement			492,220
03/05/01	Invoice Number 34207	129,400		622,620
04/05/01	Invoice Number 34242	22,720		644,340
05/05/01	Payments Received		412,170	232,170
17/05/01	Invoice Number 34237	394,950		627,120
18/05/01	Credit Note Number 00192		64,400	562,720
21/05/01	Invoice Number 34392	392,780		955,500
28/05/01	Credit Note Number 00199		107,640	847,860
Closing Balance				847,860

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Payables Ledger – Kaalidas Ltd		
Accounts Name – Revello Ltd	Ref. Number – 045	Date of Report 20X1.06.1
Date	Details	Balance
16/03/01	Invoice Number 33004	350,700
20/03/01	Invoice Number 33060	61,470
06/04/01	Invoice Number 34114	80,050
03/05/01	Invoice Number 34207	129,400
04/05/01	Payments	(412,170)
06/05/01	Invoice Number 34242	22,720
19/05/01	Invoice Number 34327	394,950
19/05/01	Credit Note Number 00192	(64,400)
28/05/01	Payments	(117,770)
30/05/01	Credit Note Number 00199	(107,640)
Balance		337,310

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# Matching Concept

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## Matching Concept

Revenue Earned

is Matched with

Expenses incurred in Earning it

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Isuru sold items costing Rs.500,000 to a customer at a value of Rs.750,000. He incurred a Promotion Expense of Rs.25,000 and a Transportation Expense of Rs.25,000. Calculate the profit.

Revenue	750,000
Cost of Sales	(500,000)
Promotion	(25,000)
Transportation	(25,000)
Profit	200,000

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# Journal



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# Journal

Any Transaction or Event that has not been recorded through a Prime Entry book are recorded in the Journal. Journal is also part of prime entry books. Generally, unusual entries are recorded through journal.



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## Format of Journal Entry

Date	Narrative	Debit Rs.	Credit Rs.
01/02/X2	Debit Cash at Bank	100,000	
	Credit Capital		100,000
	<i>Initial Capital Contributed</i>		

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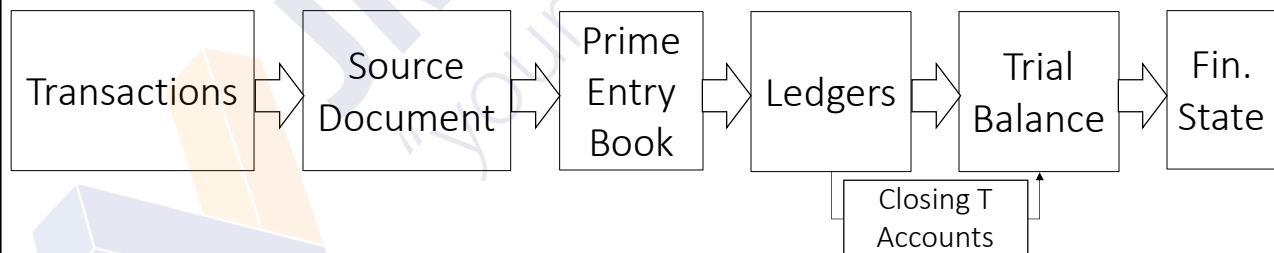
# Preparing Financial Statements using Trial Balance

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## Introduction



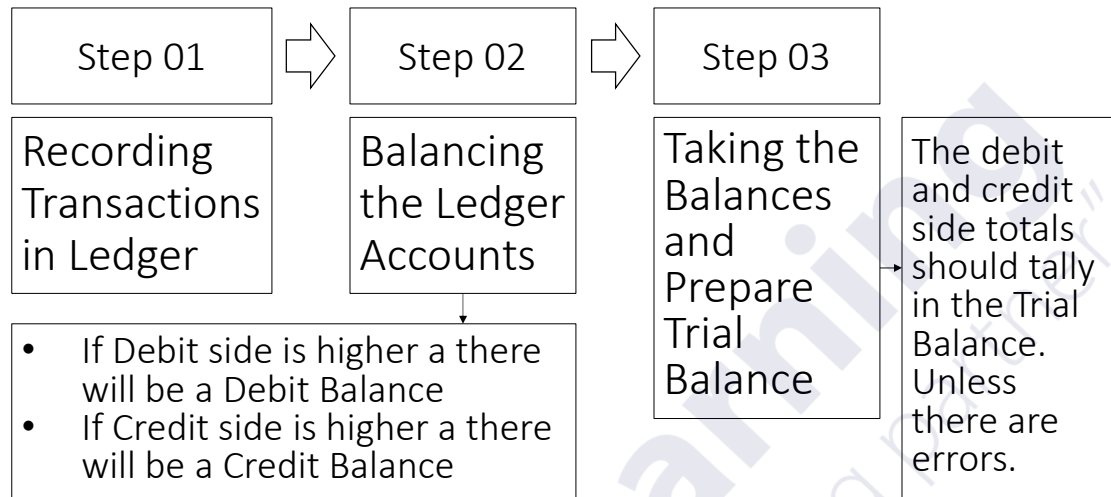
At the end of accounting periods, the Ledger accounts are closed, and Balances are taken to a Trial Balance. Using the Trial Balance, the Financial Statements are Prepared.

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## Process of Preparing a Trial Balance



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## Types of Errors

Errors Revealed from Trial Balance	Errors that are not Revealed From Trial Balance
<ul style="list-style-type: none"> <li>Missing one entry in accounts</li> <li>Recording both entries as Debit or Credit</li> <li>Wrong amount in one entry</li> </ul>	<ul style="list-style-type: none"> <li>Complete Omission of a Transaction</li> <li>Correct debit and credit entry posted to wrong accounts</li> <li>Off Setting errors. E.g. Error of Rs.100 netted off another error.</li> <li>Errors of Principal. E.g. Cash from debtors recorded as Dr. Debtor and Cr. Cash</li> </ul>

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## Question 01

Prepare a trial balance for the following transactions of Mayumi enterprises.

- Mayumi invested Rs.100,000 as the capital
- A bank loan of Rs.50,000 was obtained
- Machine purchased at Rs.40,000
- Credit purchases made at Rs.70,000
- Employee salary paid Rs.25,000
- Credit sales made Rs.100,000
- Payments made to suppliers Rs.60,000
- Receipts from debtors Rs.75,000
- Depreciation Rs.2,000
- Bank loan repaid Rs.5,000 (Rs.1,000 was interest)

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## Question 02

Following balances are relevant to Charuni Ltd. as at 30/12/X9

Account	Balance Rs.
Bank Loan	100,000
Cash at Bank	35,000
Capital	100,000
Tax	15,000
Tax Provision	10,000
Trade Payable	75,000
Trade Receivable	200,000
Purchases	150,000
Sales	200,000
Interest	1,000
Other Expenses	34,000
Vehicle	50,000

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## Question 02

Following transactions has occurred on 31/12/X9.

1. Rs.20,000 worth of items purchased paying 50% cash and remaining balance payable after 01 month.
2. Rs.30,000 worth of items sold of which 25% of the items on credit and remaining balance on cash.
3. Vehicle depreciation of Rs.500
4. Rs.10,000 salary of the employee. Of which 50% paid and remaining balance was accrued.

Prepare the trial balance as at 31/12/X9

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Profit or Loss  
Account



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## Profit or Loss Account – First step of FS

Profit or Loss is an Account. We transfer all the Income and Expense accounts to Profit or Loss using double entries. The Retained profit of the account is carried forward under Equity.

Profit or Loss			
Purchases	250,000	Revenue	450,000
Rent Expense	50,000	Other Income	25,000
Salaries	100,000		
Other Expenses	25,000		
Balance Carried Down	50,000		
	<u>475,000</u>		<u>475,000</u>
		Balance Carried Forward	50,000

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## Question 03

Following transactions has occurred on year 20X8/X9 of Shane Ltd.

1. Rs.500,000 worth of items sold on credit
2. Rs.300,000 worth of items sold on cash
3. Rs.400,000 worth of items purchased on credit
4. Rs.100,000 worth of items purchased on cash
5. Employee salary for the year is Rs.100,000. Of which Rs.25,000 is accrued.
6. Depreciation for the year is Rs.20,000
7. Promotion expenses paid is Rs.30,000

## Question 03

- 8. Tax payable is Rs.5,000
- 9. Bank loan interest paid is Rs.5,000
- 10. Building rent payable is Rs.25,000
- 11. Dividend income receivable Rs.50,000
- 12. Bad debt expense Rs.3,000

Prepare the T accounts, Trial Balance, Profit or Loss account and Profit or Loss Statement.

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## Statement of Financial Position



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## Statement of Financial Position – Second step of FS

Once income and expenses balances transferred to Profit or Loss, all the remaining balances in Trial Balance including final balance from Profit or Loss are taken to Statement of Financial Position.

Statement of Financial Position shows

- Assets
- Equity
- Liabilities

Carried Forward Balances

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## Question 04

Following transactions are relevant to Wasantha Enterprises.

Prepare the ledger accounts, trial balance, profit or loss account and statement of financial position.

1. Wasantha invested Rs.1,000,000 as the capital to start the business.
2. A loan of Rs.500,000 was obtained from bank of Ceylon.
3. Rs.800,000 worth of items were purchased on credit terms.
4. Rs.500,000 was paid for the suppliers.
5. Rs.1,500,000 worth of items were sold on credit terms
6. Rs.1,000,000 was received from the customers.

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## Question 04

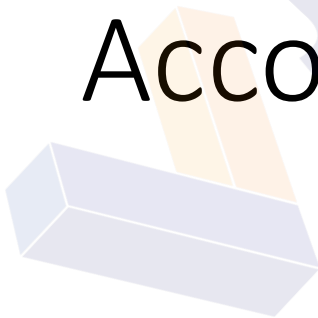
7. Rs.200,000 worth of equipment purchased.
8. The salary cost is Rs.300,000 and of which 25% is payable.
9. Promotional expenses paid in cash is Rs.50,000
10. The closing stock is Rs.40,000
11. Depreciation is Rs.10,000
12. Bank loan interest is Rs.5,000
13. Mr. Wasantha did a drawing of Rs.10,000

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## Accounting Software Systems



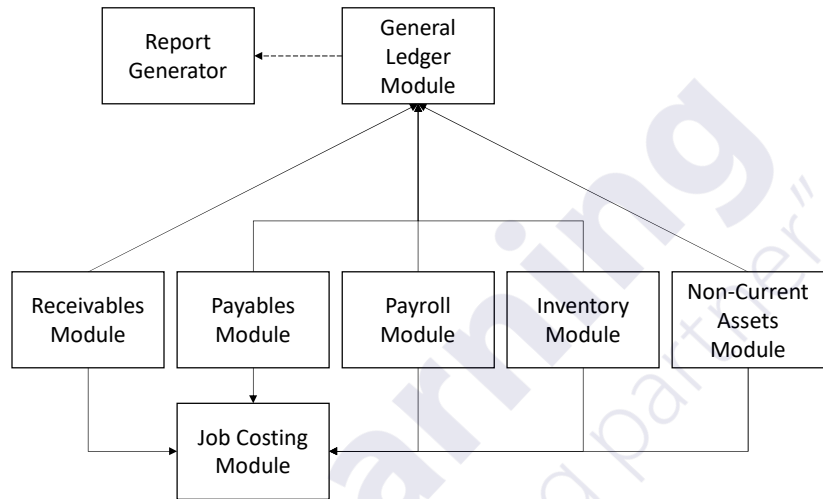
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# Integrated Accounting System

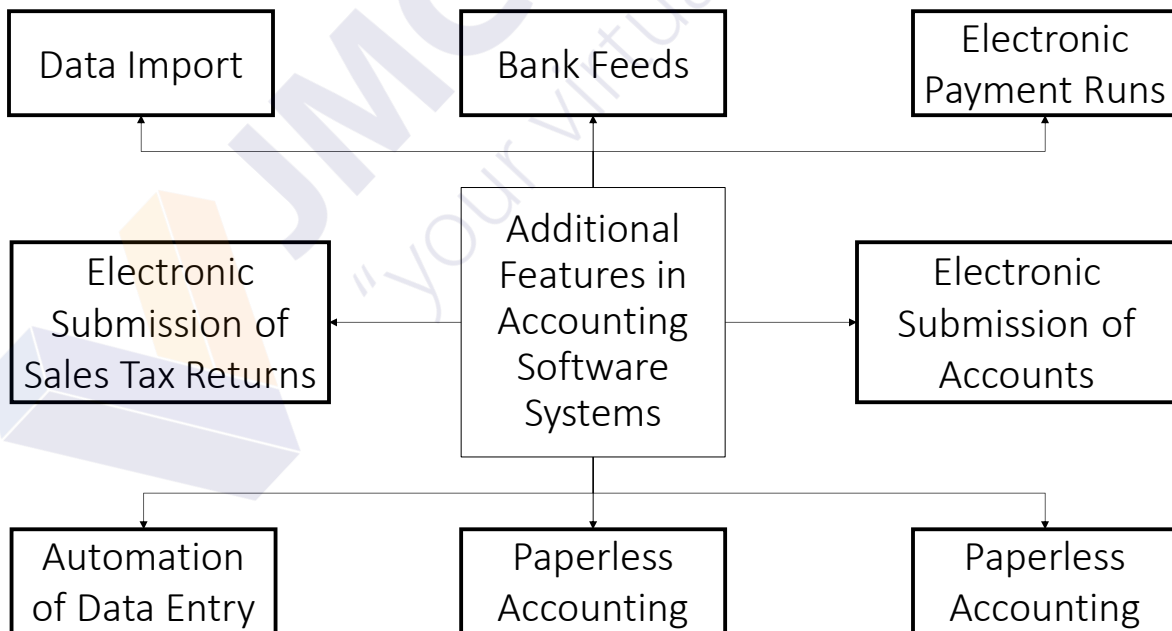
Accounting systems include many modules. Once all modules linked together we call it an Integrated Accounting system.



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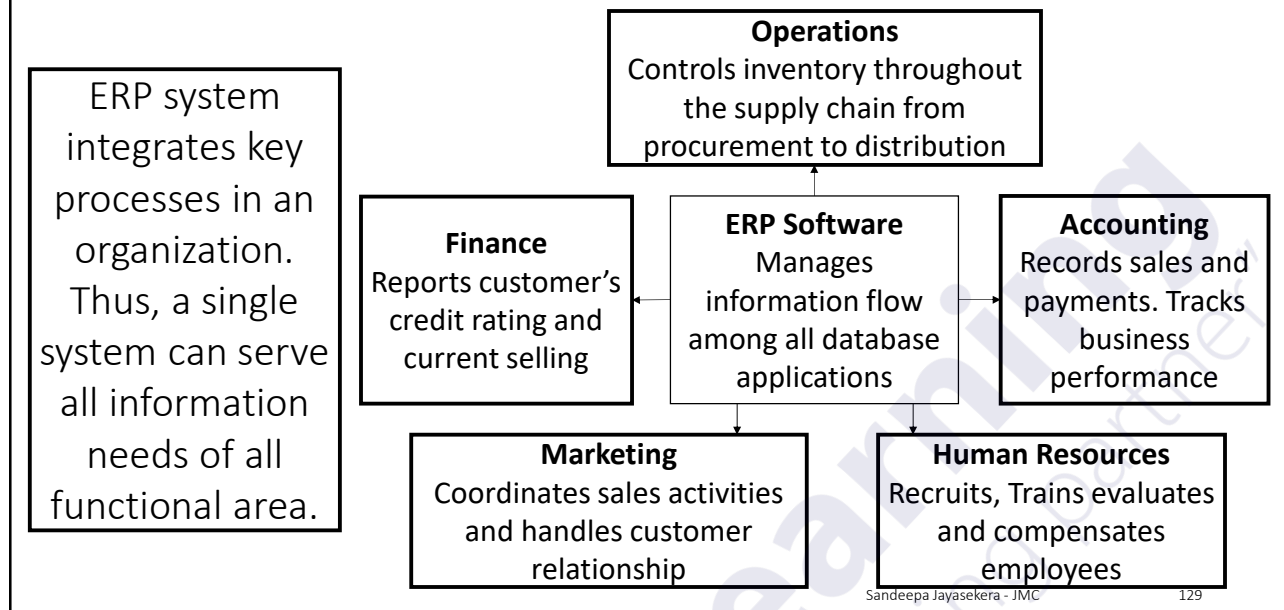
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# Enterprise Resource Planning Systems



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