CHAPTER TEN

FINAL ACCOUNTS: STATEMENT OF FINANCIAL POSITION

- Statement of financial position
- Terminologies
- * Format for statement of financial position amount of the statement of th
- Practical application.

Learning Objectives:

624,960

At the end of this chapter, the student should be able to:

- Oldentify capital expenditures.
 - > Apply the matching concept in accounting
 - > Prepare a simple statement of financial position.

10.1 STATEMENT OF FINANCIAL POSITION

This is a statement prepared to show the financial position of an enterprise as at the end of an accounting period. The statement of financial position previously known as balance sheet is not part of double entry. It is simply a list of balances remaining on the ledger after the preparation of the statement of comprehensive income which is part of the double entry principle.

The statement of financial position is arranged to express the accounting equation earlier explained in chapter two of this book. This implies that the two sides of the statement must balance or agree. The agreement is such that all assets are shown on the right hand side while all liabilities and capital are shown on the left hand side if the 'T' format of presentation is adopted, even though the 'T' form is no longer conventional. A simple layout of its presentation is thus:

| Long Term Liablities | MAIX | Non-Current Assets X AMAGO E.O.I. |
|----------------------|---------|---|
| Current Liabilities | tieog X | Current Assets 32 and X o damie) and |
| s shown belowed to | SZI XX | International FXXocial Reporting Standard |

10.2 TERMINOLOGIES

- a. **Non-current assets:** This is otherwise known and referred to as fixed assets. These assets are of long life in nature. i.e, they last beyond one accounting period and are purchased primarily for use in the business operation. They are not meant for resale in the ordinary activities of the business. Typical examples include Buildings, Fixtures, Machineries, e.t.c. They are used to earn revenue for the business. Non- Current assets are valued and shown in the statement of affairs at historical cost less accumulated depreciation. This invariably reduces the value of the asset to its net book value or carrying amount.
- b. **Current assets:** These are cash or cash equivalents i.e. those assets that are easily convertible to cash. They are primarily purchased or bought for conversion to cash. They have a short life period, usually not more than one accounting period. Current assets continually change their form in the ordinary course of business. Examples of current assets include Cash; Debtors or Receivables; Stocks or Inventory. e.t.c.
- c. Long term liabilities: These are long term obligations of a business enterprise to outsiders. They last beyond one accounting period. They are those liabilities that have to be met at long interval. Examples are Capital, Long term loan such as debentures, e.t.c.
- d. **Current liabilities:** These are liabilities that have to be met at relatively short intervals, say within one accounting period. Examples of Current Liabilities include Bank Overdraft, Creditors or Payables, e.t.c.
- e. Working capital: The working capital of a business is current assets less current liabilities. It is the available fund used for the day to day running of the business. It is referred to as net current assets or working capital.

| 10.3 FORMAT OF STATEMENT OF F | INANCIALI | POSITION | |
|--|-----------------|--------------------------------------|------|
| The format of the statement of fir | nancial posit | ion according to | the |
| International Financial Reporting Standa | ird (IFRS) is a | s shown below: | |
| XYZ Comp | | | |
| Statement of Financial Position | as at 31 De | cember, 2012 | 10.2 |
| 25 Unerwise known and referred to as | /12/12 21928 | 26 Jn9731/12/11 | |
| e of long life in nature. He had last | ese aspets ar | fixed assets. The | |
| and are purchased primarily fo: ST3SSA | | beyond one acco | |
| Non-Current Assets: 91101 January Jon Sta | | | |
| Property, Plant and Equipment | | | |
| hey are used to earn sevenue IliwbooD | | | |
| Other intangible Assets boulev are also | Currext-ass | XisinessNon- | |
| Investment in Associates 206 2291 200 16: | | | |
| Available for sale Investments and a suit | duces X1e Val | Xnis.invariabl9 te | |
| Current Assets: Identify capital expenditure cash or cash equivalent | XX | XX ving amount | |
| Current Assets !! equivale !! data or data | s: These are | Current assets | ,d |
| ertible to cash. They are serotnevnI | | | |
| Trade Receivables VanT descon to receive | | | |
| Other Receivables on a philippoon and | | | |
| Cash and Cash Equivalents | ge the form | xntinually chan | |
| nclude Cash; Debtors or Receivables; | rent XX ets i | XX amples of cur | |
| Total Assets | XXXX | XXXX ks or Invento | |
| ese are long term obligations of a | | | C., |
| EQUITY AND LIABILITIES TO SEL YEAR SELECTION OF THE PROPERTY O | ise to outsid | | |
| Equity attributable to equity holders of th | | | |
| im loan such as debentures, e.t.c. thered | pital, Long te | Examples are Ca | |
| Share Capital of Share | | | d. |
| Other Reserves 199 pnithuoone and nithin | | | |
| Retained Earnings Detail Creditions State | ities in ude | X Current Liabil | |
| Non-Controlling Interest | X | 71.C | |
| rking capital of a business yiiupal lator | OW XX Table | XX orking capi | .9 |
| It is the available lund used for the day, n | | | |
| Non-current liabilities of banalar at II. a | f the busines | to day running o | |
| Long Term Loan | X | X working capit | |
| Deferred Tax | X | X | |
| Provisions | X | X | |
| Total Non-current Liabilities | XX | XX | |

96

| Current Liabilities | | |
|--|-----------------|------------------------|
| Trade and Other Payables | X | SOLXITION 10.1 |
| Short Term Borrowings | X | X |
| Current Tax Payable | finaX-lates | X Statement |
| Provision | X | NonX urrent Asset: |
| Total Current Liabilities | XX | XX |
| Acc. Depreciation - Capitalidator | X | X |
| Total Equity and Liabilities | XXXX | AXXX |
| (Culled from IFRS for Dummies, page 2 | 3). | |
| Note that the format above is a compre | hensive one for | or companies which can |
| be modified to suit any other business e | entity. | |
| 57.4 | | |

Illustration 10.1

Illustration 10.1From the following balances, prepare the statement of financial position of Enyi, a sole trader as at 31st December, 2012.

| 1201 | | Lord term Liabil |
|---------------------------|-----------------------------|--------------------|
| Stock | | 2,205 |
| Motor Van | | 004 Net Profit |
| Debtors/Receivables | | 759s Drawings |
| Creditors/Payables | i Edian ce as at | 524 |
| Fixtures and Fittings | | 250 |
| Drawings | | 045 ent Liabilitie |
| Cash In Hand | 524 | 45 editors |
| Bank Overdraft | | fisibility 0 x 320 |
| Net Profit for the year | | 600 |
| Capital as at 1st January | , 2012 | 2,323 |
| Caolta | • | |

SOLUTION 10.1

| | | Envi's | |
|------------------------|-----------------|---------------------|------------------------------|
| Statement of | of financial po | sition as at 31st [| December, 2012 |
| Non-Current Asset: | Xi been | on no n 30 Char | ember 2012 noisivers |
| XX | N XX | N | Total Current, Liabilities |
| | Cost | | tion Carrying Amount |
| Fixtures and Fittings | 250 | _ 290 | IIII DAS VIIIID DENT |
| Motor Van | | S 9060 (2 400 nu | Golden From IFRS for L |
| | | | Nozal hat the format a |
| | | | be modified to suit any |
| Current Assets: | | | |
| Stock | | 2,205 | Hostration 10.1 |
| Debtors | | 9160910 627 115 | |
| Cash | 2012. | | 5 28 70 hours 10 2877 |
| | | | 3,527 |
| Long term Liabilities: | | | 3,327 |
| Capital | | | 2,323 |
| Add Net Profit | | 600 | Flotor Van |
| Less Drawings | | (240) | Digos Receivables |
| PZC | | XX | Creditors/Payables |
| | | | E88,2 and Fittings |
| Current Liabilities: | | | Drawings |
| Creditors | | 524 | |
| Bank Overdraft | | 320 | Pagaretalt |
| | | | 1697 and 101 di <u>3,527</u> |
| | | | Capital as at 1" Janua |
| | | | |

The 'T' form of presentation is shown below:

Envi's

| | LITY | |
|---|-------------------------|------------------------------------|
| Stateme | ent of financial posit | on as at December, 2012 |
| CLEARING COMMON | Assets | Liabilities |
| N | N | Ad H ional Information: |
| | | Fixtures & fittings 250 |
| Capital 2,3 Add Net profit 6 | 2,923 | Motor Vehicle 400/650 ² |
| Less Drawings | 240 to 240 to 2,683 | Stock 2,205 Debtors 627 Cash 45 |
| Cicarcois | 320 <u>844</u> 3,527 | 2,877 2,877 3,527 |
| | | |

Illustration 10.2

From the following balances, prepare the Statement of Comprehensive Income and Statement of Financial position of Babatunde Enterprises.

| THE PRACTICA | Babatu | nde Enterpr | ises' | This Dal | Closing Stoc |
|--------------------|------------------|--------------|------------|----------|---------------|
| 831,400 cd | Trial Balance as | at 31st Dece | ember, 201 | 1. | Costoficado |
| 004,150 | | | Dr | | Gross Profit |
| | | | N | | Add: Atheris |
| Cash in Hand | | | 157,455 | | |
| | | | 672,500 | | Less Expens |
| Cash at Bank | | | 112,500 | | Discount allo |
| Debtors | | | | | 175,000 |
| Creditors | 4.000 | | | | 500,000 |
| Capital | | | | | 2,440,000 |
| Sales | 25,000 | | 200 000 | | Rent |
| Motor Vehicle | | | 200,000 | | Net profit |
| Discount Allowed | | | 93,750 | | 88,805 |
| Discount Received | | | | | 00,003 |
| Stationery | | | 25,000 | | |
| Transport Expenses | | | 4,000 | | |
| Purchases | | | 1,781,100 | | |
| Salaries/Wages | | | 205,000 | | |
| | | | | | |

| Returninwards | | | ,000 ,500 | |
|--|-----------------|-----------------------------|-----------------------|----------------|
| Return Outwards | | da la seco nt to | 100000 | 125,000 |
| Additional Information: | | 3,328 | 3,805 | 3,328,805 |
| | | M | | |
| Stock as at 31 st December is | N100,000 | | | |
| | | | | |
| Solution 10.2 | | | | |
| | Babatunde E | nterprises' | | |
| Statement of Comprehens | sive Income for | the year endin | g 31 st De | ecember, 2011. |
| | | F26/2 N | | A |
| Sales | | | 524 | 2,440,000 |
| Less Return Inwards | | 844 20 C C C | | 52,500 |
| Cutifors | | 3,52 | 1 10 | 2,387,500 |
| Less Cost of Goods Sold: | | | | |
| Purchases | | 1,781,100 | | Illustration 1 |
| | | | | |
| Goods Available | | 1,656,100 | | |
| Closing Stock | | (100,000) | | |
| Cost of Goods Sold | | UNIEGER. | | 1,556,100 |
| CHOSSPION | | | | 831,400 |
| Add: Other incomes | | | | 5 - |
| Discount received | | | | 88,805 |
| Less Expenses: | | | | Gash in Hand |
| Discount allowed | | 93,750 | - | Cash at Bank |
| Stationery | 711 | 25,000 | | |
| Transport expenses | | 4,000 | | |
| Salaries & Wages | | | | 205,000 960 |
| Pent | | 25,000 | | (352,750) |
| Net profit | | | | 567,455 |
| UCN, | | | | Discount Allov |
| | | | | Discount Rece |
| | | | | Stationery |
| | | | | Transport Exp |
| 1,100 | | | | urchases |
| | | | | haries/Wag |
| | | | | |

_ 100

| Statemen Non-current Asset: | t of Financial Position as at 31 st December, 2012. | |
|--|--|-----|
| Motor Vehicle | 200,000 | |
| Current Assets. | | 151 |
| | data yd 018,541a magan 100,000 mall | |
| Debtors | Juliopos auto 1112,500 a tuli | |
| Cash at Bank | 672,500 | |
| Cash in Hand | Anud art otal OPA (El <mark>157,455</mark>) bis ⁹ | |
| Casifilitiana | Decioval about 25 1012 15 1.042 455 2008 | |
| Less Creditors | 175,000 AM | |
| Working Capital | 867.455 | 5 |
| Net Assets | 1.067.455 | |
| Financed By: | Returned to the duman Stores: Parent | |
| Capital at January, 20 | 500,000 | 0 |
| Net Profit | 567.45 | |
| | 1,067,455 | |
| | 16 Charles returned damaged goods wort | |
| 10.4 PRACTICAL | 16 Charles returned damaged goods wort | anc |
| 10.4 PRACTICAL Comprehensive illustresition. | APPLICATION ration from Books of Original Entry to Statement of Final | |
| 10.4 PRACTICAL Comprehensive illustresition. | APPLICATION ration from Books of Original Entry to Statement of Final | |
| 10.4 PRACTICAL Comprehensive illustration. Bob Loco commenced | APPLICATION ration from Books of Original Entry to Statement of Fina | |
| PRACTICAL Comprehensive illust Position. Bob Loco commenced date is as follows: | APPLICATION ration from Books of Original Entry to Statement of Final Books of Original Entry to Statement of Final Books on 1st January, 2011. His financial position as a | |
| PRACTICAL Comprehensive illustration. Bob Loco commenced date is as follows: | APPLICATION ration from Books of Original Entry to Statement of Final Books of Original Entry to Statement of Final Books on 1st January, 2011. His financial position as a | |
| PRACTICAL Comprehensive illustive il | APPLICATION Tration from Books of Original Entry to Statement of Final Business on 1st January, 2011. His financial position as a | |
| PRACTICAL Comprehensive illust Position. Bob Loco commenced date is as follows: Cash in hand Cash at Bank Stock | APPLICATION Tration from Books of Original Entry to Statement of Final Business on 1st January, 2011. His financial position as a subsequent of the subsequent of Final Business on 1st January, 2011. His financial position as a subsequent of Final Business on 1st January, 2011. His financial position as a subsequent of Final Business on 1st January, 2011. His financial position as a subsequent of Final Business on 1st January, 2011. His financial position as a subsequent of Final Business on 1st January, 2011. His financial position as a subsequent of Final Business on 1st January, 2011. His financial position as a subsequent of Final Business on 1st January, 2011. His financial position as a subsequent of Final Business on 1st January, 2011. His financial position as a subsequent of Final Business on 1st January, 2011. His financial position as a subsequent of Final Business on 1st January, 2011. His financial position as a subsequent of Final Business on 1st January, 2011. His financial position as a subsequent of Final Business on 1st January, 2011. His financial position as a subsequent of Final Business on 1st January, 2011. His financial position as a subsequent of Final Business on 1st January, 2011. His financial position as a subsequent of Final Business on 1st January, 2011. His financial position as a subsequent of Final Business on 1st January, 2011. His financial position as a subsequent of Final Business on 1st January, 2011. His financial position as a subsequent of Final Business on 1st January, 2011. His financial position as a subsequent of Final Business on 1st January, 2011. His financial position as a subsequent of Final Business on 1st January, 2011. His financial position as a subsequent of Final Business on 1st January, 2011. His financial position as a subsequent of Final Business on 1st January, 2011. His financial position as a subsequent of Final Business on 1st January, 2011. His financial position as a subsequent of Final Business on 1st January, 2011. His financial position as a s | |
| PRACTICAL Comprehensive illust Position. Bob Loco commenced date is as follows: Cash in hand Cash at Bank Stock xtures | APPLICATION ration from Books of Original Entry to Statement of Final Business on 1st January, 2011. His financial position as a constitution of the constitution of t | |
| PRACTICAL Comprehensive illust Position. Bob Loco commenced date is as follows: Cash in hand Cash at Bank Stock xtures Delivery Van | APPLICATION ration from Books of Original Entry to Statement of Final Books on 1st January, 2011. His financial position as a dose 000/15 zhinz 04 Market of the book of Original Entry to Statement of Final Books on 1st January, 2011. His financial position as a dose 000/15 zhinz 04 200 And of the bis of the book of the book of the book of the book of the books of the books of the books of the books of the book of the books of | |
| PRACTICAL Comprehensive illust Position. Bob Loco commenced date is as follows: Cash in hand Cash at Bank Stock xtures Delivery Van Freehold Premises | APPLICATION Fration from Books of Original Entry to Statement of Final Books on 1st January, 2011. His financial position as a state of the state o | |
| PRACTICAL Comprehensive illust Position. Bob Loco commenced date is as follows: Cash in hand Cash at Bank Stock xtures Delivery Van Freehold Premises Receivables: | APPLICATION Fration from Books of Original Entry to Statement of Final Entry to Statem | |
| PRACTICAL Comprehensive illust Position. Bob Loco commenced date is as follows: Cash in hand Cash at Bank Stock xtures Delivery Van Freehold Premises Receivables: | APPLICATION Fration from Books of Original Entry to Statement of Final Entry to Statem | |
| PRACTICAL Comprehensive illust Position. Bob Loco commenced date is as follows: Cash in hand Cash at Bank Stock extures Delivery Van Freehold Premises Receivables: | APPLICATION Fration from Books of Original Entry to Statement of Final Books of Original Entry to Statement of Final Books on 1st January, 2011. His financial position as a dose 000/15 state. When the control of the | |
| PRACTICAL Comprehensive illust Position. Bob Loco commenced date is as follows: Cash in hand Cash at Bank Stock xtures Delivery Van Freehold Premises Receivables: Forbes Enter Henry enter Payables: | APPLICATION Fration from Books of Original Entry to Statement of Final Books of Original Entry to Statement of O | |
| PRACTICAL Comprehensive illust Position. Bob Loco commenced date is as follows: Cash in hand Cash at Bank Stock xtures Delivery Van Freehold Premises Receivables: Forbes Enter Henry enter | APPLICATION Tration from Books of Original Entry to Statement of Final Control of Solid Co | |

| You are required to pass the above entries in | n the Journal. | |
|---|-------------------------|-----------|
| It was revealed that Bob Loco's transaction | s for the Month of Janu | ary, 2011 |
| were as follows; | rent Asset; | 5.5 |
| 200,000 | | NaNala |

| vere as rollo | ,, | et: | |
|----------------|--------------------------------------|--------------|------------------------|
| 200,000 | | | Jo Mr Vehicle |
| lan 1 | Cash sales banked | | - OPE LASSELS |
| Stock as 3 | Forbes Enterprises paid N2,340 by | cash in | |
| 0.0 | full settlement of his account. | 4 | |
| Solutic4 3 | Cash Sales to date | | 1,180 |
| | Paid cash of N3, 440 into the bank | | |
| State-7 | Bought of Jumai Stores goods invo | iced at | |
| | N4, 000 less trade discount of 10% | | |
| de7,455 | Paid carriage inwards in cash | | 100 |
| 224 -10 | Received a credit note for N400 for | goods | stigs Dentility |
| | Returned to the Jumai Stores. | | |
| | Cash sales paid into bank | | 1,860 |
| 13 | Settled Kennedy's account by cheq | ue less | 11/18 L 16 lb.1/1/10 D |
| 067,455 | 2 ^{1/2} % discount. | | |
| C.C.N. 7.00/8 | Sold goods to Charles ₦320, 000 le | ss 5% trad | e discount. |
| 16 | Charles returned damaged goods v | worth N800 |) |
| | Cash sales to date paid into bank | TICALAPE | 1,700 PRAC |
| | Paid office expenses in cash | | viznode (140) |
| 19 | Bought from Obollo & co | | Publicania P |
| position/as at | | | |
| | 40 Shirts at N600 each | | |
| 21 | Exchanged goods worth N600 for fi | | |
| | same value. | | Cash in hand |
| | Cash sales to date paid into bank | | 1,520 |
| | Paid Insurance Premium by cheque | 2 | 200 |
| | Bought a new Delivery Van for N12, | | |
| | Oakland motors. The company agre | | xtures |
| | over the old Van for N3, 000. The ba | alance to b | 0 |
| | settled in cash. The carrying amour | | |
| | thorold Vanic N2 600 | | |
| 26 | Sold to Forbos | s Enterprise | |
| | 20 pairs of shoes at N400 a pair | | |
| | 10 shirts at 4300 each | | Payables: |
| | Settled Oakland's account by chequ | ieur Enter | Bons |
| | or a same of account by chequ | edy | Kenn |
| | | | |

| 31 | Cash Sales to date @ asassastury | 3,560 |
|------------------------------------|--|-----------|
| | Paid Cash into bank | 2,800 |
| | Paid wages in cash | 480 |
| | Paid Jumai Stores Cheque on account | 2,000 |
| | Withdraw sach from I. S. | 200 |
| Additional info | Withdrew cash from bank for private use rmation. | 1000 |
| Closing stock o You are require | f goods as at month end stood at N6, 000. | / 12 / 12 |
| (2) Open +1 | an authorities to the total | |

(a) Open the subsidiary books and enter the above transactions.

(b) Post to the relevant ledger accounts

(c) Extract the trial balance

(d) Prepare the statement of comprehensive income

(e) Prepare the statement of financial position of Bob Loco Enterprises.

Solution: Comprehensive question. (a).

| ash in Hand ash at Bank ock xtures divery Van eehold Premises Receivables: rbes | Dr (N) 200 12,600 58,300 4,000 10,600 100,000 | O Collection | (N) | |
|--|---|--|--|--|
| ash at Bank ock xtures divery Van eehold Premises Receivables: | 200 12,600 58,300 4,000 10,600 | Partici | Ate C | |
| ock ktures divery Van eehold Premises Receivables: | 58,300 4,000 10,600 | Partici | alec | |
| xtures Elivery Van echold Premises Receivables: | 58,300 4,000 10,600 | Partici | also | |
| echold Premises Receivables: | 4,000 10,600 | Particu | Atec | |
| eehold Premises Receivables: | 10,600 | Partici | Alec | |
| Receivables: | | | | |
| | 200012 | E | | |
| rbes | | | | |
| | 2,400 | ebooe) | - | |
| nry | 1,600 | 1 1688 1 | | |
| Payables: | DUCWARDS ACCOUN | Turien - | | |
| nsieur | | - | 3,080 | |
| nnedy | | | | |
| pital (bal.figure) | | | 4,800 | |
| as at Jan 1st, 2011 | ปี กาบเรห | | 181,820 | |
| tures | 600 | 1691 | - Steri I | |
| es | 000 | 100 | 600 | |
| r fixtures | . 29 | 16/11 | 000 | |
| 4.6.7 | 3 | 0000 | | |
| ivery Van | 12 000 | Less | | |
| dand Motors | AUGUS AUGUST | J934 | 12,000 | |
| ed to Date. | TOTAL DAY | 100 | 12,000 | |
| dand motors | 3,000 | | | |
| s on sale of assets | | - | | |
| | DAME 1/4 SARGE 0000 | - | D 500 | |
| change of a now | Fol old | - | 3,600 | |
| change of a new | 200 50 | | 19.0 | |
| | nsieur nnedy pital (bal.fiqure) as at Jan 1 st , 2011 tures es r fixtures ivery Van dand Motors ied to Date. | nsieur nnedy pital (bal.figure) as at Jan 1 st , 2011 tures 600 es r fixtures ivery Van 12,000 dand Motors ed to Date. dand motors 3,000 s on sale of assets very Van | nsieur nnedy pital (bal.fiqure) as at Jan 1 st , 2011 tures 600 es r fixtures ivery Van 12,000 dand Motors ed to Date. dand motors 3,000 s on sale of assets very Van | |

Purchases Day Bookes las

| Date | Particulars | Folio | Details | Amount |
|-------|---|----------|------------------|--------|
| Jan 7 | Jumai Stores Less 10% discount | es Chec | 4,000 | 3,600 |
| 00019 | Obollo & Co. 50 hats at \$\text{2}}}}}}} each} }}}}}} \end{end}}} | from ba | 12,500 24,000 | 36,500 |
| 31 | Purchases Account Dr | inth chi | mass shoop | 40,100 |

(a) Open the subsidiary laood year Sales Day Book transactions.

| Date | Particulars | Folio | Details | Amount |
|-----------------------|--|---------|-------------------|-----------|
| In 13 Senterprises | Charles Goods Less 5% discount | of comp | 320,000 16,000 | epare the |
| 19 | Forbes. 20 Pairs of Shoes at N400 10 Shirts at N300 each | questi | 8,000 | ngmo3 :: |
| 8 1 1 1 1 | 7 (4) 10 | 4000 | 3,000 | 11,000 |
| 31 | Sales Account Cr | l on | " [Cash in Ha | 315,000 |

Return Outwards Day Book

| Date | Particulars | Folio | Details | Amount |
|--------|--------------------------------------|---------------|---------|--------|
| | BOY MUSEY - UDUNO N LUTE | and blacks | N | N |
| Jan 10 | Jumai Stores Goods Less 10% discount | Redei rbes | 400 | 360 |
| 31 | Return Outwards AccountCr | EVEQ EVEQ | | 360 |
| 4 800 | Les les les riets parduri | TILDRETTO | | |

Return Inwards Day Book

| Date | Particulars | Folio | Details | Amount |
|--------|--------------------------------------|----------|-----------|--------|
| 0.0 | Galf and motors, indicate | | H | N |
| Jan 10 | Charles Goods Less 5% discount | ndxi) io | 800 40 | 760 |
| 31 | Return Inwards AccountDr | akland N | | 760 |

EO 104

Cash Book

| Date | Particulars | Folio | Disc allowed | Cash | Bank | Date | Particulars | Folio | Disc Received | Cash | Bank |
|-------|-------------|--------|-----------------|--|----------|-------|---------------------|-------|------------------|-------|------------------|
| | | | N | - N | N | LEGI | AT LODE BE | 1 | N | N | N |
| Jan 1 | Balances | | | 200 | 12,600 | Jan 4 | Bank | (C) | | 3,440 | All and a second |
| 1 | Sales | | - | | 540 | 7 | Carriage Inwards | | | 100 | |
| 3 | Forbes | | 60 | 2,340 | 1 | 13 | Kennedy | 77 | 120 | | 4,680 |
| 4 | Sales | | | 1,180 | | 16 | Office Expenses | | 1 24 | 140 | 1111 |
| 4 | Cash | (C) | | | 3,440 | 23 | Insurance Prem. | - | | | 200 |
| 10 | Sales | | | 1,5 | 1,860 | 25 | Oakland Motors | | | | 9,000 |
| 16 | Sales | | | munach AV | 1,700 | 31 | Bank | (C) | 10.10 | 2,800 | 3,000 |
| 21 | Sales | Oil | | 235 | 1,520 | 31 | Wages | | Al 21 | 480 | OR |
| 31 | Sales | | | 3,560 | | 31 | Jumai Shoes | | 01 01 | 300 | 2,000 |
| 31 | Cash | (C) | | TOPOS OFFICE AND ADDRESS OF THE PARTY OF THE | 2,800 | 31 | Rent | - | - | 200 | 2,000 |
| | HU, IUU | | | 2/41 | N HEASTI | 31 | Drawings | | | tito | 1,000 |
| | | | | | kem are | 31 | Bal C/d | | | 120 | 7,580 |
| | oh 1 Doll | Care I | 60 | 7,280 | 24,460 | | | | 120 | 7,280 | 24,460 |

Feb 1. Bal b/d

120 7,580

(b) General Ledger stores State Truck oits Security State Company

| <i>V</i> | | | Capi | tal Acco | unt | | |
|----------|-----------------------------|-------|--------|----------|-------------|-------|---------|
| Date | Particulars | Folio | Amount | Date | Particulars | Folio | Amount |
| | | | N N | A | | | N |
| Jan 31 | Drawings | | 1,000 | Jan 1 | Balance | | 181,820 |
| OUT 1 | - Participant of the second | | Jeni L | 31 | Net Profit | 1 | 231,500 |

Drawings Account Folio Amount Particulars Folio Amount 1,000 1,000

Freehold Premises Account Date Particulars Folio Amount Date Particulars Folio Amount Bal b/d 100,000

| Date | Particulars | Folio | Amount 8 | Date | Particulars | Folio | Amount |
|-------|-----------------------|-------|----------|----------|--------------------------------|-------------------------------|--------|
| | and the second second | | H | | montpayedones as a conservados | the second second | N |
| Jan 1 | Bal b/d | _ | 4,000 | Jan 31 | Bal c/d | | 4,600 |
| 21 | Sales | | 600 | DTDV SDE | NETT TRUEST | Control of Control of Agencia | 1,000 |
| ho | nA alba | | 4,600 | D69 | Arrount Late | OFFICIE | 4,600 |

Jan 31

| Date | Particulars | Falio | Amount —N | Date | Particulars | Folio | Amount |
|-------|-------------------|-------|-----------|----------|-----------------------|-------------|--------|
| Jan 1 | Bal b/d | | 10,600 | Jan 25 | Oakland Motors | lan company | 3,000 |
| 25 | Oakland Motors | | 12,000 | deg 31 | Loss on sale of Asset | Folio | 600 |
| | | | niA ou | 31 | Bal c/d | | 19,000 |
| -11 | b 1. Bal c/d | | 22,600 | 6,32,711 | C CHOIC CHOIC | | 22,600 |

Stock Account

| Date | Particulars | Folio | Amount N | Date | Particulars | Folio | Amount |
|-----------|-------------|-------|-------------|--------|-------------|-------|--------|
| Jan 1 | Bal b/d | | 58,300 | Jan 31 | Trading A/c | | 58,300 |
| Jan 31 | Trading A/c | 1, 1d | 6,000 | 60 a. | 0 × 3 130 | | 1917 P |

| | 1000 | | | Pulled | ACCOUNT | | 2019 |
|------|-------------|-------|--------|---------|-------------|------|--------|
| Date | Particulars | Folio | Amount | Date | Particulars | Fdio | Amount |
| Jan | PDB | | 40,100 | Jan 31 | Trading A/c | | 40,100 |
| 31 | 0.51 | | | 31 82.0 | | | |

Sales Account

| | | | Sales F | COUNT | | | |
|-----------|-------------|--------------|----------------|------------------|-----------------|------------|-------------|
| Date | Particulars | Fdio | Amount | Date A latica | Particulars 900 | Folio | Amount N |
| Jan 31 mA | Trading a/c | Daire of Sta | 325,960 | Jan 1 | Bank mio | E LIBRITIS | 540 |
| И | l alar | | | 4 | Cash | | 1,180 |
| 181,820 | | Spirts at 1 | annales del us | 10 | Bank | SEXTIMETO | 1,860 |
| 130'200 | | 71 | N H JOH 18 | 16 | Bank | 4870 | 1,700 |
| - | L Sali | Accoun | 1 - 12 | 21 | Bank | | 1,520 |
| | | | Janoosa | 21 | Fumiture | | 600 |
| | ADOMA SIRC | 11 8 | Signatural | 31 | Cash | 12812,8310 | 3,560 |
| | man, j | | Capital Azc | 31 | SDB | Bank | 315,000 |
| house | n to Lina | Lipies | 325,960 | merA block | Fig. 1 | | 325,960 |

Return O twends Account

| | the fact of the same of the same of | A STATE OF THE PARTY OF THE PAR | NCU | 111 CULVA | DALWUIL | | The second second |
|------|-------------------------------------|--|-------------|-----------|-------------|--------------|-------------------|
| ate | Particulars | Fdio | Amount N | Date | Particulars | Folio | Amount |
| n 31 | Trading A/c | Folia | 360 | Jan 31 | RODB | a DOMAIS FOR | 360 |

| | | | | III II WYOLU | SALLUIL | | |
|--------|-------------|--------|--------|--------------|-------------|----------|---------|
| Date | Particulars | Folio | Amount | Date | Particulars | Folio | Amount |
| | | Good | H | | 4,600 | an boise | H Feb I |
| Jan 31 | RIDB | [Less. | 760 | Jan 31 | Trading A/c | 7. | 760 |

| | 000.5 | | Carri | age Inwar | ds Account | | Jan 1 Ba |
|------|-------------|-------|--------|-----------|-------------|-------|----------|
| ate | Particulars | Folio | Amount | Date | Particulars | Folio | Amount |
| an 7 | Cash | | 100 | Jan 31 | Trading A/a | | 100 |
| | 1 1/1/11 | | 100 | Janji | Trading A/c | | 100 |

1061 174 000,81

Office Expenses Acmint

| | | | Office | LXDCH3C3 F | court | | |
|--------|-------------|-------|--------|------------|-------------|-------|-------------|
| Date | Particulars | Folio | Amount | Date | Particulars | Folio | Amount N |
| 1.752 | | | N 99 | 7 24 | Tanding A/c | | 140 |
| Jan 16 | Cash | | 140 | Jan 31 | Trading A/c | | 1.0 |

| Date | Particulars | Folio | Amount N | Date | Particulars | Folio | Amount N |
|--------|-------------|-------|----------|--------|-------------|-------|----------|
| 1an 23 | Cash | | 200 | Jan 31 | Trading A/c | | 200 |

| | | | Wa | ages Accou | int // Journal O | 107 (10%) | med (u) |
|--------|-------------|-------|--|------------|------------------|-----------|----------|
| Date | Particulars | Folio | Amount N | Date | Particulars | Folio | Amount N |
| | | | and the same of th | | 021 | 1 1/100 | 480 |
| Jan 31 | Cash | | 480 | Jan 31 | Trading A/c | | 700 |

Rent Account

| | | | and the second s | CITE FIOCOGI | | - 1 | A Al |
|--------|-------------|-------|--|--------------|-------------|-----------|----------|
| Date | Particulars | Folio | Amount # | Date | Particulars | Folio | Amount N |
| 3 24 | Cach | | 200 | Jan 31 | Trading A/c | abrawauta | 200 |
| 1an 31 | Cash | | 200 | 301131 | | | |

Discount Allowed Account

| Date | Particulars | Folio | | Date | Particulars | Folio | Amount |
|------------|-------------|-------|-----------|-------------|----------------------|-------|-----------|
| of village | La I ia | | unt # | Accondition | MG U W And I Just | Sales | 59 f Fam. |
| Jan 16 | Sundries | | 60 | Jan 31 | Statement of Comp. | | 60 |
| 008,8 | 35 | | clysses - | 4 - 61 | Income | | |

| Date 46 tour | Particulars | Folio | Amount N | Date | Particulars | Folio | Amount N |
|--------------|-------------|-------|----------|--------|-------------|------------|----------|
| Jan 31 | Statement | | 120 | Jan 31 | Sundries | livery Van | 120 |
| | of Comp. | | | | 2,000 | rik . | A |

Losson Sale of Asset Account

| Date | Particulars | Folio | Amount N | Date 978 | Particulars | Folio | Amount N |
|--------|-------------|-------|----------|----------|--------------------|-------|-----------------|
| Jan 31 | DeliveryVan | | 600 | Jan31 | Statement of Comp. | | 164 60 0 |

PURCHASES LEDGER

Bonsieur Account

| Date | Particulars | Folio | Amount N | 10. | THE PROPERTY OF THE PARTY OF TH | | |
|--------|-------------|-------|-----------|-------|--|-------|----------|
| | | 10110 | Amount | Date | Particulars | Folio | Amount N |
| n Line | | | A priling | Jan 1 | Bal | | 3,080 |

Kennedy Account

| | Date | Particulars | T | | Kermedy | Account | | |
|---------|-------------|-------------|----------|-------|-------------|-------------|--|------------|
| 14 tour | rarticulais | Folio | Amount N | Date | Particulars | Folio | Amount N | |
| | Jan 13 | Bank | 1 | 4,680 | 1 | HULL WINDOW | | rundant iv |
| | 13 | Discount | | | Jan 1 | Bal c/d | DIED T STOID | 4,800 |
| | 100 | Discourie | | 120 | 7 | | | 1,000 |
| | an in | | | 4,800 | | TIDL TUST | | 4.800 |
| | | | | | | | THE RESERVE OF THE PARTY OF THE | 4 8(1) |

Jumai Shoes Account

| Date | Particulars | Folia | A | arriar Shoe | SACCOUNT | | |
|--------|-------------|--------|-----------------------|-------------|-------------------|---------|------------|
| | Tarticulars | Folio | Amount N | Date | Particulars | Folio | Amount N |
| Jan 10 | R/Outwards | | 360 | Jan 7 | DDD | (LICIO) | The second |
| 31 | Bank | | 2,000 | Jail 7 | PDB | | 3,600 |
| 31 | Bal C/d | 1 1 31 | 1,240 | 3 11:5 | | | |
| 1 | 1 | | 3,600 | cook hew | OLA trusposica | I HOW | P. CO. |
| | | | and the second second | The second | The second second | | 3,600 |

Obollo & Co Account

| Date | Particulars | Folio | | DUITO & CC | Account | | |
|------|-------------|-------|----------|--|--|-------|----------|
| 0- | Tarciculars | FOIIO | Amount # | Date | Particulars | Folio | Amount N |
| | | | emax | Jan 19 | Purchases | 2917 | 26 500 |
| | | | | The state of the s | The state of the s | | 36,500 |

Oakland Motors Account

| Date | Particulars | Folio | Amount N | 1- | HTT IN A TOWN | | |
|-------------------|--|------------------------|----------|------------------|---------------|---------|----------|
| Lock | - areicalars | 10110 | Amount # | Date | Particulars | Folio | Amount N |
| Jan 25 | Delivery Van | | 3,000 | 1 25 | | | |
| | Bank | | | Jan 25 | Delivery Van | Harten | 12,000 |
| -Lancard Contract | - Common and a com | | 9,000 | 9601 | | THURSON | 12,000 |
| | | Andreas in this way to | 12,000 | and the state of | | | Part 77 |
| | | | | | 1 | | 12,000 |

SALESTEDCED

| Particulars Date | Particulars Folio | | Amount | 5.4 | HARRICHER LOIS | 25 170 | |
|---------------------|-------------------|------|-----------|-------|----------------|-----------|----------------|
| | 1.00.010 | Ollo | Amount | Date | Particulars | Folio | Amount |
| Jan 1 | Bal | LITE | 2 400 | 1 10 | | | - Introduction |
| 29 | SDB | | 2,400 | Jan 3 | Cash | 1/6/VB/B. | 2,340 |
| 23 | SUB | | 11,000 | 3 | Discount | | |
| | | | A Comment | | | | 60 |

Forbes Account

| Date Particulars | | Folio | Amount N | T | | | |
|------------------|---------------|--|----------|-------|-------------|-------|----------|
| 0.33 | RECE | 10110 | Amount N | Date | Particulars | Folio | Amount N |
| an 1 | Bal | - | 2.400 | 1- 2 | | | 7503 |
| 29 | SDB | | 2,400 | Jan 3 | Cash | | 2 240 |
| Ku J | SUB | | 11,000 | 3 | Discount | | 2,340 |
| | 1900 | is | | 31 | Bal c/d | | 60 |
| | District fam. | STATE OF THE PARTY | 13,400 | 31 | Dai C/u | | 11,000 |
| | Bal b/c | 1 | 11,000 | 701 | | | 13,400 |
| | | | | | | | |

Heny Erteprises Account

| Date | Particulars | Fdio | Amount N | Date | Paticulars | Fdio | Amourt N |
|-------|-------------|------|----------|-------------------|------------|------------|----------|
| Jan 1 | Balanth | OT C | 1,600 | ol omi | HI ovieno | the subset | Hodox |
| | 9 | | | 11105 | | | |

Charles Amount

| Date | Particulars | Fdio | Amount N | Date | Paticulas | Fdio | Amart N |
|--------|-------------|------|----------|--------|-----------|------|---------|
| Jan 16 | SDB | | 304,000 | Jan 16 | RIDB | | 760 |
| | | | 000 | 31 | Bal c/d | | 303,240 |
| | | | 304,000 | 100 | | | 304000 |
| | Balb/d | | 303 240 | ,UP | | | chases |

(c) Trial Balance

| (C) | Iriai Balance | | | | |
|-----------------------|---------------|---------|------------------|---|--|
| - Links Andrian I | 98,140 | DR (N) | CR (N) | | |
| Cash in Hand | (0000) | 120 | of 2 agrad Sto | | |
| Cash at Bank | | 7,580 | or or what or | 1 | |
| Capital | | | 181,820 | | |
| Drawings | | 1,000 | 202/020 | 1 | |
| Freehold Premises | | 100,000 | HOURING THE | 1 | |
| Fixtures | | 4,600 | WISSELF HEECEN | 0 | |
| Delivery Van | | 19,000 | Expenses. | 1 | |
| Stock | 200 | 58,300 | IT ANCE PIET | 1 | |
| Purchases | OFI | 40,100 | ce Expenses | 1 | |
| Sales | 000 | set | 325,960 | | |
| Return Outwards | 480 | | 360 | 8 | |
| Return Inwards | 200 | 760 | (1) | | |
| Carriage Inwards | 08 | 100 | ount Allowe | 1 | |
| Office Expenses | (a) A letin | 140 | Profit (trade | 1 | |
| Insurance Premium | (5//1004) | 200 | 5110119 3110 176 | - | |
| Wages | | 480 | | | |
| Rent | | 200 | | - | |
| Discount Allowed | | 60 | | | |
| Discount Received | | | 120 | - | |
| Loss on Sale of Asset | | 600 | | | |
| Bonsieur Enterprises | | | 3080 | - | |
| Jumai Shoes | | | 1240 | - | |
| Obollo & Co | | 3,89 | 36,500 | | |
| Forbes | | 11,000 | 30,300 | - | |
| Henry Enterprises | | 1,600 | 383793 | | |
| Charles | | 303,240 | | - | |
| Total | | 549,080 | 549,080 | | |

| (d) Statement of | | ensive In | Bo Somo f | b Loco's | Falo | selote | Date | |
|---------------------|--|----------------|--------------|-----------|--------|---|--|--|
| Park.Dar | - The state of the | CHSIVE II | 2011. | or the ye | ear en | ding 31 | December, | |
| | | | 2011. N | | | | and the state of t | |
| | | | | | | | N | |
| Turnover | | | | arD | | | | |
| Less Sales retur | n | | | | | | 325,960 | |
| Net sales | | | | | | | (760) | |
| Less Cost of sale | es: | · SCIP | | | | 82 | 325,200 | |
| Opening stock | | | 58 | 300 | | | | |
| Add purchases | | | | 100 | | | | |
| Less Purchase re | eturns | | | | | | | |
| Add Carriage In | wards | | * | 60) | | | | |
| Cost of goods av | ailable | | | 100 | | | | |
| Less Closing Sto | ck | | 98, | | | | | |
| Cost of goods so | 7.5805 | | (60 | 00) | | | | |
| Gross Profit | Folio A. | AT A PER SHARE | | | | | 92,140) | |
| Add other Incom | les. | | | | | 2 | 33,060 | |
| Discount-Receive | | | | | | | | |
| Less Expenses: | 000,4 | | | | | | 120 | |
| Insurance Premi | 000,8t | | | | | | | |
| Office Expenses | | | | 00 | | | | |
| oss on sale of as | 001,0a | | | 40 | | | | |
| Nages | | | | 00 | | | | |
| Rent | | | | 80 | | | | |
| Discount Allowed | | | | 00 | | | | |
| let Profit (transfe | 2 - C | SALE | | 50 | | (| 1,680) | |
| Net Profit (transfe | erred to Ca | apital A/c | :) | | | | 1,500 | |
| | | | | | | 111111111111111111111111111111111111111 | HT 3006 11201 | |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| 00 SE | | 100 | | | | | Jumai Shdes | |
| 36,500 | 000 11 | | | | | | | |
| | 1,600 | | | | | | | |
| - | 303,240 | | | | | | | |
| 1 | | | | | | | 50, 40 | |

| ASSELS. | osition for the year ended 31 st December, 20 N | 11 |
|---------------------------------|--|----|
| Non-Current Asset: | TER OUTLINE | |
| Freehold Premises Fixtures | | |
| Delivery Van | 100,000 Non-current assets | |
| urrent assets liby kind | 4,600 4,600 La post a post of non- cu | |
| | un had me nothing the first out to | |
| | 123,600 Methods of calculating depression | |
| Current Assets: | and the second of the second o | |
| Stock | | |
| Receivables | 000,6 & Disposal of non-current assets | |
| Cash at Bank | 315,840 | |
| Cash at hand | 7,580 | |
| Total Assets | restributed 120 | |
| | vi the end of this chapter, the student should | |
| Current Liabilities: | Vi the end of this chapter, are stocker | |
| ayables | 058,04 anning features of a non-current at | |
| ong Term Liabilities: apital | 028,04 england depreciation and its purposes | |
| et Profit | | |
| ess Drawings and to leave the | 231,500 with the effects of depreciation on the color of | |
| | | |

11.1 041,824 RENT ASSETS.

eMost business enterprises make user of non-gument assets (i.e. assets of durable nature acquired not for resale but for the purpose of increasing the searning capacity or the productivity in the organization). There should be a searning capacity or the productivity in the organization). There should be a clear understanding of how to manage these non-current assets in relation tobalise prevailing accounting standards. It is necessary to know how to calculate the cost of the asset and equally determine the part of such cost that should be characted annually against the income of the organization.

11.2 DETERMINATION OF COST OF NON-CURRENT ASSETS.

When a non-current asset is acquired, it is recorded at its historical cost.