

FORMATS FOR AS ACCOUNTING

(1)

Income statement for the year ended...

	\$	\$
Revenue	xxx	
Less Return inwards (Sales return)	(xxx)	xxx
Less Cost of sales		
Opening inventory	xxx	
Purchases	xxx	
Less Return outwards (Purchase returns)	(xxx)	
Less goods for own use	(xxx)	
Carriage inwards	xxx	
Less closing inventory	(xxx)	(xxx)
Gross profit		xxx
Add other income		
Discount received	xxx	
Rent receivable	xxx	
Commission receivable	xxx	
Profit on disposal on NCA	xxx	
Reduction in Provision for doubtful debts	xxx	xxx
		xxx
Less expenses		
Rent and rates/Insurance/wages and salaries/office exp	xxx	
Loss on disposal of NCA	xxx	
Irrecoverable debts	xxx	
Increase in Provision for doubtful debts	xxx	
Depreciation of NCA	xxx	(xxx)
Profit from operations		xxx
Less loan interest		(xxx)
Profit for the year		xxx

(2)

Income statement for the year ended...

Format as per IAS-1

	\$
Revenue	xxx
Less cost of sales	(xxx)
Gross profit	xxx
Administrative expenses	(xxx)
Distribution costs	(xxx)
Profit from operation	xxx
Less finance costs	(xxx)
Profit for the year	xxx

Sole trader

Statement of financial position at

	\$ Cost	\$ Accumulated depreciation	\$ Net book value
Assets			
Non-current assets			
Land and buildings	xxxx		xxxx
Fixtures and fittings	xxxx	xxxx	xxxx
Office equipment	xxxx	xxxx	xxxx
Motor vehicles	xxxx	xxxx	xxxx
	<u>xxxx</u>	<u>xxxx</u>	<u>xxxx</u>
Current assets			
Inventory			xxxx
Trade receivables		xxxx	
Less Provision for doubtful debts		<u>xxxx</u>	xxxx
Other receivables			xxxx
Other receivables (accrued income)			xxxx
* Bank			xxxx
Cash			xxxx
Petty cash			<u>xxxx</u>
			<u>xxxx</u>
Total assets			<u>xxxx</u>
Capital and liabilities			
Capital			
Opening balance			xxxx
** Plus Profit for the year			<u>xxxx</u>
			xxxx
Less Drawings			<u>xxxx</u>
			<u>xxxx</u>
Non-current liabilities			
Loan			<u>xxxx</u>
Current liabilities			
Trade payables			xxxx
Other payables			xxxx
Prepaid income			xxxx
* Bank overdraft			<u>xxxx</u>
			<u>xxxx</u>
Total capital and liabilities			<u>xxxx</u>

* If the business has only one bank account, only one of these items will appear.
 ** If there is a loss for the year, this will be deducted rather than added.

(3)

Adjustments for accruals and prepayment

Expenses		
	Prepaid	Outstanding
Opening	+	-
Closing	-	+

Income		
	Prepaid	Outstanding
Opening	-	+
Closing	+	-

(4) Journal entry for depreciations

	Dr.	Cr.
Income statement	xxx	
Provision for depreciation		xxx
(Charging depreciation for a non-current assets)		

Reducing balance method Cost - Depreciation = Net book value / carrying value	Straight-line method (Cost - residual value) / number of years = Depreciation
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Disposal of NCA

1. Disposal A/c Dr.
 Non-current assets A/c Cr.
 With the cost value of the Non-current asset
2. Provision for depreciation A/c Dr.
 Disposal A/c Cr.
 With the accumulated depreciation of the Non-current asset
3. Bank A/c Dr.
 Disposal A/c Cr.
 With the proceeds from the sale of the Non-current assets

Part exchange of Non-current assets

1. Disposal A/c Dr.
 Non-current assets A/c Cr.
 With the cost value of the Non-current asset
2. Provision for depreciation A/c Dr.
 Disposal A/c Cr.
 With the accumulated depreciation of the Non-current asset
3. Non-current asset (of the part exchange) A/c Dr.
 Disposal A/c Cr.
 With the proceeds from the sale of the Non-current assets

(5) Irrecoverable and doubtful debts

Irrecoverable debt written off

	Dr.	Cr.
Irrecoverable debts	xxx	
Customers		xxx
Income statement	xxx	
Irrecoverable debts		xxx

- Any irrecoverable debts are treated as an expense in the income statement.

Irrecoverable debts recovered

	Dr.	Cr.
Customer	xxx	
Irrecoverable debts		xxx
Bank/cash	xxx	
Customer		xxx

Provision for doubtful debts

(ONLY THE DIFFERENCE BETWEEN THE NEW AND OLD PROVISION FOR DOUBTFUL IS RECORDED)

1. Increase in provision for doubtful debts
 Income statement Dr.
 Provision for doubtful debts Cr.
 - Treated as a expense in the income statement
2. Decrease in provision for doubtful debts
 Provision for doubtful debts Dr.
 Income statement Cr.
 - Treated as a income in the income statement

The provision for doubtful debts is deducted from trade receivables in the SOFP

(6) Bank reconciliation statement

1. Compare the entries in the C.B with the B.S
Tick items that appear in both the cash book and the bank statement.
2. Enter in the C.B any items that remain unticked in the B.S
Calculate the new/updated cash book with the unticked items in the bank statements
3. Prepare the Bank reconciliation statement

	\$		\$
Balance b/d (balancing amount from the old cash book)	xxx	Dr. of the bank statement will be credited in the cash book	xxx
Cr. of the Bank statement will be debited in the cash book	xxx		

	\$
Balance as per bank statement	xxx
Add items not yet credited in the bank statement (Debit side of the cash book)	xxx
	xxx
Less cheque not yet presented (Credit side of the cash book)	(xxx)
Balance as per Cash book	xxx

	\$
Balance as per Cash book	xxx
Add unpresented cheques (Credit side of the cash book)	xxx
	xxx
Less items not yet credited in the bank statement (Debit side of the cash book)	(xxx)
Balance as per bank statement	xxx

(7) Control account

Dr.		Sales Ledger Control Account		Cr.	
Details	\$	Details	\$		
Balance b/d (Debit balance)	xxxx	Balance b/d (Credit balance)	xxx		
Credit Sales	xxxx	Cash/Bank	xxxx		
Bank (Dishonored cheque)	xx	Discount Allowed	xx		
Bank/Cash (Refunds to trade receivables)	xx	Sales Returns	xx		
Interest charged on overdue accounts.	xx	Bad debts	xx		
		Set-off (transfer to purchases ledger)	xx		
Balance c/d (Credit balance)	xxx	Balance c/d (Debit balance)	xxxx		
	xxxx		xxxx		
Balance b/d (Debit balance)	xxxx	Balance b/d (Credit balance)	xxx		

Dr.		Purchases Ledger Control Account		Cr.	
Details	\$	Details	\$		
Balance b/d (Debit balance)	xxxx	Balance b/d (Credit balance)	xxx		
Cash/Bank	xxxx	Credit Purchases	xxxx		
Discount received	xx	Bank/Cash (Refunds from trade payables)	xx		
Purchase returns	xx	Interest charged on overdue account	xx		
Set-off (transfer to sales ledger)	xx				
Balance c/d (Credit balance)	xxx	Balance c/d (Debit balance)	xxxx		
	xxxx		xxxx		
Balance b/d (Debit balance)	xxxx	Balance b/d (Credit balance)	xxx		

(8) Limited companies

Shares issued at premium (right issue)

	Dr.	Cr.
Bank A/c	xxx	
Share capital A/c (With nominal value)		xxx
Share premium A/c (Premium value)		xxx

Issue of bonus shares

	Dr.	Cr.
Share premium	xxx	
Retained earning	xxx	
Ordinary share capital		xxx

Dividend paid

	Dr.	Cr.
Retained earning	xxx	
Bank		xxx

Statement of change in equity for the year ended...

	O.S capital	Share premium	General reserve	Retained earning	Total equity
Balance at the start of the year	xxx	xxx	xxx	xxx	xxx
Profit for the year				xxx	xxx
Dividend paid				(xxx)	(xxx)
Right issue w/ premium	xxx	xxx			xxx
Bonus issue*	xxx	(xxx)	(xxx)		-
Transfer to General reserve			xxx	(xxx)	-
Balance at the end of the year	xxx	xxx	xxx	xxx	xxx

*Bonus issue wherein the general reserve and share premium is the most flexible.

** Revaluation reserve is also part of the G.R

Revaluation of Non-current assets

	Dr.	Cr.
Non-current asset at cost	xxx	
Provision for depreciation of NCA	xxx	
NCA revaluation reserve		xxx

Revaluation of non-current is calculated by:

E.g

NCA at cost - \$60000

Provision for depreciation - (\$18000)

= Net book value - \$ 42000

If the nca was revalued at \$1,00,000

Revaluation reserve will be valued at: (New valuation - Net book value)

= \$1,00,000 - \$42000

= \$58,000

Therefore the journal entry will be;

	Dr.	Cr.
Non-current asset at cost	(58,000-18,000) = \$40,000	
Provision for depreciation of NCA	\$18,000	
NCA revaluation reserve		\$58,000

Current account

Details	A	B	Details	A	B
Balance b/d	xxx	xxx	Balance b/d	xxx	xxx
Drawings	xxx	xxx	Interest on capital	xxx	xxx
Interest on drawing	xxx	xxx	Interest on loan	xxx	xxx
			Salary	xxx	xxx
			Share of profit	xxx	xxx
Balance c/d	xxx	xxx	Balance c/d	xxx	xxx
	xxx	xxx		xxx	xxx
Balance b/d	xxx	xxx	Balance b/d	xxx	xxx

- A debit balance is shown in brackets and deducted.
- A credit balance is added

Share of profit:

	\$	\$
Profit for the year (After the interest)		xxx
Add interest on drawing		
-A	xxx	
-B	xxx	xxx
		xxx
Less interest on capital		
-A	xxx	
-B	xxx	(xxx)
Less partners Salaries		(xxx)
Residual profit		xxx*
Share of profit		
-A	xxx	
-B	xxx	xxx*

*Should be equal.

! Current account and capital account are equal to the capital section of the statement of financial position.

