

A Complete Accounting Cycle

Books of Original Entries

Account Receivable Journal		
Date	Trade Debtors	Amt
		S1
		S2
	Total Credit Sales	S3
	Transfer to GL	AR

Returns Inwards Journal		
Date	Debtors	Amt
		RI1
		RI3
	Total R Inwards	RI
	Transfer to GL	=====

Account Payable Journal		
Date	Trade Creditors	Amt
		P1
		P2
	Total Credit Sales	P3
	Transfer to GL	AP

Returns Outwards Journal		
Date	Creditors	Amt
		RO1
		RO3
	Total R Outwards	RO
	Transfer to GL	=====

General Journal			
Date	Details	Dr	Cr
	i) corrections of errors/Transfer		
	ii) Opening / closing entries		
	iii) Drawings, Acquisitions or disposal of		
	Fixed assets, Returns of assets	=====	=====

Ledgers Accounts

Account Payable (Purchases) Ledger

Creditor D					
Date	Details	\$	Date	Details	\$
	R.O.	RO		Purchases	P1
	Bal c/d	1		↑	
		DD		Bal b/d	DD
		=====			=====
Creditor E					
Date	Details	\$	Date	Details	\$
	Bank			Purchases	P2
		=====			=====
Creditor F					
Date	Details	\$	Date	Details	\$
	Cash			Purchases	P3
	R.O.	RO3			
	Dis R				
	Bal c/d	FF			
		=====		Bal b/d	
		=====			

Account Receivable (Sales) Ledger

					FF
--	--	--	--	--	----

Debtor A

Date	Details	\$	Date	Details	\$
	Sales	S1		R.I.	RI1
	↑			Bal c/d	AA
	Bal b/d	AA			

Debtor B

Date	Details	\$	Date	Details	\$
	Sales	S2		Cash	

Debtor C

Date	Details	\$	Date	Details	\$
	Sales	S3		Cash	28
		30		R.I.	RI3
				Dis A	2
	Bal b/d	CC		Bal c/d	CC

Sales

Date	Details	\$	Date	Details	\$
	Transfer to			Total Cash Sales	
	Income Statement			Total Credit Sales	AR
				↑	

Purchases

Date	Details	\$	Date	Details	\$
	Total Cash purchases			Transfer to	
	Total Credit purchases	AP		Income Statement	
	↑				

Cash Book

Date	Details	Dis A	Cash	Bank	Date	Details	Dis R	Cash	Bank
	Debtor C	2	28						
						Bal c/d		XX	XX
		DA					DR		
	Bal b/d		XX	XX					

General Ledgers

Discount Allowed

Date	Details	\$	Date	Details	\$
	Total DA	DA		Transfer to	
	↑			Income Statement	

Returns Inwards

Date	Details	\$	Date	Details	\$
	Total Returns Inwards	RI		Transfer to Income Statement	
	↑	==			==

Returns Outwards

Date	Details	\$	Date	Details	\$
	Transfer to Income Statement			Total Returns Outwards	RO
		==		↑	==

Discount Received

Date	Details	\$	Date	Details	\$
	Transfer to Income Statement			Total DR	DR
		==		↑	==

Expenses

Date	Details	\$	Date	Transfer to Income Statement	\$
	Total XX				
	↑	==			==

Revenue

Date	Details	\$	Date	Details	\$
	Transfer to Income Statement			Total XX	
		==		↑	==

Drawings

Date	Details	\$	Date	Details	\$
	Total XX			Bal c/d	
	↑	==			==

Assets

Date	Details	\$	Date	Details	\$
	Total XX			Bal c/d	
	↑	==			==

Liability

Date	Details	\$	Date	Details	\$
	Bal c/d			Total XX	
		==		↑	==

Capital

Date	Details	\$	Date	Details	\$
	Bal c/d			Total XX	
		==		↑	==

Non-trade Debtor

Date	Details	\$	Date	Details	\$
	XX			Bal c/d	
	↑	==			==

Non-trade creditor

Date	Details	\$	Date	Details	\$
	Bal c/d			XX	
		==		↑	==

Trial Balance as at 31 December 20X1

	Dr	Cr
	\$	\$
Cash	✓	
Bank	✓	
Assets	✓	
Inventory (Opening)	✓	
Account Receivable:	✓	
Debtors (AA+CC)		
Account Payable:		✓
Creditors (DD+FF)		
Purchase	✓	
Sales		✓
Expense	✓	
Revenue		✓
<i>(Interest/commission/rent received)</i>		
Returns Outwards		✓
Returns Inwards	✓	
Carriage Inwards	✓	
Carriage Outwards	✓	
Drawings	✓	
Capital		✓
Non-trade Debtor	✓	
Non-trade Creditor		✓
	<u>TT</u>	<u>TT</u>
	<u>TT</u>	<u>TT</u>

Income Statement for the year ended 31 December 20X1

	\$	\$	\$
Sales			
<Less> Returns Inwards			()
<Less> Cost of goods sold			
Opening Inventory		OI	
Add Purchases	P		
Carriage Inwards			
<Less> Returns Outwards	()		
<Less> Closing Inventory		()	()
Gross Profit			
Add Other revenues:			
Discount/interest received			
Rent/bonus received			
<Less> Expenses			
Carriage Outwards			
Rent and rates			
Salaries			
Discounts allowed			
Sundry expenses			()
Net Profit / Loss			<u>TT</u>

Statement of Financial Position as at 31 December 20X1

	\$	\$
Non-Current assets		
Shop premises		
Fixtures and fittings		
Motor Vehicles		
Current assets		
Inventory (Closing)		
Account Receivable		
Trade Receivables		
Bank		
Cash		
Total Assets		<u>TT</u>
Capital		
Balance as at 1 January 20X1		
Add Net Profit for the year		
<Less> Net Loss for the year		
<Less> Drawings		()
Non-current Liabilities		
Loan from XX		
Current Liabilities		
Account payable		
Non-trade Creditor		
Total Capital and Liabilities		<u>TT</u>

Assets =	Liabilities +	[Capital +	(Revenues -	Expenses)]	- Drawings																																				
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