

South Tuen Mun Government Secondary School  
Business, Accounting and Financial Studies  
Double Entry System Review 1

**Example One: Assets (buy or sell assets by cash/bank or on credit)**

**Cash**

- 1a) Bought extra equipment for \$20,000 in cash
- 1b) Sold some equipment at its original cost of \$8,000 in cash
- 1c) Returned some equipment of \$500 for cash.

\$	\$	\$	\$
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**Bank**

- 1d) Bought three vans for \$300,000 each by cheque
- 1e) Received a cheque by selling one of the vans for \$185,000
- 1f) Returned a van for its original cost and received a cheque for it.

\$	\$	\$	\$
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**Non-trade Creditor (a person or organization to whom a firm owes money)**

1g) Bought some fixtures of \$65,000 on credit from Trendy Furniture Ltd (*Liabilities*)

1h) Returned some fixtures of \$5,000 to Trendy Furniture Ltd

1i) Settled the account with Trendy Furniture Ltd by cheque

\$	\$	\$	\$

Bank	Cash
\$	\$

**Non-trade Debtor (a person or organization which owes money to a firm)**

1j) Sold some old chairs of \$88,000 on credit to Discount Furniture Co.

1k) Discount Furniture Co. returned some old chairs of \$8,000 to us.

1l) Discount Furniture Co. settled the account with us by cash.

\$	\$	\$	\$

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**Example Two A:**

**Capital (Owner invest resources into the business or withdraw resources for personal use)**

**Drawings (The resources of a business taken by its owner for personal use)**

2a) The owner contributed a private car valued at \$30,000 to the firm

\$	\$	\$	\$
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2b) The owner invested \$600,000 cash into the firm

\$	\$	\$	\$
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2c) The owner took \$900 in cash from the business bank account for personal use

\$	\$	\$	\$
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2d) The owner took \$800 goods from the business for personal use

\$	\$	\$	\$
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2e) The owner took a computer cost \$3,000 from the business for personal use

\$	\$	\$	\$
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2f) The owner paid for the rent of \$60,000 using his own money.

\$	\$	\$	\$
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**Example TWO B:**  
**Liabilities (Resources supplied to the business by people other than its owner)**

- 2g) The firm borrowed \$20,000 from a bank and immediately deposited the sum into the current account.
- 2h) Use the bank loan to buy a TV for product display at the store
- 2i) Repaid the bank loan by cash

\$	\$	\$	\$
Bank		Cash	
\$	\$	\$	\$

- 2j) Bought some furniture for \$6,000 from 'Little Furniture' on credit.
- 2k) Return furniture of \$300 to 'Little Furniture'
- 2l) Settle the account of 'Little Furniture' by cheque

\$	\$	\$	\$
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- 2m) The owner borrowed \$30,000 cash from Loan Shark Co to buy a van for business use.
- 2n) The owner borrowed another \$60,000 from Loan Shark Co and put it in the business account.

\$	\$	\$	\$
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**Example THREE A:**

**Revenue (Income earned from the sale of goods or other sources)**

**Expenses (Costs incurred to generate revenue)**

3a) Received commissions (bank interests/rent/bonus) of \$1,200 by cheque.

\$	\$	\$	\$

3b) Paid water charges (interests/rent/rates/insurance/salaries/motor expenses/gas) of \$50 by cash

\$	\$	\$	\$

3c) Settled “Little Furniture” accounts of \$6,000 by cheque, less a 5 % cash discount.

\$	\$	\$	\$

Discounts Received	
\$	\$

Discounts Allowed	
\$	\$

3d) “Discounted Furniture” settled its accounts of \$20,000 with us by cheque, less a 5% cash discount

\$	\$	\$	\$

**Example THREE\_B:**

**Balancing off accounts**

	\$		\$
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	\$		\$
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