Cambridge IGCSE Accounting

Giáo trình luyện thi chuyên sâu

Song ngữ Anh–Việt

8020 ENGLISH

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9.0 IELTS cao nhất	**1570** SAT cao nhất
5/5 AP — điểm tuyệt đối	**90/100** IB Diploma
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> **Đội ngũ tiêu biểu:** Thầy Châu Cát Tường (Academic Head, ThS Western Sydney, top 1% IELTS 8.5) · TS Nguyễn Anh Huy (Carnegie Mellon, cựu kỹ sư Amazon) · TS Nguyễn Phước Trường (Toán, ĐH Klagenfurt) · cùng đội ngũ giảng viên SAT 1500–1600, IELTS 8.0–8.5.

Kết quả học viên — điểm thi thật: IELTS 8.0–9.0 · SAT 1550 / 1570 / 1590 · AP 5/5 (Calculus BC, Microeconomics) · IB 90/100 (Economics) · Duolingo 110 · PTE 90 · TOEFL 120. **Bảng vàng SAT:** Khánh Đăng 1510 · Thảo Nguyên 1520 · Tâm Anh 1530.

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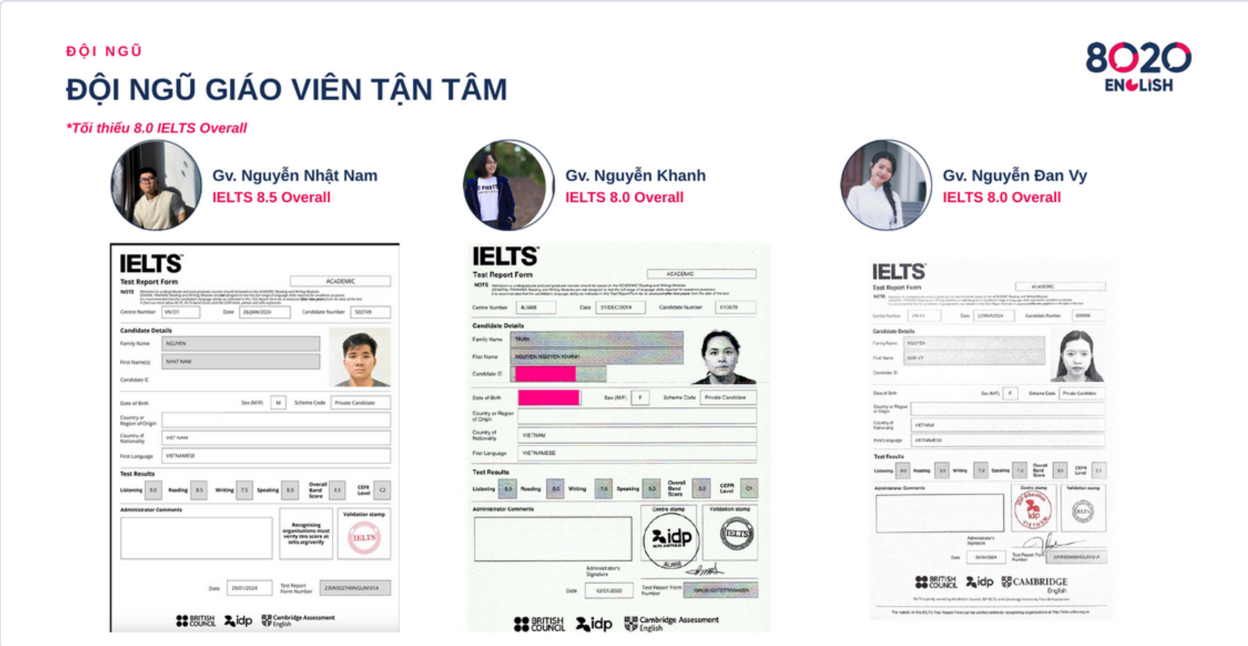

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8020 ENGLISH

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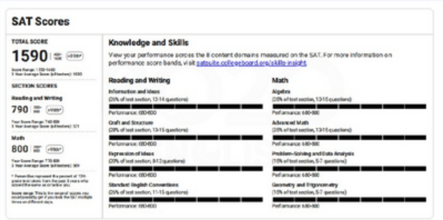

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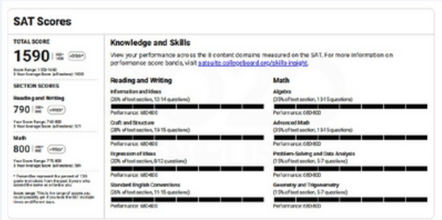

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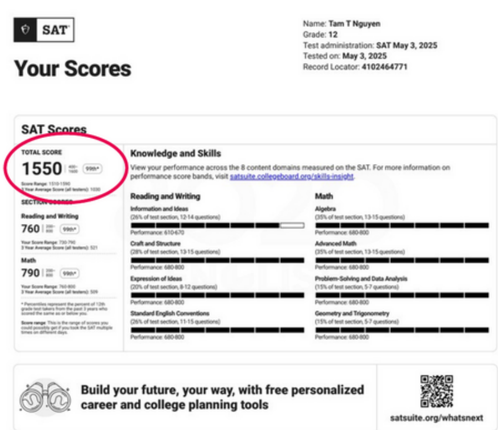

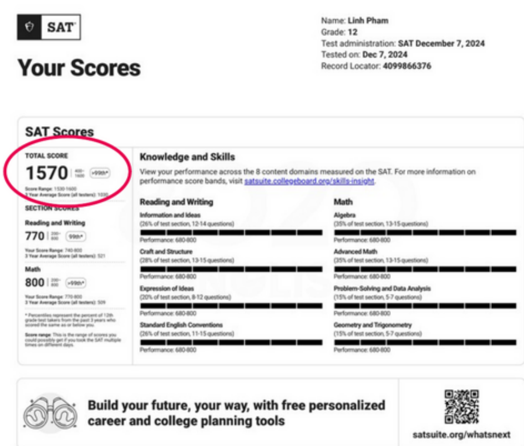

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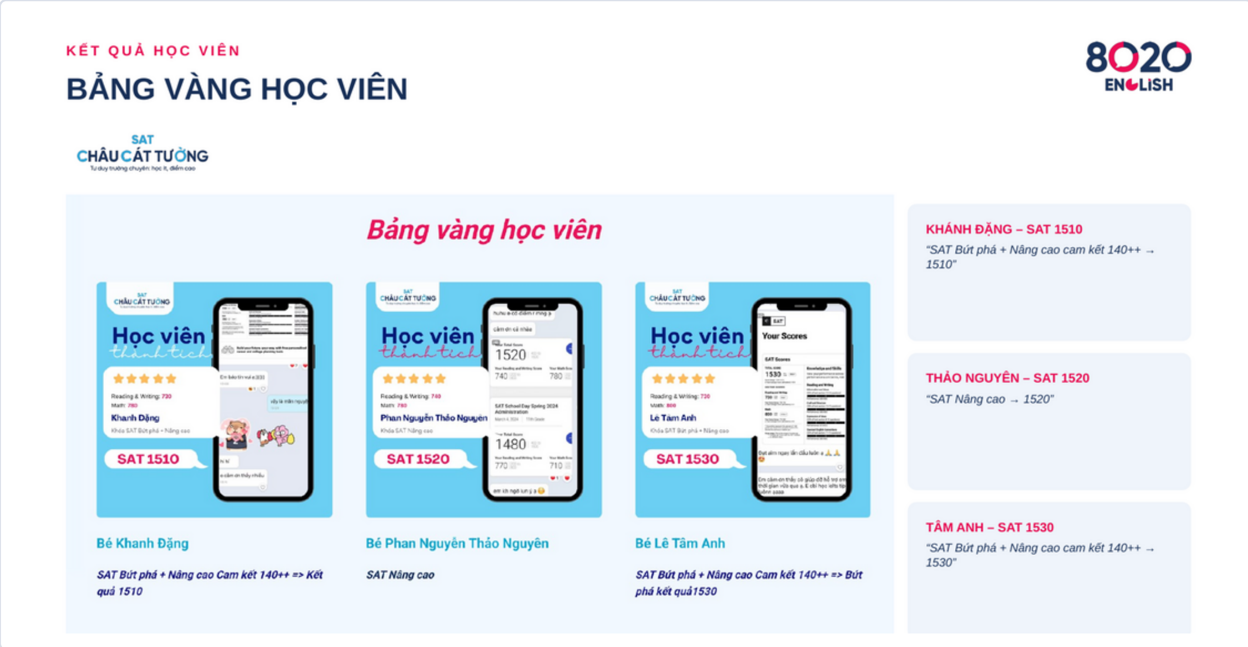

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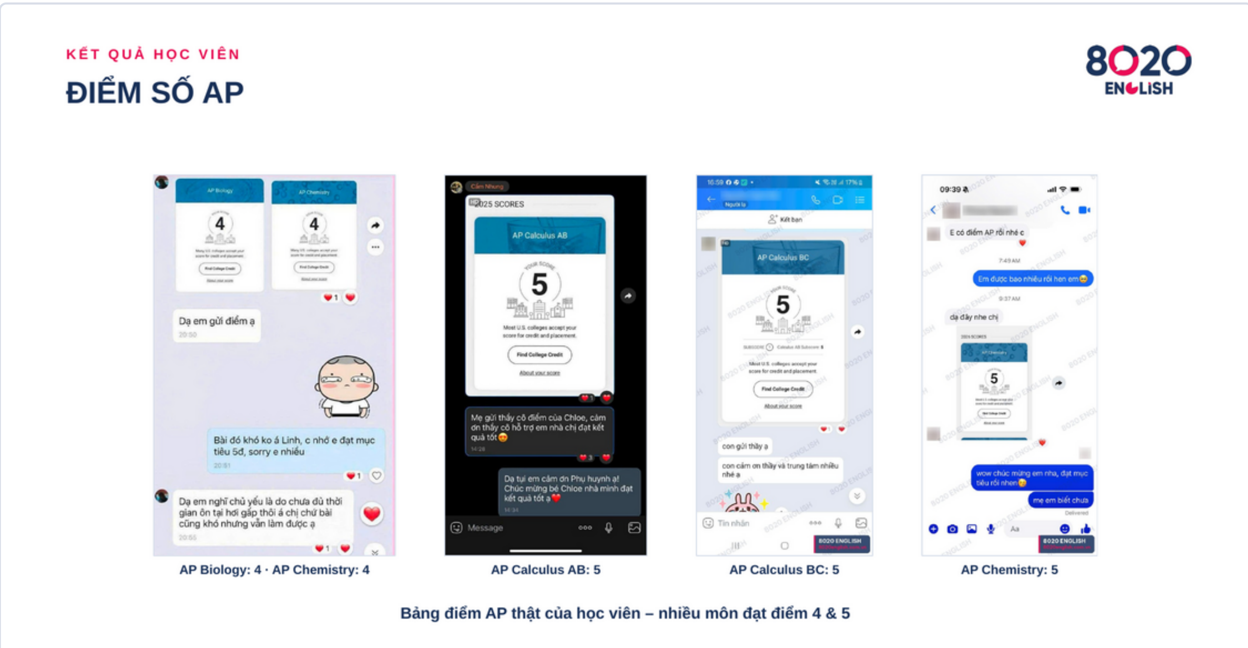


Điểm AP thật — Calculus AB/BC 5/5 · Biology & Chemistry 4–5 (College Board)

Mục lục • Contents

CAMBRIDGE IGCSE • Unit 1

Fundamentals of Accounting

Mục tiêu Unit: Hiểu mục đích của kế toán, các đối tượng sử dụng báo cáo tài chính (users of accounts), phương trình kế toán cơ bản (Assets = Capital + Liabilities), và cách mỗi giao dịch kinh doanh làm thay đổi phương trình này mà vẫn giữ nó cân bằng.

1.1 The purpose of accounting

Accounting is the process of **recording**, **classifying**, **summarising** and **communicating** financial information about a business so that the people who need it can make informed decisions. Book-keeping (recording transactions day to day) is only the first stage; accounting also includes checking the records, preparing financial statements, and interpreting the results.

Why does a business keep accounting records?

Good accounting records allow a business to: (1) calculate profit or loss for a period; (2) know what it owns (assets) and owes (liabilities) at any date; (3) control cash and prevent fraud or waste; (4) satisfy legal and tax requirements; and (5) provide the information owners, managers and outsiders need to make decisions (e.g. whether to expand, lend money, or extend credit).

VN GIẢI THÍCH TIẾNG VIỆT

Kế toán là quá trình **ghi nhận**, **phân loại**, **tổng hợp** và **truyền đạt** thông tin tài chính. Mục đích chính: tính lợi nhuận/lỗ, biết tài sản và nợ phải trả tại một thời điểm, kiểm soát tiền và tài sản, tuân thủ pháp luật/thuế, và cung cấp thông tin cho việc ra quyết định.

1.1.1 Users of accounting information

Many different people and organisations use financial statements, each for a different reason.

Users of accounts and their main interest:

- **Owners/proprietors and partners** – how profitable the business is and what return they are earning.
- **Managers** – day-to-day control, budgeting, and decision-making.
- **Existing and potential investors/shareholders** – profitability, growth and the safety of their investment.
- **Trade payables (suppliers)** – whether the business can pay its debts on time, i.e. liquidity.
- **Banks and other lenders** – ability to repay loans and interest; security offered.
- **Tax authorities** – correct calculation of taxable profit.
- **Employees and trade unions** – job security and ability of the business to pay wages/bonuses.
- **Government** – for national statistics, regulation and taxation policy.

VN **GIẢI THÍCH TIẾNG VIỆT**

Mỗi đối tượng quan tâm một khía cạnh khác nhau: chủ sở hữu quan tâm lợi nhuận; nhà cung cấp và ngân hàng quan tâm khả năng thanh toán (liquidity); nhân viên quan tâm sự ổn định việc làm; cơ quan thuế quan tâm lợi nhuận chịu thuế chính xác.

1.2 The accounting equation

Every business, no matter how small, can be described by one fundamental equation:

Assets = Capital + Liabilities

Assets – resources owned or controlled by the business expected to bring future economic benefit (e.g. premises, equipment, inventory, trade receivables, bank, cash).
Liabilities – amounts owed by the business to outsiders (e.g. trade payables, loans, bank overdraft).
Capital – the owner's claim on the assets of the business (also called *owner's equity* or *net assets*): Capital = Assets – Liabilities.

VN **GIẢI THÍCH TIẾNG VIỆT**

Phương trình kế toán: **Tài sản = Vốn chủ sở hữu + Nợ phải trả**. Tài sản là nguồn lực doanh nghiệp sở hữu/kiểm soát; Nợ phải trả là số tiền doanh nghiệp nợ bên ngoài; Vốn chủ sở hữu là phần "còn lại" thuộc về chủ doanh nghiệp sau khi trừ nợ phải trả khỏi tài sản.

1.2.1 Effect of transactions on the accounting equation

Every transaction has a **dual effect** – it changes two things at once, in a way that keeps the equation in balance. This dual-aspect idea is the foundation of the double entry system covered in Unit 2.

Ví dụ mẫu · Worked example

A new business owned by R. Osei has the following transactions in its first month:
(1) Osei starts the business by depositing $20,000 cash into the business.
(2) Buys equipment for $8,000, paid in cash.
(3) Buys inventory (goods) for $5,000 on credit from a supplier.
(4) Sells goods that cost $2,000 for $3,000 cash (a profit of $1,000, which increases capital).
(5) Pays the supplier $2,500 cash on account.

	Assets ($)				Capital + Liabilities ($)		
Txn	Cash	Equip.	Invent.	=Total	Capital	Payables	=Total
(1)	20,000	–	–	20,000	20,000	–	20,000
(2)	12,000	8,000	–	20,000	20,000	–	20,000
(3)	12,000	8,000	5,000	25,000	20,000	5,000	25,000
(4)	15,000	8,000	3,000	26,000	21,000	5,000	26,000
(5)	12,500	8,000	3,000	23,500	21,000	2,500	23,500

After every single transaction, Total Assets = Total Capital + Total Liabilities. Transaction (4) increases capital by $1,000 because a profit was made (goods costing $2,000 were sold for $3,000).

VN **GIẢI THÍCH TIẾNG VIỆT**

Sau MỖI giao dịch, Tổng tài sản luôn bằng Vốn chủ sở hữu cộng Nợ phải trả. Giao dịch (4) làm vốn chủ sở hữu tăng $1,000 vì có lợi nhuận (bán hàng giá vốn $2,000 với giá $3,000) – lợi nhuận làm tăng vốn chủ sở hữu, lỗ làm giảm vốn chủ sở hữu.

(!) Lỗi thường gặp: Students often confuse **capital** with **cash**. Capital is *not* an asset – it is a claim (a liability-like balance owed by the business to its owner). A business can have plenty of cash but very little capital (if it also has large liabilities), or vice versa.

Bài tập luyện tập

Which user of accounting information is *most* interested in whether a business will be able to pay its debts on time so that credit terms can safely continue?

(A) Government
(B) Trade payable (supplier)
(C) Tax authority
(D) Employee

Lời giải chi tiết

A trade payable (supplier) who has sold goods on credit is most directly concerned with the business's ability to pay on time, i.e. its liquidity. **(B)**.

Bài tập luyện tập

A business bought a delivery van for $15,000, paying $5,000 immediately by cheque and financing the remaining $10,000 with a 3-year bank loan. What is the effect on total assets and total liabilities?

(A) Assets +$15,000; Liabilities +$10,000
(B) Assets +$10,000; Liabilities +$10,000
(C) Assets +$15,000; Liabilities +$15,000
(D) No effect on either

Lời giải chi tiết

Van $+\$15,000$ but Bank $-\$5,000$, so the *net* change in assets is $+\$10,000$. Liabilities (loan) increase by $\$10,000$. Assets and liabilities both change by the same net amount, keeping the equation balanced. **(B)**.

Bài tập luyện tập

A sole trader's net assets (Assets − Liabilities) were $40,000 at the start of the year and $46,500 at the end of the year. During the year the owner introduced $2,000 of additional capital and made drawings of $3,200. No other information is available. Calculate the profit for the year.

Lời giải chi tiết

Closing capital = Opening capital + Capital introduced + Profit − Drawings. Rearranging:

$$\text{Profit} = \text{Closing capital} - \text{Opening capital} - \text{Capital introduced} + \text{Drawings}$$

$$= 46{,}500 - 40{,}000 - 2{,}000 + 3{,}200 = \boxed{\$7{,}700}$$

Bài tập luyện tập

Which of the following is a **liability**?

(A) Trade receivables
(B) Inventory
(C) Bank overdraft
(D) Motor vehicles

Lời giải chi tiết

A bank overdraft is money owed to the bank – a liability. Trade receivables, inventory and motor vehicles are all assets. **(C)**.

Bài tập luyện tập

A sole trader's total assets are $18,400 and total liabilities are $6,900. Calculate the owner's capital.

Lời giải chi tiết

Capital = Assets − Liabilities $= 18{,}400 - 6{,}900 = \boxed{\$11{,}500}$.

1.3 Book-keeping versus accounting

It is important to distinguish the two activities that make up the wider discipline.

Book-keeping and accounting

Book-keeping is the routine, day-to-day recording of financial transactions in the books of account – entering invoices, receipts and payments accurately and in the correct place. It is largely mechanical and clerical.

Accounting is broader. It uses the book-keeping records to (1) check their accuracy (trial balance, control accounts, bank reconciliation), (2) make period-end adjustments (depreciation, accruals, prepayments, provisions), (3) prepare the financial statements (income statement and statement of financial position), and (4) interpret the results (ratio analysis) so that decisions can be made.

VN GIẢI THÍCH TIẾNG VIỆT

Ghi sổ (book-keeping) là công việc ghi chép giao dịch hằng ngày một cách chính xác – mang tính máy móc. **Kế toán (accounting)** rộng hơn: kiểm tra tính chính xác, thực hiện bút toán điều chỉnh cuối kỳ, lập báo cáo tài chính và phân tích kết quả để phục vụ ra quyết định. Ghi sổ chỉ là bước đầu tiên trong quá trình kế toán.

1.4 Classifying assets and liabilities

Before the accounting equation can be used to build a statement of financial position, assets and liabilities must be sorted into sub-groups.

Non-current assets – items bought for long-term use in the business (more than one year), not for resale: premises (land & buildings), plant & machinery, motor vehicles, fixtures & fittings, office equipment.

Current assets – items constantly changing, expected to be turned into cash within one year: inventory, trade receivables, other receivables (prepayments), bank, cash. They are listed in *increasing order of liquidity* (inventory first, cash last).

Current liabilities – amounts due to be repaid within one year: trade payables, other payables (accruals), bank overdraft, short-term loans.

Non-current liabilities – amounts repayable after more than one year: long-term bank loans, mortgages, debentures.

VN GIẢI THÍCH TIẾNG VIỆT

Tài sản dài hạn (non-current assets): dùng lâu dài, không để bán lại (nhà xưởng, máy móc, xe cộ). **Tài sản ngắn hạn (current assets)**: dễ chuyển thành tiền trong 1 năm (hàng tồn kho, phải thu, tiền), sắp xếp theo thứ tự thanh khoản tăng dần. **Nợ ngắn hạn**: trả trong 1 năm (phải trả người bán, thấu chi). **Nợ dài hạn**: trả sau 1 năm (vay dài hạn, thế chấp).

Ví dụ mẫu · Classifying items

Classify each item for T. Mensah's business: (a) delivery van; (b) goods bought for resale; (c) money owed by credit customers; (d) a 5-year bank loan; (e) amount owed to a supplier; (f) cash in the till; (g) shop premises; (h) bank overdraft.

Solution. (a) non-current asset; (b) current asset (inventory); (c) current asset (trade receivables); (d) non-current liability; (e) current liability (trade payable); (f) current asset (cash); (g) non-current asset; (h) current liability.

1.5 Capital, profit and drawings

The owner's capital is not a fixed figure – it grows and shrinks with the activities of the business.

The full relationship for a sole trader over a period is:

$$\text{Closing capital} = \text{Opening capital} + \text{Capital introduced} + \text{Profit} - \text{Drawings}$$

where **profit** increases the owner's claim, **drawings** (cash or goods taken for private use) reduce it, and additional **capital introduced** increases it. A loss is simply a negative profit and reduces capital.

VN GIẢI THÍCH TIẾNG VIỆT

Vốn chủ sở hữu thay đổi trong kỳ: **Vốn cuối kỳ = Vốn đầu kỳ + Vốn góp thêm + Lợi nhuận − Rút vốn**. Lợi nhuận làm tăng vốn; rút vốn (tiền hoặc hàng lấy dùng cá nhân) làm giảm vốn; lỗ làm giảm vốn. Đây là công thức then chốt để tính lợi nhuận khi không có sổ sách đầy đủ (incomplete records – Unit 5).

Ví dụ mẫu · Building a statement of financial position

On 31 December, L. Farrah's business has: premises $40,000; equipment $12,000; inventory $6,500; trade receivables $3,800; bank $2,700; cash $300; trade payables $4,100; a bank loan (repayable in 4 years) $15,000. Prepare a simple statement of financial position and confirm the accounting equation.

	\$	\$
Non-current assets		
Premises		40,000
Equipment		12,000
		52,000
Current assets		
Inventory	6,500	
Trade receivables	3,800	
Bank	2,700	
Cash	300	
	13,300	
Less current liabilities		
Trade payables	(4,100)	
Net current assets		9,200
		61,200
Less non-current liabilities		
Bank loan		(15,000)
Net assets		**46,200**

Check: total assets $= 52{,}000 + 13{,}300 = 65{,}300$; total liabilities $= 4{,}100 + 15{,}000 = 19{,}100$; capital $= 65{,}300 - 19{,}100 = \$46{,}200$, which equals net assets. The equation holds.

(!) Lỗi thường gặp: Do not net off assets and liabilities of different people. Money owed *by* customers (trade receivables, an asset) must never be cancelled against money owed *to* suppliers (trade payables, a liability) – they are shown separately even if the amounts are similar.

1.6 More practice

Bài tập luyện tập

A business has assets of \$58,000 and capital of \$41,000. What are its total liabilities?

(A) \$99,000
(B) \$41,000
(C) \$17,000
(D) \$58,000

Lời giải chi tiết

Liabilities = Assets − Capital $= 58{,}000 - 41{,}000 = \$17{,}000$. **(C)**.

Bài tập luyện tập

Which of the following is a non-current liability?

(A) Trade payable
(B) Bank overdraft
(C) A mortgage repayable over 20 years
(D) Accrued wages

Lời giải chi tiết

A 20-year mortgage is repayable after more than one year, so it is a non-current liability. The other three are all current liabilities. **(C)**.

Bài tập luyện tập

Rearrange to find the missing figure in each independent case:

Case	Assets \$	Liabilities \$	Capital \$
(i)	72,000	25,000	?
(ii)	?	18,400	39,600
(iii)	90,500	?	66,300

Lời giải chi tiết

(i) Capital $= 72{,}000 - 25{,}000 = \boxed{\$47{,}000}$.
(ii) Assets $= 39{,}600 + 18{,}400 = \boxed{\$58{,}000}$.
(iii) Liabilities $= 90{,}500 - 66{,}300 = \boxed{\$24{,}200}$.

Bài tập luyện tập

State, for each transaction, the two items in the accounting equation that change and whether each rises or falls: (a) Owner pays \$5,000 of private money into the business bank account. (b) Buys a computer for \$1,200 cash. (c) Buys goods on credit \$900. (d) A credit customer pays \$400 by cheque. (e) Owner takes \$300 goods for personal use.

Lời giải chi tiết

(a) Bank (asset) $+\$5{,}000$; Capital $+\$5{,}000$.
(b) Computer (asset) $+\$1{,}200$; Cash (asset) $-\$1{,}200$ – assets unchanged in total.
(c) Inventory (asset) $+\$900$; Trade payables (liability) $+\$900$.
(d) Bank (asset) $+\$400$; Trade receivables (asset) $-\$400$ – assets unchanged in total.
(e) Drawings reduce capital $-\$300$; Inventory (asset) $-\$300$.

Bài tập luyện tập

At 1 January, K. Rahman's capital was \$52,000. During the year the business made a profit of \$14,300, the owner introduced a further \$6,000 of capital, and drawings were \$11,500. Calculate the capital at 31 December.

Lời giải chi tiết

Closing capital $= 52{,}000 + 6{,}000 + 14{,}300 - 11{,}500 = \boxed{\$60{,}800}$.

Bài tập luyện tập

A trader's net assets were \$34,000 at 1 January and \$29,500 at 31 December. During the year the owner made drawings of \$12,000 and introduced no new capital. Calculate the profit or loss for the year.

Lời giải chi tiết

Profit $=$ Closing capital $-$ Opening capital $+$ Drawings $-$ Capital introduced $= 29{,}500 - 34{,}000 + 12{,}000 - 0 = \boxed{\$7{,}500 \text{ profit}}$.
Although net assets fell, the fall was caused by drawings exceeding profit; the business still earned a $7,500 profit.

Bài tập luyện tập

Which one of the following is *not* a use of accounting information by the stated user for the stated reason?

(A) A bank – to judge whether a loan can be repaid

(B) A supplier – to judge whether the business can pay for goods supplied on credit

(C) An employee – to judge the security of their job

(D) A customer buying a single item for cash – to judge the long-term solvency of the shop

Lời giải chi tiết

A one-off cash customer has no ongoing financial interest in the shop's solvency, so this is not a genuine use. Banks, suppliers and employees all have a legitimate ongoing interest. **(D)**.

Bài tập luyện tập

A business owns premises $60,000, inventory $8,000, receivables $5,000 and cash $1,000, and owes a supplier $3,000 and a 3-year loan $20,000. Calculate (a) total assets, (b) total liabilities, (c) capital, and (d) working capital (net current assets).

Lời giải chi tiết

(a) Total assets $= 60{,}000 + 8{,}000 + 5{,}000 + 1{,}000 = \boxed{\$74{,}000}$.

(b) Total liabilities $= 3{,}000 + 20{,}000 = \boxed{\$23{,}000}$.

(c) Capital $= 74{,}000 - 23{,}000 = \boxed{\$51{,}000}$.

(d) Current assets $= 8{,}000 + 5{,}000 + 1{,}000 = 14{,}000$; current liabilities $= 3{,}000$; working capital $= 14{,}000 - 3{,}000 = \boxed{\$11{,}000}$.

Bài tập luyện tập

Explain briefly why the owner's capital is treated as a liability of the business in the accounting equation.

Lời giải chi tiết

Under the **business entity** concept, the business is treated as separate from its owner. The resources the owner has put into the business (capital) are therefore regarded as an amount the business *owes back* to the owner – a claim on the assets – which is why capital sits on the same side of the equation as liabilities. If the business were wound up, after external liabilities were settled the remaining assets would belong to the owner.

Bài tập luyện tập

A business has current assets of \$18,000, non-current assets of \$50,000, current liabilities of \$11,000 and non-current liabilities of \$22,000. A new machine is then bought for \$9,000, paid \$4,000 by cheque with the balance owed to the supplier over 2 years. Recalculate the capital after this transaction.

Lời giải chi tiết

Before: total assets $= 68{,}000$; total liabilities $= 33{,}000$; capital $= 35{,}000$.
The machine transaction: non-current assets $+\$9{,}000$; bank $-\$4{,}000$ (net assets $+\$5{,}000$); non-current liability $+\$5{,}000$. Assets rise by \$5,000 and liabilities rise by \$5,000, so **capital is unchanged at \$35,000**. A purchase of an asset financed by cash and credit does not alter the owner's capital.

Bài tập luyện tập

Distinguish between the terms *capital* and *capital employed*, and *drawings* and *expenses*.

Lời giải chi tiết

Capital is the owner's investment/claim (Assets − Liabilities). **Capital employed** is the total long-term funding used by the business (Capital + Non-current liabilities) on which a return is measured.
Drawings are amounts the owner withdraws for private use – they are *not* a business cost and never appear in the income statement; they reduce capital directly. **Expenses** are costs incurred in running the business to earn revenue and are charged in the income statement.

1.7 Extended worked examples on the accounting equation

The following worked examples build fluency in tracing how a sequence of transactions affects the equation and the statement of financial position.

Ví dụ mẫu · A full month of transactions

S. Boadu starts a business. Record the effect of each transaction and give the closing position.
(1) Introduces \$25,000 to the business bank account. (2) Buys premises \$18,000 by cheque. (3) Buys goods for resale \$4,000 on credit. (4) Sells goods costing \$1,500 for \$2,200 on credit. (5) Pays \$3,000 to the supplier by cheque. (6) A credit customer pays \$1,000 by cheque. (7) Takes \$500 goods for personal use.

Txn	Premises	Inventory	Bank	Receiv.	Cap.+Payables
(1)	–	–	25,000	–	25,000
(2)	18,000	–	7,000	–	25,000
(3)	18,000	4,000	7,000	–	29,000
(4)	18,000	2,500	7,000	2,200	29,700
(5)	18,000	2,500	4,000	2,200	26,700
(6)	18,000	2,500	5,000	1,200	26,700
(7)	18,000	2,000	5,000	1,200	26,200

Final total assets $= 18{,}000+2{,}000+5{,}000+1{,}200 = \$26{,}200$. Payables $= 4{,}000-3{,}000 = \$1{,}000$; capital $= 25{,}000 + 700$ (profit) $- 500$ (drawings) $= \$25{,}200$. Capital + payables $= \$26{,}200$ – the equation holds.

Ví dụ mẫu · Reconstructing capital

At 1 January a business had: premises \$50,000; equipment \$8,000; inventory \$6,000; trade receivables \$3,500; bank overdraft \$2,000; trade payables \$4,500; a 5-year loan \$20,000. Calculate the opening capital.

Assets $= 50{,}000 + 8{,}000 + 6{,}000 + 3{,}500 = \$67{,}500$ (a bank overdraft is a liability, not a negative asset).
Liabilities $= 2{,}000 + 4{,}500 + 20{,}000 = \$26{,}500$. Capital $= 67{,}500 - 26{,}500 = \boxed{\$41{,}000}$.

GIẢI THÍCH TIẾNG VIỆT

VN

Luôn kiểm tra sau MỖI giao dịch: Tổng tài sản = Vốn + Nợ phải trả. Lưu ý: thấu chi ngân hàng (bank overdraft) là NỢ PHẢI TRẢ, không phải tài sản âm. Lợi nhuận từ bán hàng làm tăng vốn; rút vốn/rút hàng làm giảm vốn.

Bài tập luyện tập

A business had assets \$80,000 and liabilities \$32,000 at the start of the year. During the year assets rose to \$95,000 and liabilities fell to \$28,000. No capital was introduced and drawings were \$10,000. Calculate the profit for the year.

Lời giải chi tiết

Opening capital $= 48{,}000$; closing capital $= 67{,}000$. Profit $= 67{,}000 - 48{,}000 + 10{,}000 = \boxed{\$29{,}000}$.

Bài tập luyện tập

Prepare a statement of financial position from: premises \$70,000; motor vehicles \$14,000; inventory \$9,000; trade receivables \$6,500; cash \$400; trade payables \$5,900; bank overdraft \$3,000; long-term loan \$25,000. State the capital.

Lời giải chi tiết

Non-current assets $= 84{,}000$. Current assets $= 15{,}900$. Current liabilities $= 8{,}900$; net current assets $= 7{,}000$. Total $= 91{,}000$; less loan \$25,000; **net assets** = **capital** $= \boxed{\$66{,}000}$.

Bài tập luyện tập

For each item state whether it increases (I), decreases (D) or leaves unchanged (U) capital: (a) profit; (b) drawings; (c) capital introduced; (d) buying a machine for cash; (e) a loss; (f) taking goods for own use.

Lời giải chi tiết

(a) I; (b) D; (c) I; (d) U; (e) D; (f) D.

Bài tập luyện tập

Net assets rose by \$18,000 over the year. The owner introduced \$5,000 of new capital and made drawings of \$16,000. Calculate the profit or loss.

Lời giải chi tiết

$18{,}000 = \text{Profit} + 5{,}000 - 16{,}000 \Rightarrow \text{Profit} = \boxed{\$29{,}000}$.

1.8 Types of business organisation

Accounting information is prepared for many different kinds of business. Before financial statements can be studied in detail, a candidate must be able to recognise the main forms of business organisation and how each is owned, controlled and financed.

Forms of business organisation

Sole trader – a business owned and controlled by one person, who provides all the capital and takes all the profit (and risk). The owner has **unlimited liability**: personal assets can be used to pay business debts.

Partnership – a business owned by two or more people (commonly 2 to 20) who share capital, management and profit according to a partnership agreement, or equally under the default rules if there is no agreement. Partners normally also have **unlimited liability**.

Limited company – a business owned by shareholders, who provide capital by buying shares, and which is a separate **legal entity** from its owners. Shareholders have **limited liability**: they can lose no more than the amount they invested. The company is run day to day by directors, who may or may not themselves be shareholders.

Non-profit organisation (club or society) – an organisation run for the benefit of its members rather than to earn profit for owners, financed mainly by members' subscriptions and donations, and controlled by an elected committee.

VN GIẢI THÍCH TIẾNG VIỆT

Doanh nghiệp tư nhân (sole trader): một người sở hữu, chịu trách nhiệm vô hạn (unlimited liability). **Công ty hợp danh (partnership):** 2 người trở lên cùng góp vốn, quản lý và chia lợi nhuận, thường cũng chịu trách nhiệm vô hạn. **Công ty cổ phần (limited company):** cổ đông góp vốn bằng cách mua cổ phần, chịu trách nhiệm hữu hạn (limited liability) trong phạm vi số vốn đã góp; công ty là một pháp nhân độc lập với chủ sở hữu. **Tổ chức phi lợi nhuận (club/society):** hoạt động vì lợi ích hội viên, tài trợ chủ yếu bằng phí hội viên và quyên góp, do một ban quản trị được bầu ra điều hành.

Advantages and disadvantages compared:

Type	Liability	Main advantage(s)	Main disadvantage(s)
Sole trader	Unlimited	Quick and cheap to set up; owner keeps all the profit; full control over decisions.	Owner personally liable for all business debts; capital limited to what the owner can raise; business may end if the owner dies or retires.
Partnership	Unlimited (usually)	More capital and a wider range of skills than a sole trader; workload and decisions shared.	Partners jointly liable for each other's actions; profit must be shared; potential for disagreement between partners.
Limited company	Limited to amount invested	Limited liability attracts more investors; larger amounts of capital can be raised by issuing shares; the business continues even if a shareholder dies.	Must publish accounts and comply with company law; profit shared as dividends among many shareholders; owners may have little day-to-day control.
Club / society	Members not personally liable for the organisation's debts	Serves a shared, non-profit interest of members.	Funds limited to subscriptions and donations raised; usually run by volunteers with limited accounting expertise.

VN **GIẢI THÍCH TIẾNG VIỆT**

Bảng so sánh cho thấy đánh đổi cơ bản: trách nhiệm hữu hạn của công ty cổ phần giúp thu hút nhà đầu tư nhưng đi kèm nhiều quy định pháp lý hơn; doanh nghiệp tư nhân đơn giản nhất để thành lập nhưng chủ phải chịu trách nhiệm vô hạn với các khoản nợ của doanh nghiệp.

1.9 Profit and cash: two different things

A common misunderstanding is to assume that a profitable business must have plenty of cash. Profit and cash are measured differently, and a business can be profitable yet run short of cash at the same time.

Why profit is not the same as cash

Profit is calculated on the **accruals (matching) basis**: revenue is recognised when goods or services are provided, whether or not cash has yet been received, and expenses are matched to the period they relate to, including non-cash charges such as depreciation. **Cash** simply records money actually received and paid. The two figures differ because of: (1) credit sales not yet collected – increase profit, but no cash received yet; (2) inventory bought but unsold – uses cash now but is not yet an expense; (3) capital expenditure – buying a non-current asset uses cash immediately but is charged to profit only gradually, through depreciation; and (4) loan repayments and drawings, which reduce cash but do not appear in the income statement at all.

VN **GIẢI THÍCH TIẾNG VIỆT**

Lợi nhuận tính theo **cơ sở dồn tích (accruals)**: doanh thu ghi nhận khi giao hàng/dịch vụ dù chưa thu tiền; chi phí ghi theo kỳ phát sinh, kể cả khoản không chi tiền như khấu hao. Tiền mặt chỉ ghi nhận khi thực sự thu/chi. Một doanh nghiệp có lãi vẫn có thể thiếu tiền vì: bán chịu chưa thu tiền, hàng tồn kho chưa bán, mua tài sản dài hạn (chi tiền ngay nhưng chỉ tính dần vào chi phí qua khấu hao), và trả nợ vay/rút vốn (giảm tiền nhưng không xuất hiện trong báo cáo thu nhập).

Ví dụ mẫu · A profitable business short of cash

In its first year, R. Adams's business had revenue (all on credit) of $40,000 and cost of sales of $25,000, giving a gross profit of $15,000. Expenses were $7,000 paid in cash plus depreciation of $2,000 (non-cash), a total of $9,000, giving a **profit for the year of $6,000**.

The bank account for the year was:

Receipts		Payments	
Balance b/d	5,000	Paid to suppliers	22,000
Received from credit customers	32,000	Cash expenses	7,000
		New equipment (capital expenditure)	12,000
		Drawings	3,000
		Balance c/d (overdrawn)	7,000
Total	**37,000**	**Total**	**37,000**

Despite a profit of $6,000, the bank balance fell from $5,000 to an overdraft of $7,000 – a fall in cash of $12,000. This happened because $8,000 of the year's sales remains uncollected in trade receivables, $3,000 of profit is tied up in unsold inventory, the business spent $12,000 in cash on new equipment (of which only $2,000 depreciation has been charged against this year's profit), and drawings of $3,000 reduced cash without reducing profit at all.

(!) Lỗi thường gặp: Buying a non-current asset for cash (e.g. equipment or a vehicle) is **capital expenditure**, not an expense. It simply swaps one asset (cash) for another (equipment) and does not reduce profit or capital in the period of purchase. Only the *depreciation* charged each year reduces profit; the full purchase cost must never be deducted as an expense in the income statement.

1.10 Further worked examples on the accounting equation

The following examples apply the accounting equation to a retail business, a service business, and a trading business that also has drawings of goods and a long-term loan.

Ví dụ mẫu · A retail business

K. Owusu opens a retail store. Trace the effect of each transaction.

(1) Owusu deposits $30,000 into the business bank account.
(2) Buys shop fittings for $9,000, paid by cheque.
(3) Buys inventory for $12,000 on credit.
(4) Sells goods that cost $8,000 for $11,000, all on credit.
(5) Receives $6,000 from credit customers by cheque.
(6) Pays a supplier $5,000 by cheque.

Txn	Fittings	Inventory	Bank	Receiv.	Capital	Payables
(1)	–	–	30,000	–	30,000	–
(2)	9,000	–	21,000	–	30,000	–
(3)	9,000	12,000	21,000	–	30,000	12,000
(4)	9,000	4,000	21,000	11,000	33,000	12,000
(5)	9,000	4,000	27,000	5,000	33,000	12,000
(6)	9,000	4,000	22,000	5,000	33,000	7,000

Final total assets $= 9{,}000 + 4{,}000 + 22{,}000 + 5{,}000 = \$40{,}000$; capital + payables $= 33{,}000 + 7{,}000 = \$40{,}000$. The equation holds after every transaction.

Ví dụ mẫu · A service business

J. Mensah opens a hairdressing salon. Service businesses have no inventory or cost of sales – revenue earned is profit and increases capital directly.

(1) Introduces $15,000 into the business bank account.
(2) Buys salon equipment for $10,000: pays $4,000 by cheque and takes a 2-year loan for the $6,000 balance.
(3) Pays three months' rent in advance, $1,800, by cheque (an expense).
(4) Provides services for the month: $7,200 cash, banked directly, and $2,300 on credit to corporate clients.
(5) Pays staff wages $3,000 by cheque (an expense).
(6) A corporate client pays $1,500 by cheque.

Txn	Equipment	Bank	Receiv.	Capital	Loan
(1)	–	15,000	–	15,000	–
(2)	10,000	11,000	–	15,000	6,000
(3)	10,000	9,200	–	13,200	6,000
(4)	10,000	16,400	2,300	22,700	6,000
(5)	10,000	13,400	2,300	19,700	6,000
(6)	10,000	14,900	800	19,700	6,000

Transaction (6) – collecting a receivable – leaves capital completely unchanged, since it simply converts one asset (receivable) into another (bank).

Ví dụ mẫu · Drawings of goods and a long-term loan

A. Boakye runs a trading business.

(1) Introduces $22,000 into the business bank account.
(2) Takes a 5-year bank loan of $15,000, received into the bank account.
(3) Buys premises for $25,000, paid by cheque.
(4) Buys inventory of $9,000 on credit.
(5) Sells goods that cost $5,000 for $7,500 cash, banked.
(6) Takes goods costing $600, at cost, for personal use.
(7) Pays a supplier $4,000 by cheque.

Txn	Premises	Inventory	Bank	Capital	Loan	Payables
(1)	–	–	22,000	22,000	–	–
(2)	–	–	37,000	22,000	15,000	–
(3)	25,000	–	12,000	22,000	15,000	–
(4)	25,000	9,000	12,000	22,000	15,000	9,000
(5)	25,000	4,000	19,500	24,500	15,000	9,000
(6)	25,000	3,400	19,500	23,900	15,000	9,000
(7)	25,000	3,400	15,500	23,900	15,000	5,000

Final total assets $= 25{,}000 + 3{,}400 + 15{,}500 = \$43{,}900$; capital + loan + payables $= 23{,}900 + 15{,}000 + 5{,}000 = \$43{,}900$.

VN **GIẢI THÍCH TIẾNG VIỆT**

Ba ví dụ trên áp dụng phương trình kế toán cho: (1) doanh nghiệp bán lẻ (có hàng tồn kho); (2) doanh nghiệp dịch vụ (không có hàng tồn kho – doanh thu chính là lợi nhuận, làm tăng vốn trực tiếp); (3) doanh nghiệp thương mại có rút hàng hoá (tính theo GIÁ VỐN, không phải giá bán) và vay dài hạn. Thu tiền từ khách hàng KHÔNG làm thay đổi vốn – chỉ là hoán đổi tài sản.

(!) Lỗi thường gặp: When an owner takes goods for personal use, the drawings must be recorded at **cost price**, never at the selling price. Recording drawings of goods at selling price would incorrectly include the profit margin on goods the business never actually sold.

1.11 The statement of financial position: further examples

Ví dụ mẫu · A business with a bank overdraft

At 31 December, B. Sarpong's business has: premises $35,000; equipment $9,000; inventory $7,200; trade receivables $4,100; cash $250; bank overdraft $2,800; trade payables $3,600; a long-term loan $10,000. Prepare the statement of financial position.

	$	$
Non-current assets		
Premises		35,000
Equipment		9,000
		44,000
Current assets		
Inventory	7,200	
Trade receivables	4,100	
Cash	250	
	11,550	
Less current liabilities		
Trade payables	3,600	
Bank overdraft	2,800	
	(6,400)	
Net current assets		5,150
		49,150
Less non-current liabilities		
Long-term loan		(10,000)
Net assets		**39,150**

A bank overdraft is a **current liability**, never a negative current asset – it is added to trade payables under current liabilities, exactly as shown above.

Ví dụ mẫu · Two loans of different maturities

At 31 December, F. Tetteh's business has: premises $48,000; motor vehicles $16,000; inventory $8,500; trade receivables $5,300; bank $3,200; cash $180; trade payables $6,100; a short-term loan of $4,000 (repayable in 8 months); a long-term bank loan of $20,000 (repayable in 6 years).

	$	$
Non-current assets (48,000+16,000)		64,000
Current assets		
Inventory	8,500	
Trade receivables	5,300	
Bank	3,200	
Cash	180	
	17,180	
Less current liabilities		
Trade payables	6,100	
Short-term loan	4,000	
	(10,100)	
Net current assets		7,080
		71,080
Less non-current liabilities		
Long-term loan		(20,000)
Net assets		**51,080**

(!) Lỗi thường gặp: A loan is classified as current or non-current according to **how long remains until it must be repaid at the reporting date** – not according to its original term. A 5-year loan taken out four years ago, with only one year left to run, is now a **current** liability.

VN GIẢI THÍCH TIẾNG VIỆT

Thấu chi ngân hàng (bank overdraft) luôn là NỢ NGẮN HẠN, không phải tài sản âm. Một khoản vay được phân loại ngắn hạn hay dài hạn dựa trên THỜI GIAN CÒN LẠI đến ngày đáo hạn tính từ ngày lập báo cáo, chứ không dựa trên kỳ hạn vay ban đầu.

1.12 More practice -- Part 2

Bài tập luyện tập

Which form of business organisation gives its owners **limited liability**?

(A) Sole trader
(B) Ordinary partnership
(C) Limited company
(D) A club or society

Lời giải chi tiết

Shareholders of a limited company can lose no more than the amount they invested – limited liability. Sole traders and ordinary partners have unlimited liability. **(C)**.

Bài tập luyện tập

State two advantages and two disadvantages of operating as a limited company rather than as a sole trader.

Lời giải chi tiết

Advantages: (i) shareholders have limited liability, protecting their personal assets; (ii) larger amounts of capital can be raised by issuing shares to many investors.
Disadvantages: (i) the company must prepare and publish accounts and comply with company law, unlike a sole trader; (ii) profit must be shared among potentially many shareholders as dividends, and the original owners may lose some day-to-day control to directors.

Bài tập luyện tập

A business bought a machine for $6,000, paying by cheque. What is the effect on total assets and on capital?

(A) Assets +$6,000; Capital +$6,000
(B) Assets unchanged in total; Capital unchanged
(C) Assets +$6,000; Capital unchanged
(D) Assets unchanged; Capital −$6,000

Lời giải chi tiết

Bank falls by $6,000 and the machine (an asset) rises by $6,000 – total assets are unchanged. This is capital expenditure, not an expense, so capital is unaffected. **(B)**.

Bài tập luyện tập

A sole trader's opening capital was \$60,000. At the year end, total assets were \$95,000 and total liabilities were \$30,000. During the year the owner introduced \$8,000 of capital and made drawings of \$18,000 cash plus \$2,000 of goods. Calculate the profit for the year.

Lời giải chi tiết

Closing capital $= 95{,}000 - 30{,}000 = 65{,}000$. Total drawings $= 18{,}000 + 2{,}000 = 20{,}000$.
Profit $= 65{,}000 - 60{,}000 - 8{,}000 + 20{,}000 = \boxed{\$17{,}000}$.

Bài tập luyện tập

A trader's total assets increased from \$40,000 to \$52,000 during the year while total liabilities fell from \$12,000 to \$9,000. The owner introduced \$3,000 of capital and withdrew \$1,500 cash plus goods costing \$700. Calculate the profit for the year.

Lời giải chi tiết

Opening capital $= 40{,}000 - 12{,}000 = 28{,}000$. Closing capital $= 52{,}000 - 9{,}000 = 43{,}000$.
Drawings $= 1{,}500 + 700 = 2{,}200$.
Profit $= 43{,}000 - 28{,}000 - 3{,}000 + 2{,}200 = \boxed{\$14{,}200}$.

Bài tập luyện tập

Which of the following is classified as a current asset?

(A) A five-year bank loan
(B) Trade payables
(C) A prepaid insurance premium
(D) A long-term investment property

Lời giải chi tiết

A prepayment is an amount paid in advance that will be used up within the next 12 months – a current asset (other receivable). The other three are liabilities or non-current items. **(C)**.

Bài tập luyện tập

Classify each item for T. Bonsu, a sole trader, choosing from: non-current asset, current asset, current liability, non-current liability, reduces capital directly, or not part of the business's accounting equation at all.
(a) The owner's private car, never used for business.
(b) A 10-year mortgage on the business premises.
(c) Inventory of raw materials.
(d) Tax due to be paid to the tax authority next month.
(e) Cash in the till.
(f) The balance on the owner's drawings for the year.

Lời giải chi tiết

(a) Not part of the business's accounting equation – under the **business entity** concept, only the resources and transactions of the business itself are recorded, not the owner's personal

property.
(b) Non-current liability. (c) Current asset. (d) Current liability. (e) Current asset.
(f) Drawings reduce capital directly – they are not shown as a separate asset or liability.

Bài tập luyện tập

Explain, with reference to accruals and cash movements, why a business can report a profit for the year and still have a falling bank balance.

Lời giải chi tiết

Profit is measured on the accruals basis, recognising credit sales as revenue before the cash is collected, and charging only depreciation (not the full purchase cost) of non-current assets bought during the year. Cash movements also include items that never appear in the income statement at all, such as drawings, loan repayments and the purchase of non-current assets. For example, a business may report a profit of $6,000 while its bank balance falls by $12,000 if $8,000 of sales remains uncollected, $3,000 of profit is tied up in unsold inventory, and $12,000 of cash was spent on new equipment (of which only $2,000 depreciation reduced profit).

Bài tập luyện tập

A sole trader's assets are three times her liabilities. If her capital is $48,000, her total liabilities are:

(A) $16,000
(B) $24,000
(C) $32,000
(D) $72,000

Lời giải chi tiết

Let liabilities $= L$; assets $= 3L$. Capital $= 3L - L = 2L = 48{,}000 \Rightarrow L = \boxed{\$24{,}000}$. **(B)**.

Bài tập luyện tập

Find the missing figure in each independent case.

Case (i): Non-current assets $40,000; Current assets $15,000; Current liabilities $8,000; Capital $35,000; Non-current liabilities?
Case (ii): Non-current assets?; Current assets $22,000; Current liabilities $9,000; Non-current liabilities $15,000; Capital $48,000.

Lời giải chi tiết

(i) Total assets $= 40{,}000 + 15{,}000 = 55{,}000$. Total liabilities $= 55{,}000 - 35{,}000 = 20{,}000$. Non-current liabilities $= 20{,}000 - 8{,}000 = \boxed{\$12{,}000}$.
(ii) Total liabilities $= 9{,}000 + 15{,}000 = 24{,}000$. Total assets $= 48{,}000 + 24{,}000 = 72{,}000$. Non-current assets $= 72{,}000 - 22{,}000 = \boxed{\$50{,}000}$.

Bài tập luyện tập

A business's statement of financial position shows non-current assets $52,000, current assets $19,000, current liabilities $11,000 and a long-term loan $15,000. Calculate (a) the capital, (b) the working capital, and (c) the capital employed (capital + non-current liabilities).

Lời giải chi tiết

(a) Total assets $= 52{,}000 + 19{,}000 = 71{,}000$; total liabilities $= 11{,}000 + 15{,}000 = 26{,}000$; capital $= 71{,}000 - 26{,}000 = \boxed{\$45{,}000}$.

(b) Working capital = current assets − current liabilities $= 19{,}000 - 11{,}000 = \boxed{\$8{,}000}$.

(c) Capital employed $= 45{,}000 + 15{,}000 = \boxed{\$60{,}000}$.

Bài tập luyện tập

A business's current assets are $24,000 and current liabilities are $16,000. It then pays a supplier $3,000 by cheque. What happens to working capital?

(A) Increases by $3,000
(B) Decreases by $3,000
(C) Unchanged
(D) Increases by $6,000

Lời giải chi tiết

Before: working capital $= 24{,}000 - 16{,}000 = 8{,}000$. Paying a payable reduces bank (a current asset) by $3,000 *and* reduces trade payables (a current liability) by $3,000. After: working capital $= 21{,}000 - 13{,}000 = 8{,}000$ – unchanged, since both current assets and current liabilities fall by the same amount. **(C)**.

Bài tập luyện tập

Distinguish between *capital expenditure* and *revenue expenditure*, giving one example of each for a delivery business.

Lời giải chi tiết

Capital expenditure is spending on acquiring or improving a non-current asset that will benefit the business over more than one year – e.g. buying a delivery van. It appears as a non-current asset in the statement of financial position and is charged to profit gradually through depreciation.
Revenue expenditure is day-to-day running costs, the benefit of which is used up within the period – e.g. fuel for the van, or its annual insurance and repairs. It is charged in full as an expense in the income statement of the period in which it is incurred.

Bài tập luyện tập

A sole trader introduced $25,000 capital on 1 January. During the year profit was $9,400, drawings were $6,200, and a further $3,000 of capital was introduced on 1 July. No other transactions affected capital. Calculate the capital at 31 December.

Lời giải chi tiết

Closing capital $= 25{,}000 + 3{,}000 + 9{,}400 - 6{,}200 = \boxed{\$31{,}200}$. The timing of the capital introduced during the year (1 July) does not affect the year-end total.

Sources and Recording of Data

Mục tiêu Unit: Chứng từ gốc (source documents), các sổ nhật ký ban đầu (books of prime entry), nguyên tắc ghi sổ kép (double entry), kỹ thuật khoá sổ (balancing off), sổ cái (ledgers: sales/purchases/general), sổ nhật ký chung (general journal), chiết khấu thương mại/thanh toán, sổ quỹ ba cột, sổ quỹ tiền lặt vặt và cách lập bảng cân đối thử (trial balance).

2.1 Source documents

Every transaction is first recorded on a **source document** – the original piece of paper (or electronic record) that provides evidence a transaction took place.

Document	Purpose
Invoice	Sent by the seller to a credit customer; details goods/services, quantity and price owed.
Credit note	Sent by the seller to reduce an amount owed (e.g. for returned or damaged goods).
Debit note	Sent by a buyer to a supplier requesting a credit note (or notifying an increase owed).
Receipt	Evidence that cash/cheque has been received.
Cheque counterfoil / bank statement	Evidence of payment made or received through the bank.
Statement of account	Summary sent periodically showing all transactions and balance owed.
Petty cash voucher	Evidence supporting a small cash payment.

VN **GIẢI THÍCH TIẾNG VIỆT**

Chứng từ gốc là bằng chứng đầu tiên của một giao dịch: hoá đơn (invoice) cho bán/mua chịu; giấy báo có (credit note) khi giảm số tiền khách nợ (ví dụ hàng bị trả lại); phiếu thu (receipt); sao kê ngân hàng; bảng kê công nợ định kỳ (statement of account).

2.1.1 A closer look at each source document

Cambridge IGCSE expects candidates to recognise every document below, state which business prepares it, and know exactly what entry it triggers.

Ví dụ mẫu · Invoice

On 2 March, Halima Stores sells goods on credit to a customer, R. Dube, and sends an **invoice** (the seller's own copy is called a *sales invoice*; the buyer's copy is a *purchase invoice*). The invoice shows: goods $1,500, less 10% trade discount $150, net amount $1,350, payable within 30 days.

In Halima Stores' books (seller): the invoice is entered in the **sales journal**; double entry Dr R. Dube $1,350, Cr Sales $1,350.

In R. Dube's books (buyer): the same invoice is entered in the **purchases journal**; double entry

Dr Purchases $1,350, Cr Halima Stores $1,350.

Ví dụ mẫu · Credit note and debit note

On 6 March, R. Dube finds that $120 (net of trade discount) of the goods delivered are damaged and returns them. R. Dube first sends Halima Stores a **debit note** – notifying the seller of the return and requesting a credit note. Halima Stores checks the goods and issues a **credit note** for $120.

Halima Stores (seller) – on issuing the credit note: entered in the **sales returns journal**; Dr Sales returns $120, Cr R. Dube $120.
R. Dube (buyer) – on receiving the credit note: entered in the **purchases returns journal**; Dr Halima Stores $120, Cr Purchases returns $120.
The debit note itself is not a book-keeping trigger for the seller's ledger – only the credit note that the seller subsequently issues is posted; the debit note is the buyer's supporting evidence for the entry in the purchases returns journal once the credit note arrives (in practice most schools also accept posting from the debit note date if the credit note is not separately illustrated).

Ví dụ mẫu · Receipt, cheque, bank statement and statement of account

Four further documents commonly tested:

Receipt – on 9 March a cash customer pays $85 for goods; Halima Stores issues a receipt as proof of payment (Dr Cash $85, Cr Sales $85).
Cheque (counterfoil) – on 12 March Halima Stores pays a supplier, Kondo Ltd, $640 by cheque; the cheque counterfoil (stub retained in the chequebook) is the source document for the cash book entry (Dr Kondo Ltd $640, Cr Bank $640).
Bank statement – sent monthly by the bank, listing every deposit and withdrawal on the account; it is not itself a posting trigger but is compared against the cash book (bank reconciliation, covered later in the course) to check for errors and unrecorded items such as bank charges.
Statement of account – sent monthly by Halima Stores to each credit customer, listing invoices, credit notes and payments during the month and the closing balance owed; it is a summary for the customer's information, not itself a source of a new ledger entry (the entries were already made from the invoices, credit notes and receipts it summarises).

Ví dụ mẫu · Petty cash voucher

On 14 March the office junior is given $6 from petty cash to buy stamps. A **petty cash voucher** is completed and signed, showing the date, the amount, the reason, and the signature of the person authorised to approve it. The voucher is the supporting document for an entry in the petty cash book: Dr Postage $6, Cr Petty cash $6.

GIẢI THÍCH TIẾNG VIỆT

VN
Mỗi chứng từ có một vai trò riêng: hoá đơn (invoice) → ghi vào sổ bán hàng/mua hàng; giấy báo nợ (debit note) do người mua gửi để yêu cầu giấy báo có; giấy báo có (credit note) do người bán phát hành → ghi vào sổ hàng bán trả lại/hàng mua trả lại; phiếu thu (receipt) là bằng chứng đã nhận tiền; cuống séc (cheque counterfoil) là bằng chứng đã thanh toán qua ngân hàng; sao

kê ngân hàng (bank statement) dùng để đối chiếu (không tự nó tạo bút toán); bảng kê công nợ (statement of account) chỉ là bản tóm tắt gửi định kỳ cho khách hàng, không tạo bút toán mới; phiếu chi tiền mặt lặt vặt (petty cash voucher) là chứng từ cho khoản chi nhỏ.

Bài tập luyện tập

Match each document below to the book of prime entry (or ledger action) it leads to: (i) a credit note received from a supplier; (ii) a cheque counterfoil for a cash purchase of stationery; (iii) an invoice sent to a credit customer; (iv) a petty cash voucher for taxi fares.

Lời giải chi tiết

(i) Purchases returns journal (Dr the supplier, Cr Purchases returns).
(ii) Cash book, bank column (Dr Stationery, Cr Bank).
(iii) Sales journal (Dr the customer, Cr Sales).
(iv) Petty cash book, travel analysis column (Dr Travel expenses, Cr Petty cash).

Bài tập luyện tập

A business receives a **statement of account** from a supplier showing a closing balance of $960. The business's own ledger account for that supplier shows a balance of $960 as well. What entry, if any, should be made as a result of receiving the statement of account?

(A) Dr the supplier $960

(B) Cr the supplier $960

(C) No entry – the statement merely confirms the balance already recorded from invoices, credit notes and payments

(D) Dr Purchases $960

Lời giải chi tiết

A statement of account is a summary, not a new source document that itself creates a transaction; because the two balances agree, no entry is required. **(C)**.

2.2 Books of prime entry

Transactions are first listed in a **book of prime entry** (also called a book of original entry) before being posted to the ledger accounts.

Book of prime entry	Source document	Records
Sales journal	Sales invoice (copy)	Credit sales of goods
Purchases journal	Purchase invoice	Credit purchases of goods
Sales returns journal	Credit note (issued)	Goods returned by credit customers
Purchases returns journal	Credit note (received)	Goods returned to credit suppliers
Cash book	Receipts, cheque counterfoils	All cash and bank receipts/payments
Petty cash book	Petty cash vouchers	Small cash payments
General journal	Any document/memo	All other transactions not in the books above (e.g. correction of errors, purchase of non-current assets on credit, opening entries)

VN GIẢI THÍCH TIẾNG VIỆT

Sổ nhật ký ban đầu ghi giao dịch TRƯỚC khi chuyển vào sổ cái: sổ nhật ký bán hàng (bán chịu), sổ nhật ký mua hàng (mua chịu), sổ nhật ký hàng bán trả lại/hàng mua trả lại, sổ quỹ (cash book), sổ nhật ký chung (general journal – dùng cho các giao dịch không thuộc các sổ trên, ví dụ mua TSCĐ chịu, sửa sai).

Bài tập luyện tập

Which book of prime entry is used to record the credit purchase of a non-current asset (e.g. office equipment bought on credit, not for resale)?

(A) Purchases journal
(B) General journal
(C) Cash book
(D) Purchases ledger

Lời giải chi tiết

The purchases journal is only for goods bought *for resale*. A non-current asset bought on credit is recorded via the general journal. **(B)**.

Bài tập luyện tập

When a credit customer returns goods previously sold on credit, the correct double entry is:

(A) Debit Sales returns; Credit the customer's account
(B) Debit the customer's account; Credit Sales returns
(C) Debit Sales; Credit the customer's account
(D) Debit Purchases returns; Credit the customer's account

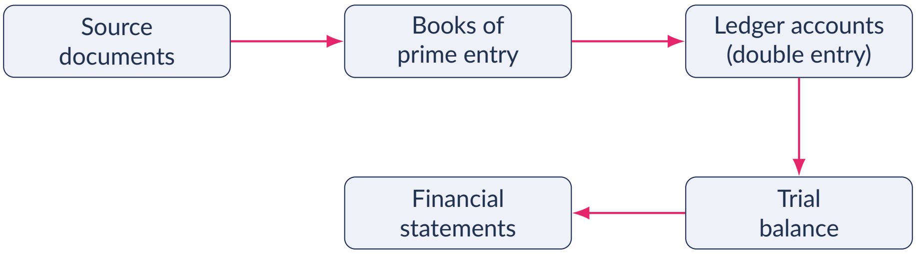
Lời giải chi tiết

Returns reduce what the customer owes: Debit Sales returns (an expense-like reduction of revenue), Credit the customer's (trade receivable) account, reducing the asset. **(A)**.

2.3 The double entry system

Every transaction affects **at least two** accounts, and for every debit entry there is an equal and opposite credit entry. This is the practical application of the accounting equation's dual aspect.

Account type	Increase	Decrease
Asset	Debit (Dr)	Credit (Cr)
Expense	Debit (Dr)	Credit (Cr)
Drawings	Debit (Dr)	Credit (Cr)
Liability	Credit (Cr)	Debit (Dr)
Capital	Credit (Cr)	Debit (Dr)
Income/Revenue	Credit (Cr)	Debit (Dr)



The accounting cycle: from source document to financial statements.

GIẢI THÍCH TIẾNG VIỆT

VN

Quy tắc ghi sổ kép: Tài sản/Chi phí/Rút vốn tăng → ghi Nợ (Debit); Nợ phải trả/Vốn/Doanh thu tăng → ghi Có (Credit). Chiều ngược lại khi giảm. Chu trình kế toán: Chứng từ gốc → Sổ nhật ký ban đầu → Sổ cái → Bảng cân đối thử → Báo cáo tài chính.

2.3.1 Ledgers and a full worked example

The **sales ledger** holds individual trade receivables (customer) accounts; the **purchases ledger** holds individual trade payables (supplier) accounts; the **general (nominal) ledger** holds all other accounts (assets, liabilities, capital, income, expenses).

Ví dụ mẫu · Worked example

J. Tan starts a trading business. Transactions for June:

1 June: Started business with $1,000 cash and $9,000 in the bank.
4 June: Bought office equipment $3,000, paid by cheque.
6 June: Bought goods on credit from Kumar Ltd $2,400.
10 June: Sold goods on credit to R. Patel $1,800.
15 June: Cash sales $600.
18 June: Paid Kumar Ltd $1,400 by cheque.
22 June: R. Patel paid $1,800 by cheque in full settlement.
25 June: Paid rent $500 cash.
28 June: Drawings $300 cash.

Cash account

Debit (Dr)		Credit (Cr)	
Capital	1,000	Rent	500
Sales	600	Drawings	300
		Balance c/d	800
Total	**1,600**	**Total**	**1,600**

Bank account

Debit (Dr)		Credit (Cr)	
Capital	9,000	Office equipment	3,000
R. Patel	1,800	Kumar Ltd	1,400
		Balance c/d	6,400
Total	**10,800**	**Total**	**10,800**

Kumar Ltd (trade payable) account

Debit (Dr)		Credit (Cr)	
Bank	1,400	Purchases	2,400
Balance c/d	1,000		
Total	**2,400**	**Total**	**2,400**

(Office equipment, Purchases, Sales, R. Patel, Rent and Drawings accounts are posted the same way. R. Patel's account closes to nil after the June 22 receipt.)

Trial balance at 30 June

Account	Debit $	Credit $
Cash	800	
Bank	6,400	
Office equipment	3,000	
Purchases	2,400	
Rent	500	
Drawings	300	
Capital		10,000
Kumar Ltd		1,000
Sales		2,400
Total	**13,400**	**13,400**

Bài tập luyện tập

K. Silva starts a business 1 July with $8,000 in the bank. 3 July: buys inventory on credit from Zeta Ltd $3,500. 8 July: pays Zeta Ltd $2,000 by cheque. 15 July: cash sales, banked immediately, $1,200. 20 July: buys office furniture by cheque $900. Calculate the balance on (a) the Bank account and (b) the Zeta Ltd account at 31 July.

Lời giải chi tiết

Bank: Dr Capital 8,000 + Sales 1,200 = 9,200. Cr Zeta Ltd 2,000 + Furniture 900 = 2,900. Balance c/d $= 9{,}200 - 2{,}900 = \boxed{\$6{,}300}$ (Dr).

Zeta Ltd: Cr Purchases 3,500. Dr Bank 2,000. Balance c/d $= 3{,}500 - 2{,}000 = \boxed{\$1{,}500}$ (Cr).

Bài tập luyện tập

State the correct double entry for each transaction: (a) Bought goods for resale on credit from Zed Ltd $700. (b) Paid rent by cheque $400. (c) Owner introduced a motor vehicle worth $9,000 into the business. (d) Returned faulty goods to Zed Ltd $100. (e) Cash sales $260 banked immediately.

Lời giải chi tiết

(a) Dr Purchases $700; Cr Zed Ltd $700.
(b) Dr Rent $400; Cr Bank $400.
(c) Dr Motor vehicle $9,000; Cr Capital $9,000.
(d) Dr Zed Ltd $100; Cr Purchases returns $100.

(e) Dr Bank $260; Cr Sales $260.

2.4 Balancing off ledger accounts

At the end of a period – or whenever a running balance is needed – a ledger account is closed off by finding the difference between its two sides. This process, **balancing off**, is carried out in exactly the same mechanical way for every type of account: asset, liability, capital, income or expense.

Balancing off – the method

1. Total both sides (in pencil, or mentally) – add the debit column and the credit column separately.
2. Insert a balancing figure, labelled **Balance c/d** (carried down), on the side with the *smaller* total, so that both sides then add up to the same total.
3. Rule off both columns at that total, on the same horizontal line.
4. Bring the balance down below the totals, on the *opposite* side, dated the first day of the next period and labelled **Balance b/d** (brought down).
5. The side on which Balance b/d appears tells you whether the account has a debit balance or a credit balance going into the next period.

VN GIẢI THÍCH TIẾNG VIỆT

Khoá sổ (balancing off) là kỹ thuật tìm chênh lệch hai bên Nợ/Có của một tài khoản: (1) cộng tổng hai bên; (2) ghi số dư "Balance c/d" vào bên có tổng NHỎ HƠN để hai bên bằng nhau; (3) kẻ ngang cùng một dòng tổng; (4) đưa số dư xuống dòng dưới ở bên NGƯỢC LẠI, ghi "Balance b/d" cho kỳ sau. Bên xuất hiện "Balance b/d" cho biết tài khoản đó có số dư Nợ hay số dư Có.

(!) Lỗi thường gặp: A very common slip is writing **Balance c/d** on the side with the *larger* total (which does nothing) or forgetting to bring the balance back down on the *opposite* side as **Balance b/d**. Always check: c/d goes on the smaller side to make both sides equal; b/d then appears below the totals, on the other side, ready to start the next period.

Ví dụ mẫu · Balancing off an asset account

A business's **Motor vehicles** account shows: 1 Jan balance b/d $20,000; 1 June bought a further vehicle by cheque $8,000; 1 October sold a vehicle at cost $5,000 (transferred to a disposal account). Balance off the account at 31 December.

Debit (Dr)		**Credit (Cr)**	
Balance b/d	20,000	Disposal account	5,000
Bank	8,000	Balance c/d	23,000
Total	**28,000**	**Total**	**28,000**
Balance b/d	23,000		

Debit total $28,000 (20,000+8,000); credit total before balancing $5,000; balance c/d $= 28{,}000 - 5{,}000 = \$23{,}000$, carried down as a debit balance – as expected, since a motor vehicle account is an asset.

Ví dụ mẫu · Balancing off a liability account

A **Loan from bank** account shows: 1 Jan balance b/d $10,000 (Cr); 1 July a further loan of $4,000 is received into the bank; 31 Dec part of the loan, $3,000, is repaid by cheque. Balance off the account.

Debit (Dr)		Credit (Cr)	
Bank (repayment)	3,000	Balance b/d	10,000
Balance c/d	11,000	Bank (new loan)	4,000
Total	**14,000**	**Total**	**14,000**
		Balance b/d	11,000

Credit total $14,000 (10,000+4,000); debit total $3,000; balance c/d $= 14{,}000 - 3{,}000 = \$11{,}000$, on the debit side, carried down as a credit balance of $11,000 – as expected for a liability.

Ví dụ mẫu · Balancing off an expense account

An **Advertising** account shows payments by cheque of $220 (5 Jan), $180 (14 Feb) and $140 (2 Mar), and a refund of $40 received from the advertising agency on 20 March for an earlier overpayment. Balance off the account.

Debit (Dr)		Credit (Cr)	
Bank	220	Bank (refund)	40
Bank	180	Balance c/d	500
Bank	140		
Total	**540**	**Total**	**540**
Balance b/d	500		

Debit total $540 (220+180+140); balance c/d $= 540 - 40 = \$500$ on the credit side, carried down as a debit balance – as expected for an expense account.

Ví dụ mẫu · Balancing off an income account

A **Commission received** account shows receipts of $200 (5 Jan), $350 (14 Feb) and $150 (30 Mar), and a refund paid back of $50 on 28 March because commission had been over-claimed. Balance off the account.

Debit (Dr)		Credit (Cr)	
Bank (refund)	50	Bank	200
Balance c/d	650	Bank	350
		Bank	150
Total	**700**	**Total**	**700**
		Balance b/d	650

Credit total $700 (200+350+150); balance c/d $= 700 - 50 = \$650$ on the debit side, carried down as a credit balance – as expected for income.

Ví dụ mẫu · Balancing off a capital account

A **Capital** account shows: 1 Jan balance b/d $15,000 (Cr); 1 June the owner introduces a further $5,000 cash; 31 Dec the year's drawings, accumulated in a separate drawings account, are transferred here by a closing journal entry of $3,000. Balance off the account.

Debit (Dr)		Credit (Cr)	
Drawings	3,000	Balance b/d	15,000
Balance c/d	17,000	Bank	5,000
Total	**20,000**	**Total**	**20,000**
		Balance b/d	17,000

Credit total $20,000 (15,000+5,000); balance c/d $= 20{,}000 - 3{,}000 = \$17{,}000$, carried down as a credit balance – as expected for capital.

Ví dụ mẫu · An account that changes from a debit to a credit balance

J. Mensah is a credit customer. **January:** 1 Jan balance b/d $500 (Dr); 15 Jan further sales on credit $300; 25 Jan pays $700 by cheque. **February:** 1 Feb balance b/d (from January); 10 Feb pays $250 by cheque (an overpayment, made in error); 28 Feb further sales on credit $50. Balance off the account at the end of each month.

January

Debit (Dr)		Credit (Cr)	
Balance b/d	500	Bank	700
Sales	300	Balance c/d	100
Total	**800**	**Total**	**800**
Balance b/d	100		

February

Debit (Dr)		Credit (Cr)	
Balance b/d	100	Bank	250
Sales	50		
Balance c/d	100		
Total	**250**	**Total**	**250**
		Balance b/d	100

In January the account carries its normal debit balance of $100 (the customer still owes us $100). In February the customer overpays, so the debit side ($150 total: b/d $100 + sales $50) is now smaller than the credit side ($250); the balance c/d of $100 must go on the *debit* side to make both sides equal, so the balance brought down on 1 March is a **credit** balance of $100 – meaning the business now owes J. Mensah $100 (a credit balance on a normally-debit receivable account signals an overpayment or advance, and should be investigated).

Bài tập luyện tập

When balancing off a ledger account, the balance carried down (c/d) is entered:

(A) On the side with the larger total, so both totals are then equal

(B) On the side with the smaller total, and brought down again on the same side

(C) On the side with the smaller total, and brought down on the opposite side below the totals

(D) Always on the debit side, regardless of the type of account

Lời giải chi tiết

Balance c/d makes the smaller side equal to the larger side; it is then brought down on the opposite side as balance b/d, showing the true debit or credit balance carried into the next period. **(C)**.

Bài tập luyện tập

From the following, prepare T. Yeboah's cash account and find the closing balance: 1 May balance b/d \$540 (Dr); cash sales \$1,320; paid wages \$600; received cash from a receivable \$280; paid general expenses \$150; owner's cash drawings \$200.

Lời giải chi tiết

Debit side: balance b/d 540 + sales 1,320 + receivable 280 $= 2{,}140$.
Credit side: wages 600 + expenses 150 + drawings 200 $= 950$.
Closing balance c/d $= 2{,}140 - 950 = \boxed{\$1{,}190}$ (Dr).

Bài tập luyện tập

A business's **Loan from Q. Bank** account shows: 1 Jan balance b/d \$18,000 (Cr); 1 April a further \$6,000 loan is received into the bank; 30 Sept \$5,500 is repaid by cheque; 31 Dec \$2,000 is repaid by cheque. Prepare the account and state the balance carried down at 1 January of the following year.

Lời giải chi tiết

Credit side: balance b/d 18,000 + new loan 6,000 $= 24{,}000$.
Debit side: repayments 5,500 + 2,000 $= 7{,}500$.
Balance c/d $= 24{,}000 - 7{,}500 = \boxed{\$16{,}500}$ (Cr), brought down 1 January as balance b/d \$16,500 (Cr).

Bài tập luyện tập

Explain what it means, in business terms, when a credit customer's account – normally a debit balance – is balanced off to show a **credit** balance b/d.

Lời giải chi tiết

It means the customer has paid *more* than they currently owe – for example an overpayment made in error, a payment made twice, or an advance payment for goods not yet delivered. The business, in effect, now owes money back to that customer. This is unusual for a trade receivable (asset) account and should be investigated and normally corrected (by a refund or by offsetting against the next sale) rather than left on the books.

2.5 Posting the journals to the ledger

Each book of prime entry is totalled and its total posted to the ledger; the individual entries are posted to the personal accounts.

Ví dụ mẫu · Sales journal and its postings

Q. Traders made the following credit sales in April: 4 Apr – A. Khan $1,200; 12 Apr – B. Lee $800; 21 Apr – C. Mah $1,500. Show the sales journal and the double entry.

Date	Customer	$
4 Apr	A. Khan	1,200
12 Apr	B. Lee	800
21 Apr	C. Mah	1,500
30 Apr	**Transferred to Sales account**	**3,500**

Double entry: each customer's account is *debited* individually (A. Khan $1,200; B. Lee $800; C. Mah $1,500) in the sales ledger; the *total* $3,500 is *credited* to the sales account in the general ledger. The one credit balances the three debits.

VN GIẢI THÍCH TIẾNG VIỆT

Mỗi sổ nhật ký ban đầu được cộng tổng và chuyển vào sổ cái: ghi Nợ từng tài khoản khách hàng riêng lẻ trong sổ bán hàng, và ghi Có TỔNG vào TK Sales trong sổ cái tổng hợp. Nhờ vậy TK Sales chỉ có một bút toán tổng thay vì nhiều bút toán nhỏ.

2.6 More worked examples: from transactions to trial balance

The J. Tan example above showed the full cycle for a simple trading business. The two examples below apply exactly the same technique to a service business, and then to a retailer dealing with several credit customers and suppliers at once – posting a sales journal and a purchases journal together.

2.6.1 A service business

Ví dụ mẫu · N. Ibrahim, Driving Instructor

Transactions for August:

1 Aug: Started business with $2,000 cash and $6,000 in the bank.
2 Aug: Bought a car by cheque $5,500.
5 Aug: Paid insurance by cheque $300.
10 Aug: Received lesson fees in cash $850.
12 Aug: Paid petrol expenses in cash $120.
18 Aug: Banked $600 of cash.
20 Aug: Received lesson fees paid directly into the bank $1,400.
22 Aug: Paid instructors' association subscription by cheque $80.
25 Aug: Drawings by cheque $250.
31 Aug: Paid car repairs by cheque $180.

Cash account

Debit (Dr)		**Credit (Cr)**	
Capital	2,000	Petrol expenses	120
Lesson fees	850	Bank (contra)	600
		Balance c/d	2,130
Total	**2,850**	**Total**	**2,850**

Bank account

Debit (Dr)		**Credit (Cr)**	
Capital	6,000	Motor vehicle	5,500
Cash (contra)	600	Insurance	300
Lesson fees	1,400	Subscriptions	80
		Drawings	250
		Car repairs	180
		Balance c/d	1,690
Total	**8,000**	**Total**	**8,000**

Capital: Cr \$8,000 (2,000+6,000). Motor vehicle: Dr \$5,500. Insurance: Dr \$300. Lesson fees: Cr \$2,250 (850+1,400). Petrol expenses: Dr \$120. Subscriptions: Dr \$80. Drawings: Dr \$250. Car repairs: Dr \$180 – each a single entry, posted and balanced off the same way.

Trial balance at 31 August

Account	Debit \$	Credit \$
Cash	2,130	
Bank	1,690	
Motor vehicle	5,500	
Insurance	300	
Petrol expenses	120	
Subscriptions	80	
Drawings	250	
Car repairs	180	
Capital		8,000
Lesson fees		2,250
Total	**10,250**	**10,250**

Bài tập luyện tập

A. Ferreira, a hairdresser, records the following for October: 1 Oct opening bank balance \$1,500. Fees received, paid directly into the bank, \$2,300. Paid rent by cheque \$600. Paid hairdressing supplies by cheque \$340. Drawings by cheque \$250. Calculate the balance c/d on the bank account at 31 October.

Lời giải chi tiết

Debit side: balance b/d 1,500 + fees 2,300 $= 3{,}800$.
Credit side: rent 600 + supplies 340 + drawings 250 $= 1{,}190$.

Balance c/d $= 3{,}800 - 1{,}190 = \boxed{\$2{,}610}$ (Dr).

2.6.2 A retailer with several credit customers and suppliers

Ví dụ mẫu · F. Nwosu, General Store

On 1 September, F. Nwosu's ledger shows: Cash $300, Bank $4,200, Capital $4,500 (no other balances). Transactions during September:

Sales journal: 3 Sep A. Boateng $650; 9 Sep B. Owusu $420; 17 Sep C. Danso $980.
Purchases journal: 5 Sep Kofi Suppliers $1,200; 14 Sep Ama Traders $760.
Sales returns journal: 20 Sep B. Owusu returns goods $70 (credit note issued).
Purchases returns journal: 22 Sep returned goods to Kofi Suppliers $100 (credit note received).
Other transactions: 6 Sep cash sales $540; 23 Sep paid general expenses by cheque $150; 24 Sep A. Boateng pays $630 by cheque in full settlement of $650 (discount allowed $20); 25 Sep paid Kofi Suppliers $1,100 by cheque, clearing the balance in full; 27 Sep banked $400 of cash (contra); 28 Sep drawings by cheque $200.

Sales journal | **Purchases journal**

Date	Customer	$	Date	Supplier	$
3 Sep	A. Boateng	650	5 Sep	Kofi Suppliers	1,200
9 Sep	B. Owusu	420	14 Sep	Ama Traders	760
17 Sep	C. Danso	980			
	To Sales a/c	**2,050**		**To Purchases a/c**	**1,960**

Sales returns journal total $70 (B. Owusu) – to Sales returns account. Purchases returns journal total $100 (Kofi Suppliers) – to Purchases returns account.

A. Boateng | **B. Owusu**

Dr		Cr		Dr		Cr	
Sales	650	Bank	630	Sales	420	S. returns	70
		Disc. allowed	20			Balance c/d	350
Total	**650**	**Total**	**650**	**Total**	**420**	**Total**	**420**
				Bal. b/d	350		

C. Danso | **Kofi Suppliers**

Dr		Cr		Dr		Cr	
Sales	980	Balance c/d	980	P. returns	100	Purchases	1,200
Bal. b/d	980			Bank	1,100		
Total	**980**	**Total**	**980**	**Total**	**1,200**	**Total**	**1,200**

Ama Traders (Cr $760, no payment made – balance c/d $760 Cr). Cash and Bank accounts:

Cash account | **Bank account**

Dr		Cr		Dr		Cr	
Bal. b/d	300	Bank (contra)	400	Bal. b/d	4,200	Kofi Suppliers	1,100
Sales	540	Balance c/d	440	Cash (contra)	400	Gen. expenses	150
				A. Boateng	630	Drawings	200
						Balance c/d	3,780
Total	**840**	**Total**	**840**	**Total**	**5,230**	**Total**	**5,230**

Sales account: Cr $2,590 ($2,050 journal total + $540 cash sales). Purchases account: Dr $1,960. Sales returns: Dr $70. Purchases returns: Cr $100. Discount allowed: Dr $20. General expenses: Dr $150. Drawings: Dr $200. Capital: Cr $4,500 (unchanged).

Trial balance at 30 September

Account	Debit $	Credit $
Cash	440	
Bank	3,780	
Purchases	1,960	
Sales returns	70	
Discount allowed	20	
General expenses	150	
Drawings	200	
B. Owusu	350	
C. Danso	980	
Sales		2,590
Purchases returns		100
Capital		4,500
Ama Traders		760
Total	**7,950**	**7,950**

(!) Lỗi thường gặp: Do not confuse the **sales account** (a single general ledger account recording total revenue, credited with journal/cash sales totals) with the **sales ledger control account** (a summary of all individual trade receivable balances, studied fully in Unit 3). In the example above, the sales ledger balances total $350 + 980 = \$1,330$ (A. Boateng is nil) – this figure would appear on the sales ledger control account, *not* on the sales account, which instead shows the $2,590 of revenue earned.

Bài tập luyện tập

In the F. Nwosu example above, state the figure that should appear on the sales ledger control account at 30 September, and explain how it is obtained.

Lời giải chi tiết

The sales ledger control account balance should equal the total of all individual sales ledger (trade receivable) balances: A. Boateng $0 + B. Owusu $350 + C. Danso $980 = $\boxed{\$1,330}$. This total is obtained by adding up every customer's closing balance in the sales ledger; the control account provides an independent check that no individual customer account has been mis-posted (Unit 3).

2.7 The general journal

The **general journal** is the book of prime entry for any transaction that does not belong in the sales, purchases, returns journals or the cash book. Every journal entry is written with a date, the account(s) debited, the account(s) credited, the amounts, and a brief **narrative** explaining the transaction.

Ví dụ mẫu · Opening entries

R. Sarpong has been trading informally and decides to open a full set of double-entry books on 1 January. His assets and liabilities on that date are: Premises $40,000; Motor vehicle $8,000; Inventory $3,500; Bank $2,200; owing to Y. Ltd (trade payable) $1,700; Loan from bank $10,000. Journalize the opening entry.

Capital = total assets − total liabilities $= (40{,}000 + 8{,}000 + 3{,}500 + 2{,}200) - (1{,}700 + 10{,}000) = 53{,}700 - 11{,}700 = \$42{,}000$.

Date	Details	Dr $	Cr $
1 Jan	Premises	40,000	
	Motor vehicle	8,000	
	Inventory	3,500	
	Bank	2,200	
	Y. Ltd		1,700
	Loan from bank		10,000
	Capital		42,000
	Narrative: assets and liabilities introduced to open the books at 1 Jan.	**53,700**	**53,700**

Ví dụ mẫu · Non-current asset bought on credit

On 1 March, a business buys office equipment on credit from Bexley Office Supplies, $2,600, invoice terms net 30 days.

Date	Details	Dr $	Cr $
1 Mar	Office equipment	2,600	
	Bexley Office Supplies		2,600
	Narrative: purchase of office equipment on credit, invoice no. 118, 30 days' terms.		

Ví dụ mẫu · Correction of a simple error

It is discovered that a payment of $180 for motor expenses was debited in error to the motor vehicles account instead of the motor expenses account. Journalize the correction.

Date	Details	Dr $	Cr $
	Motor expenses	180	
	Motor vehicles		180
	Narrative: correction of error – motor expenses payment wrongly debited to motor vehicles.		

Ví dụ mẫu · Writing off an irrecoverable debt

A trade receivable, T. Quaye, who owed $340, is declared bankrupt and the debt is now considered irrecoverable. Journalize the write-off.

Date	Details	Dr $	Cr $
	Irrecoverable debts	340	
	T. Quaye		340
	Narrative: debt written off as irrecoverable – customer declared bankrupt (see irrecoverable and doubtful debts, later in the course).		

VN **GIẢI THÍCH TIẾNG VIỆT**

Sổ nhật ký chung (general journal) ghi mọi giao dịch không thuộc các sổ chuyên dùng khác, kèm **lời diễn giải (narrative)**: bút toán mở sổ (Vốn = Tài sản − Nợ phải trả); mua TSCĐ chịu; sửa sai đơn giản (ví dụ ghi nhầm chi phí vào tài khoản TSCĐ); xoá nợ khó đòi (irrecoverable debts). Mỗi bút toán vẫn phải tuân thủ Nợ = Có.

Bài tập luyện tập

T. Kamau decides to open a full set of books. His assets are: Inventory $2,400, Bank $3,600; his liabilities are: owing to D. Ltd $900. Calculate the capital figure and journalize the opening entry.

Lời giải chi tiết

Capital $= (2{,}400 + 3{,}600) - 900 = 6{,}000 - 900 = \boxed{\$5{,}100}$.
Journal: Dr Inventory 2,400; Dr Bank 3,600; Cr D. Ltd 900; Cr Capital 5,100. Narrative: assets and liabilities introduced to open the books. (Dr total $6,000 = Cr total $6,000.)

Bài tập luyện tập

S. Boye owed $210 which is now considered irrecoverable after the customer, R. Adjei, is declared bankrupt. Journalize the write-off, including a narrative.

Lời giải chi tiết

Dr Irrecoverable debts $210; Cr R. Adjei $210. Narrative: debt written off as irrecoverable – customer declared bankrupt.

Bài tập luyện tập

Which of the following would be entered in the general journal (not in any of the special journals or the cash book)?

(A) A credit sale of goods

(B) A cash purchase of goods

(C) The purchase of office equipment on credit for use in the business

(D) A cheque received from a customer

Lời giải chi tiết

Office equipment bought on credit is a non-current asset, not goods for resale, so it does not belong in the purchases journal; being on credit it is not in the cash book either. It is recorded in the **general journal**: Dr Office equipment, Cr the supplier. **(C)**.

2.8 Trade discount and cash discount

Discounts appear constantly in the recording of sales and purchases, and the two types are treated very differently.

Trade discount – a reduction in the list (catalogue) price given by one business to another, usually for buying in bulk or for being in the same trade. It is deducted *before* the invoice total is calculated, so it **never appears in the ledger at all**; only the net (after-trade-discount) figure is recorded.

Cash discount – a reduction for prompt payment (e.g. "2.5% if paid within 14 days"). It *is* recorded: **discount allowed** (to customers) is an expense; **discount received** (from suppliers) is income.

VN GIẢI THÍCH TIẾNG VIỆT

Chiết khấu thương mại (trade discount): giảm giá niêm yết khi mua số lượng lớn – trừ TRƯỚC khi lập hoá đơn, KHÔNG ghi vào sổ. **Chiết khấu thanh toán (cash discount)**: giảm giá khi trả sớm – CÓ ghi sổ: chiết khấu cho khách (discount allowed) là chi phí, chiết khấu được hưởng (discount received) là thu nhập.

Ví dụ mẫu · Trade and cash discount on an invoice

On 3 May, Delta Ltd sells goods with a list price of $4,000 to a customer, allowing a 25% trade discount, and offering a 4% cash discount for payment within 10 days. The customer pays on 9 May. Show the amounts recorded.

Invoice value (recorded as the sale): $4{,}000 - (25\% \times 4{,}000) = 4{,}000 - 1{,}000 = \$3{,}000$. The $4,000 list price and $1,000 trade discount are *not* entered anywhere.
Cash discount taken: $4\% \times 3{,}000 = \$120$. The customer pays $3{,}000 - 120 = \$2{,}880$.
Entries in Delta's books: Dr Bank $2,880, Dr Discount allowed $120, Cr the customer's account $3,000 (clearing the debt).

Ví dụ mẫu · A full sales invoice showing trade discount

Coastal Wholesalers issues Invoice No. 512 to Retail Mart, dated 4 September, for two lines of goods, subject to a 20% trade discount.

Description	Qty	Unit price $	Amount $
Item A	50	20.00	1,000.00
Item B	30	15.00	450.00
Subtotal (list price)			1,450.00
Less: trade discount (20%)			(290.00)
Net invoice total			**1,160.00**

Only the net figure of $1,160 is ever posted. **Coastal Wholesalers' books (seller):** Dr Retail Mart $1,160, Cr Sales $1,160. **Retail Mart's books (buyer):** Dr Purchases $1,160, Cr Coastal

Wholesalers $1,160.

Bài tập luyện tập

Goods with a list price of $2,000 are sold subject to a 30% trade discount. What figure is recorded as the sale?

(A) $2,000

(B) $1,400

(C) $600

(D) $2,600

Lời giải chi tiết

Net of trade discount $= 2{,}000 - (30\% \times 2{,}000) = 2{,}000 - 600 = \$1{,}400$. Trade discount is never recorded. **(B)**.

Bài tập luyện tập

W. Boateng buys goods on credit $3,600 (list price $4,500 less 20% trade discount). The supplier offers 2% cash discount for payment within 30 days, which Boateng takes. Show all figures and the entries when payment is made.

Lời giải chi tiết

List $4,500 less 20% trade discount $900 $=$ invoice $3,600 (recorded as the purchase: Dr Purchases $3,600, Cr Supplier $3,600).
Cash discount $= 2\% \times 3{,}600 = \$72$; amount paid $= 3{,}600 - 72 = \$3{,}528$.
On payment: Dr Supplier $3,600; Cr Bank $3,528; Cr Discount received $72.

2.9 The cash book

The cash book is both a book of prime entry *and* part of the double-entry ledger: it contains the cash account and the bank account. A **three-column cash book** adds memorandum discount columns.

The discount columns in a three-column cash book are *memorandum* (they are not part of the double entry). Their totals are posted to the ledger periodically: the **discount allowed** column total is posted to the debit of the discount allowed account; the **discount received** column total is posted to the credit of the discount received account.

Ví dụ mẫu · Three-column cash book

P. Adeyemi's transactions in June: 1 Jun balances b/d – cash $260, bank $3,150. 5 Jun received a cheque from J. Cole $980 in settlement of a $1,000 debt (discount allowed $20). 9 Jun paid S. Bello $1,470 by cheque in settlement of a $1,500 debt (discount received $30). 14 Jun cash sales $540. 20 Jun paid wages in cash $300. 25 Jun banked $400 of cash (contra).

	Debit (receipts)			Credit (payments)			
	Disc.	Cash	Bank		Disc.	Cash	Bank
Bal. b/d		260	3,150	Wages		300	
J. Cole	20		980	S. Bello	30		1,470
Sales		540		Bank (C)		400	
Cash (C)			400	Bal. c/d		100	3,060
	20	**800**	**4,530**		**30**	**800**	**4,530**

The two contra entries (25 Jun) marked (C) move $400 from cash to bank – both sides are inside the cash book. Discount columns are totalled and posted: Dr Discount allowed $20; Cr Discount received $30.

VN GIẢI THÍCH TIẾNG VIỆT

Sổ quỹ (cash book) vừa là sổ nhật ký ban đầu, vừa là một phần của sổ cái (chứa tài khoản tiền mặt và ngân hàng). Cột chiết khấu chỉ mang tính ghi nhớ (memorandum): tổng cột chiết khấu cho khách → ghi Nợ TK Discount allowed; tổng cột chiết khấu được hưởng → ghi Có TK Discount received. Bút toán **contra** là chuyển tiền giữa quỹ và ngân hàng, cả hai vế đều nằm trong sổ quỹ.

(!) Lỗi thường gặp: The discount columns are **memorandum** only – they are never totalled into the cash and bank columns, and by themselves they are not a complete double entry. Each discount recorded alongside a receipt/payment still needs its other half posted to the discount allowed/received account when the column is totalled; students sometimes wrongly add the discount column into the cash or bank total, which would overstate the money actually received or paid.

Ví dụ mẫu · Dishonoured cheque and a contra entry

T. Owusu's cash book for July. On 1 Jul balances b/d: cash $180, bank $2,600. 4 Jul receives a cheque from D. Asare $960 in settlement of a $1,000 debt (discount allowed $40), banked. 9 Jul pays wages in cash $220. 12 Jul the cheque from D. Asare is **dishonoured** by the bank – it must be reversed and D. Asare's debt reinstated in full. 15 Jul pays rent by cheque $450. 19 Jul withdraws $300 cash from the bank for office use (contra). 26 Jul pays K. Mensah $780 by cheque in full settlement of $800 owed (discount received $20).

	Debit (receipts)			Credit (payments)			
	Disc.	Cash	Bank		Disc.	Cash	Bank
Bal. b/d		180	2,600	Wages		220	
D. Asare	40		960	D. Asare (dishon.)			960
Bank (C)		300		Rent			450
				Cash (C)			300
				K. Mensah	20		780
				Bal. c/d		260	1,070
	40	**480**	**3,560**		**20**	**480**	**3,560**

When the cheque is dishonoured, the cash book simply shows a *payment* of $960 (bank column) reversing the earlier receipt. But the $40 discount originally allowed must also be cancelled – since D. Asare did not, after all, settle promptly – through a general journal entry: **Dr**

D. Asare $40, Cr Discount allowed $40, made outside the cash book because no cash or bank movement is involved. **D. Asare account**

Debit (Dr)		Credit (Cr)	
Balance b/d	1,000	Bank	960
Bank (dishonoured)	960	Discount allowed	40
Discount allowed (reversed)	40	Balance c/d	1,000
Total	**2,000**	**Total**	**2,000**
Balance b/d	1,000		

D. Asare's account is fully restored to the original $1,000 owed, since the payment ultimately failed.

Bài tập luyện tập

A cheque of $1,940 is received from a customer in full settlement of a $2,000 debt. What is the double entry?

(A) Dr Bank 2,000; Cr Customer 2,000

(B) Dr Bank 1,940, Dr Discount allowed 60; Cr Customer 2,000

(C) Dr Customer 2,000; Cr Bank 1,940, Cr Discount received 60

(D) Dr Bank 1,940; Cr Customer 1,940

Lời giải chi tiết

The customer's $2,000 debt is cleared by $1,940 cash plus $60 cash discount allowed (an expense): Dr Bank $1,940, Dr Discount allowed $60, Cr Customer $2,000. **(B)**.

Bài tập luyện tập

R. Osei's three-column cash book for a week shows discount columns totalling: discount allowed $85, discount received $110. State the double entry needed to post these totals to the ledger and explain why the two are on opposite sides.

Lời giải chi tiết

Post the totals as: **Dr Discount allowed $85** (an expense of giving customers a reduction for prompt payment) and **Cr Discount received $110** (income from suppliers giving us a reduction). They are on opposite sides because discount allowed reduces our profit (expense, debit) while discount received increases it (income, credit). The corresponding entries to the personal accounts were already made when the cash was recorded.

Bài tập luyện tập

Explain why a dishonoured cheque requires an entry reversing the discount originally allowed, and state which book of prime entry is used for that reversing entry.

Lời giải chi tiết

The discount allowed was only earned by the customer because they appeared to settle the debt promptly and in full. Once the cheque bounces, the debt has *not* actually been settled, so the discount is no longer justified and must be cancelled: Dr the customer's account, Cr

Discount allowed, restoring the full original debt. Since no cash or bank movement is involved in cancelling the discount (only the earlier receipt itself needs reversing in the cash book), this reversal is made through the **general journal**.

2.10 The petty cash book and the imprest system

Small cash payments (stamps, taxi fares, tea and coffee) are handled through a **petty cash book** to avoid cluttering the main cash book.

Under the **imprest system**, the petty cashier begins each period with a fixed float (the *imprest amount*). At the end of the period the total spent is reimbursed, restoring the float to the original imprest for the next period.

$$\text{Reimbursement} = \text{Imprest amount} - \text{Cash remaining} = \text{Total vouchers paid}$$

The petty cash book uses **analysis columns** so that similar payments (e.g. postage, travel, cleaning) are grouped and posted to the ledger in totals.

Ví dụ mẫu · Impresst reimbursement

A petty cashier operates an imprest of $200. During the week the following vouchers were paid: postage $34, travel $58, stationery $26, cleaning $40. Calculate the cash remaining and the reimbursement needed to restore the imprest.

Total spent $= 34 + 58 + 26 + 40 = \$158$. Cash remaining $= 200 - 158 = \$42$. Reimbursement to restore the $200 float $= \$158$ (equal to the total vouchers). Each analysis column total is posted to the debit of the relevant expense account (Postage $34, Travel $58, Stationery $26, Cleaning $40).

Ví dụ mẫu · Petty cash book with analysis columns

A petty cashier operates an imprest of $250. Vouchers paid during the week:

Receipts $	Details	V.No	Total $	Postage	Stationery	Travel	Cleaning
250	Balance b/d (imprest)						
	Postage stamps	101	18	18			
	Bus fares	102	24			24	
	Envelopes & paper	103	32		32		
	Cleaner's wages	104	45				45
	Taxi fare	105	36			36	
	Office tea/coffee (sundry)	106	15				
	Printer ink	107	40		40		
			210	**18**	**72**	**60**	**45**
	Balance c/d		40				
250							

(Voucher 106, "office tea/coffee", $15, is a sundry expense not fitting the four named columns; its total, together with the four analysis columns, must reconcile: $18 + 72 + 60 + 45 + 15 = 210$, *matching the total payments column.)*

Cash remaining $= 250 - 210 = \$40$; reimbursement received at the start of the next week

$= \$210$, restoring the float to $250. Each analysis column total is posted to the debit of the matching expense account: Postage $18, Stationery $72, Travel $60, Cleaning $45, Sundry expenses $15 – and the petty cash account is credited with the $210 total (or, equivalently, the reimbursement of $210 is debited to petty cash and credited to the bank account when it is drawn).

VN GIẢI THÍCH TIẾNG VIỆT

Sổ quỹ tiền lặt vặt (petty cash book) dùng cột phân tích (analysis columns) để nhóm các khoản chi nhỏ theo loại (bưu phí, văn phòng phẩm, đi lại, vệ sinh, chi khác...). Theo hệ thống imprest: đầu kỳ có quỹ cố định, cuối kỳ hoàn lại đúng số đã chi để quỹ trở về mức ban đầu. Tổng mỗi cột phân tích được ghi Nợ vào tài khoản chi phí tương ứng trong sổ cái.

Bài tập luyện tập

A petty cash imprest is $150. At the end of the month the petty cash box contains $26 in cash. How much must be reimbursed, and what was the total spent?

Lời giải chi tiết

Total spent $= 150 - 26 = \$124$. Reimbursement to restore the imprest $= \$124$. Both figures are equal under the imprest system.

Bài tập luyện tập

A petty cash book with analysis columns for Postage, Travel and Stationery shows the following vouchers: $12 (postage), $45 (travel), $8 (postage), $19 (stationery), $30 (travel). Calculate the total of each analysis column and the total payments for the period.

Lời giải chi tiết

Postage: $12+8 = \$20$. Travel: $45+30 = \$75$. Stationery: $\$19$. Total payments $= 20+75+19 = \boxed{\$114}$, which must equal the sum of the individual vouchers ($12 + 45 + 8 + 19 + 30 = 114$) – confirming the analysis columns have been totalled correctly.

2.11 The trial balance

A trial balance lists every ledger account balance and checks that total debits equal total credits – confirming the *arithmetic accuracy* of the double entry, and forming the starting point for preparing financial statements.

Purposes and limitations of the trial balance

Purposes:

- Checks the arithmetical accuracy of the double entry – every debit should have an equal credit.
- Provides a single, convenient list of every ledger balance, used as the basis for preparing the income statement and the statement of financial position.
- Helps to locate errors (an imbalance shows something is wrong) before financial statements are drawn up.

Limitations: a trial balance that balances does *not* prove the ledger is free of error. Six types of error still leave both columns equal: *omission* (a transaction left out completely), *commission* (posted to the wrong account of the correct class, e.g. the wrong customer), *principle* (posted to the wrong *class* of account, e.g. an expense debited to an asset account), *original entry* (the wrong figure copied from the source document onto both sides), *complete reversal* (both entries correct in amount but on the wrong sides), and *compensating* (two unrelated errors of equal size cancel each other out). These are covered fully in Unit 3.

VN GIẢI THÍCH TIẾNG VIỆT

Bảng cân đối thử (trial balance) liệt kê tất cả số dư tài khoản để kiểm tra Tổng Nợ = Tổng Có, đồng thời là điểm khởi đầu để lập báo cáo tài chính. Bảng cân bằng KHÔNG có nghĩa là sổ sách không có sai sót – 6 loại lỗi phổ biến (bỏ sót, ghi nhầm tài khoản cùng loại, ghi sai bản chất tài khoản, ghi sai số liệu gốc, đảo ngược hoàn toàn hai bên, hai lỗi bù trừ nhau) vẫn khiến hai cột bằng nhau (xem Unit 3).

Ví dụ mẫu · Extracting a trial balance from a page of ledger balances

The following balances were extracted from the ledger of D. Fontaine at 31 December, in no particular order. Prepare the trial balance.

Capital $49,600; Bank overdraft $1,200; Trade receivables $8,400; Trade payables $5,600; Inventory (at 1 January) $3,000; Premises $30,000; Fixtures and fittings $4,500; Purchases $22,000; Sales $41,000; Sales returns $900; Purchases returns $600; Wages and salaries $9,800; Rent and rates $3,200; Discount allowed $450; Discount received $380; Drawings $2,600; Motor vehicles $12,000; Motor expenses $1,530.

Classification: assets, expenses and drawings are debit balances; liabilities, capital and income are credit balances. A bank overdraft is money owed *to* the bank, so it is a liability (credit).

Account	Debit $	Credit $
Premises	30,000	
Motor vehicles	12,000	
Fixtures and fittings	4,500	
Inventory (at 1 Jan)	3,000	
Trade receivables	8,400	
Purchases	22,000	
Sales returns	900	
Wages and salaries	9,800	
Rent and rates	3,200	
Discount allowed	450	
Motor expenses	1,530	
Drawings	2,600	
Sales		41,000
Purchases returns		600
Discount received		380
Trade payables		5,600
Bank overdraft		1,200
Capital		49,600
Total	**98,380**	**98,380**

Debit total: $30{,}000 + 12{,}000 + 4{,}500 + 3{,}000 + 8{,}400 + 22{,}000 + 900 + 9{,}800 + 3{,}200 + 450 + 1{,}530 + 2{,}600 = 98{,}380$.
Credit total: $41{,}000 + 600 + 380 + 5{,}600 + 1{,}200 + 49{,}600 = 98{,}380$. The trial balance balances.

Bài tập luyện tập

Which of the following errors **would** be revealed by a trial balance?

(A) A cash sale was completely omitted from the books

(B) A purchase of $470 was entered as $740 in both the purchases account and the supplier's account

(C) Only the debit side (Cash) of a $150 cash sale was recorded; the credit to Sales was never posted

(D) A payment for motor expenses was debited to the motor vehicles account instead of motor expenses

Lời giải chi tiết

Options (A), (B) and (D) are errors of omission, original entry, and principle respectively – all leave debits equal to credits, so the trial balance still balances. Option (C) posts only one side of the entry, so debits and credits will *not* agree – this error is revealed by the trial balance. **(C)**.

Bài tập luyện tập

State two types of error that are *not* revealed by a trial balance, giving a one-sentence example of each.

Lời giải chi tiết

Error of complete reversal: both entries are made, correctly balanced, but on the wrong side – e.g. a cash sale of $200 is entered as Credit Cash / Debit Sales instead of Debit Cash / Credit Sales.
Error of original entry: the wrong figure (taken from the source document) is entered on both sides – e.g. an invoice for $450 is entered as $540 in both the purchases account and the supplier's account. (Errors of omission, commission, principle and compensating errors are also acceptable answers.)

Bài tập luyện tập

A trial balance totalled $146,800 on each side. Explain what this does, and does not, prove.

Lời giải chi tiết

It proves the **arithmetic** of the double entry is consistent – for every debit there is an equal credit, so no single-sided posting, wrong addition of a balance, or transposition of one figure occurred that would unbalance it. It does *not* prove the records are free of error: errors of omission, commission, principle, original entry, complete reversal and compensating errors all leave the two columns equal (see Unit 3).

Bài tập luyện tập

Explain the difference between the *sales account* and the *sales ledger*.

Lời giải chi tiết

The **sales account** is a single account in the general (nominal) ledger that records total sales revenue for the period (credit entries). The **sales ledger** is a separate ledger containing one personal account for each credit customer, showing how much each individually owes. The total of all sales ledger balances should equal the balance on the sales ledger control account (Unit 3), not the sales account.

2.12 More practice

Bài tập luyện tập

In which book of prime entry, and on which side of which ledger account, is a credit note *received* from a supplier recorded?

Lời giải chi tiết

A credit note received from a supplier (for goods returned to them) is entered in the **purchases returns journal**. Double entry: Dr the supplier's (trade payable) account, Cr Purchases returns. The total of the purchases returns journal is credited to the purchases returns account.

Bài tập luyện tập

A sole trader's ledger shows the following balances after all postings for the year: Rent $4,200 (Dr); Insurance $980 (Dr); Commission received $650 (Cr); Bank $3,150 (Dr); Trade payables $2,400 (Cr). State, for each balance, whether it is an asset, liability, expense or income, and confirm the type of balance (debit or credit) is consistent with that classification.

Lời giải chi tiết

Rent – expense, debit balance (consistent: expenses increase with debits). Insurance – expense, debit balance (consistent). Commission received – income, credit balance (consistent: income increases with credits). Bank – asset, debit balance (consistent, assuming the account is not overdrawn). Trade payables – liability, credit balance (consistent: liabilities increase with credits). All five balances are of the type expected for their classification.

Bài tập luyện tập

A business's trial balance fails to balance: debits total $62,400 and credits total $62,150. Suggest two possible single errors, each of which alone could explain a difference of exactly $250, and state how each would be corrected.

Lời giải chi tiết

(i) A debit entry of $250 (e.g. a payment) may have been posted to its account but the corresponding credit entry omitted entirely – correct by posting the missing $250 credit.
(ii) A balance of $250 (e.g. a small expense account) may have been omitted from the credit column of the trial balance by mistake, or a $125 credit balance may have been mistakenly listed twice as $125 debit instead of once as $125 credit (a swing of $250) – correct by re-extracting the balance correctly onto the credit side. (Any error causing a $250 one-sided difference is acceptable, e.g. a transposition or single-entry omission of $250.)

Bài tập luyện tập

State whether each of the following would be entered in the sales journal, the purchases journal, or neither: (a) sale of goods for cash; (b) sale of goods on credit; (c) purchase on credit of a delivery van for use in the business; (d) purchase on credit of goods for resale.

Lời giải chi tiết

(a) Neither – a cash sale is recorded directly in the cash book, not the sales journal (the sales journal is only for *credit* sales).
(b) Sales journal.
(c) Neither – a non-current asset bought on credit goes through the general journal, not the purchases journal (which is only for goods bought for resale).
(d) Purchases journal.

Verification of Accounting Records

> **Mục tiêu Unit:** Đối chiếu sổ phụ ngân hàng (bank reconciliation) kể cả trường hợp thấu chi (overdraft) và suy luận ngược từ số dư sổ phụ; tài khoản đối chiếu công nợ (control accounts) gồm tìm số liệu bị thiếu và bút toán giao hoán (contra); sáu loại sai sót kế toán, tài khoản treo (suspense account); và cách sửa sai sót ảnh hưởng đồng thời đến báo cáo kết quả hoạt động kinh doanh (lợi nhuận) và bảng cân đối kế toán (tài sản/nợ phải trả).

3.1 Bank reconciliation

The balance on the business's cash book (bank column) often differs from the balance on the bank statement because of **timing differences** and items the bank knows about before the business does.

> **Timing differences** (already in the cash book, not yet on the bank statement): unpresented cheques (paid out but not yet cleared) and deposits/lodgements not yet credited by the bank.
> **Bank-only items** (on the bank statement, not yet in the cash book): bank charges, standing orders/direct debits, credit transfers received, dishonoured cheques, interest.
> **Method:** (1) update the cash book for bank-only items; (2) reconcile the updated cash book balance to the bank statement balance for timing differences.

Ví dụ mẫu · Worked example

On 31 May, J. Okafor's cash book (bank column) shows a debit balance of $2,340; the bank statement shows a balance of $3,050. On comparison: bank charges $45 and a standing order for insurance $120 appear on the bank statement but not in the cash book; a credit transfer received from a customer $560 and a dividend received $85 appear on the bank statement but not in the cash book. Cheques paid out but not yet presented total $850; a deposit of $620 was not yet credited by the bank.

		$
Updated cash book (bank column)	Balance per cash book, 31 May	2,340
	Add: credit transfer received	560
	Add: dividend received	85
	Less: bank charges	(45)
	Less: standing order (insurance)	(120)
	Updated (corrected) cash book balance	**2,820**

Bank reconciliation statement at 31 May

	$
Balance as per bank statement	3,050
Add: deposit not yet credited	620
Less: unpresented cheques	(850)
Balance as per updated cash book	**2,820**

VN **GIẢI THÍCH TIẾNG VIỆT**

Bước 1: cập nhật sổ quỹ (cash book) cho các khoản ngân hàng đã biết mà doanh nghiệp chưa ghi (phí ngân hàng, lệnh chuyển tiền tự động, tiền khách chuyển thẳng...). Bước 2: đối chiếu số dư sổ quỹ đã cập nhật với số dư sổ phụ ngân hàng qua "Bank reconciliation statement", điều chỉnh cho các khoản chênh lệch thời gian (séc chưa trình, tiền gửi chưa được ghi có).

3.1.1 Deriving the cash book balance first

In practice, an examination question may give the individual receipts and payments of the cash book *before* they have been totalled. The first task is always to total the cash book and find its own balance c/d – only then can the reconciliation with the bank statement begin.

Ví dụ mẫu · Totalling the cash book before reconciling

E. Owusu-Ansah's cash book (bank column) for October has not yet been totalled.

Receipts		Payments	
Oct 1 Balance b/d	1,150	Oct 5 M. Frimpong (supplier)	780
Oct 8 J. Amoah	640	Oct 12 Rent	450
Oct 15 K. Boateng	980	Oct 19 N. Gyasi (supplier)	660
Oct 22 Cash banked	520	Oct 26 Wages (bank transfer)	340
Oct 29 L. Danso	310		

On 31 October the bank statement shows a balance of $1,970. A credit transfer received from a tenant $350 appears only on the bank statement; bank charges of $40 and a standing order for a subscription $90 also appear only on the bank statement. Unpresented cheques total $500; a lodgement of $120 has not yet been credited.

Step 1 – total the cash book. Receipts $= 1{,}150 + 640 + 980 + 520 + 310 = 3{,}600$. Payments $= 780 + 450 + 660 + 340 = 2{,}230$. Balance c/d at 31 October (before adjustment) $= 3{,}600 - 2{,}230 = \$1{,}370$ (Dr).

Step 2 – update the cash book for bank-only items.

	$
Balance c/d per cash book, 31 October	1,370
Add: credit transfer from tenant	350
Less: bank charges	(40)
Less: standing order (subscription)	(90)
Updated cash book balance	**1,590**

Step 3 – reconciliation statement.

	$
Balance as per bank statement	1,970
Add: lodgement not yet credited	120
Less: unpresented cheques	(500)
Balance as per updated cash book	**1,590**

Both routes agree at $1,590, confirming the cash book and the bank statement are reconciled.

VN GIẢI THÍCH TIẾNG VIỆT

Khi đề bài cho sổ quỹ (cash book) chưa cộng tổng, luôn cộng Bên Thu (Receipts) và Bên Chi (Payments) trước để tìm số dư ban đầu (balance c/d), rồi mới thực hiện hai bước quen thuộc: cập nhật sổ quỹ cho khoản chỉ có trên sổ phụ ngân hàng, sau đó lập bảng đối chiếu cho chênh lệch thời gian.

Bài tập luyện tập

E. Danquah's cash book (bank column) for November has not yet been totalled. Receipts: Nov 1 balance b/d $980; Nov 6 A. Yeboah $540; Nov 14 B. Quansah $720; Nov 23 cash banked $360. Payments: Nov 9 C. Nyarko (supplier) $610; Nov 18 electricity $290; Nov 27 D. Osei (supplier) $470. On 30 November the bank statement shows a balance of $1,340. Bank charges of $35 and a credit transfer received from a tenant of $260 appear only on the bank statement. Unpresented cheques total $400; a lodgement of $515 is not yet credited. Total the cash book, update it for the bank-only items, and prove the reconciliation.

Lời giải chi tiết

Receipts $= 980 + 540 + 720 + 360 = 2{,}600$. Payments $= 610 + 290 + 470 = 1{,}370$. Balance c/d (unadjusted) $= 2{,}600 - 1{,}370 = \$1{,}230$.

Updated cash book $= 1{,}230 - 35 + 260 = \boxed{\$1{,}455}$.

Reconciliation $= 1{,}340 + 515 - 400 = \boxed{\$1{,}455}$. The two figures agree.

3.1.2 Bank reconciliation with an overdraft

When the bank column of the cash book has a *credit* balance, the business is overdrawn. The same method applies, but the direction of each adjustment reverses because both balances are negative (a liability, not an asset).

Ví dụ mẫu · Reconciling an overdrawn balance

At 30 June, F. Nkrumah's cash book (bank column) shows a *credit* (overdrawn) balance of $740. The bank statement shows an overdraft of $1,150. Bank charges $60 and a direct debit for rates $180 appear only on the statement; a lodgement of $520 has not yet been credited by the bank; unpresented cheques total $350.

Step 1 – update the cash book. Start with the overdraft $(740); the bank-only items increase the overdraft:

$$\text{Updated cash book overdraft} = 740 + 60 + 180 = \$980\ (\text{credit / overdrawn}).$$

Step 2 – reconciliation statement.

	$
Overdraft per bank statement	(1,150)
Less: lodgement not yet credited	520
Add: unpresented cheques	(350)
Overdraft per updated cash book	**(980)**

Check: $1{,}150 - 520 + 350 = 980$. Because the balance is overdrawn, an uncredited lodgement *reduces* the overdraft while unpresented cheques *increase* it – the opposite direction to a positive (debit) balance.

VN GIẢI THÍCH TIẾNG VIỆT

Khi số dư ngân hàng trong sổ quỹ là số dư CÓ (thấu chi/overdraft), cách đối chiếu vẫn giống nhưng dấu đảo ngược. Tiền gửi chưa được ghi có sẽ LÀM GIẢM thấu chi; séc chưa trình sẽ LÀM TĂNG thấu chi. Luôn cập nhật sổ quỹ trước (thêm phí, lệnh ghi nợ) rồi mới lập bảng đối chiếu.

Bài tập luyện tập

At 31 January, cash book (bank column) of R. Baidoo shows a credit (overdrawn) balance of $560. The bank statement shows an overdraft of $810. Bank charges $40 and a direct debit for an internet subscription $95 appear only on the statement. A lodgement of $300 has not yet been credited; unpresented cheques total $185. Update the cash book and prove the reconciliation.

Lời giải chi tiết

Updated cash book overdraft $= 560 + 40 + 95 = \boxed{\$695}$.
Reconciliation: $810 - 300 + 350$? Careful: unpresented cheques given is $185, not $350. $810 - 300 + 185 = \boxed{\$695}$. The two figures agree.

3.1.3 Combining several bank-only items: dishonoured cheques and standing orders together

A dishonoured cheque is a cheque a customer paid to the business that the *customer's own bank* has refused to honour (e.g. insufficient funds). Because the money is taken back out of the business's bank account, a dishonoured cheque must be **subtracted** from the cash book – it reverses a receipt that turned out not to be real money, and the customer's debt is restored in the trade receivables account.

Ví dụ mẫu · Dishonoured cheque, standing order and unpresented cheques together

At 30 November, cash book (bank column) of A. Sarpong shows a debit balance of $4,250. The bank statement shows $3,860. On comparison: a cheque of $610 received earlier from customer T. Mensah has been dishonoured by the bank; a standing order for an insurance premium $150 and bank charges $35 appear only on the statement; a credit transfer received from a customer $400 also appears only on the statement. Unpresented cheques total $625; a lodgement of $620 has not yet been credited.

Updated cash book

	$
Balance per cash book, 30 November	4,250
Add: credit transfer received	400
Less: dishonoured cheque (T. Mensah)	(610)
Less: standing order (insurance)	(150)
Less: bank charges	(35)
Updated cash book balance	**3,855**

Reconciliation statement

	$
Balance as per bank statement	3,860
Add: lodgement not yet credited	620
Less: unpresented cheques	(625)
Balance as per updated cash book	**3,855**

Both routes give $3,855. Note that T. Mensah's account in the sales ledger must also be re-debited with $610, since the debt is still owed.

VN **GIẢI THÍCH TIẾNG VIỆT**

Séc bị từ chối thanh toán (dishonoured cheque) nghĩa là tiền khách trả trước đó thực ra KHÔNG vào được tài khoản ngân hàng – phải TRỪ khoản này khỏi sổ quỹ giống như khoản thu chưa từng xảy ra, đồng thời ghi lại khoản nợ đó vào tài khoản khách hàng (trade receivables). Khi đề bài kết hợp nhiều khoản (séc bị từ chối, lệnh chuyển tiền tự động, séc chưa trình...), hãy xử lý riêng từng khoản theo đúng quy tắc, không gộp nhầm dấu.

(!) Lỗi thường gặp: A dishonoured cheque is often mistaken for a new receipt and mistakenly *added* to the cash book. Remember: it cancels a receipt that has already been recorded, so it must always be **subtracted** from the cash book balance, and the customer's account must be re-debited (the debt has not actually been paid).

Bài tập luyện tập

Cash book (bank column) of B. Antwi shows a debit balance of $3,180 at 31 August. The bank statement shows $3,015. A cheque of $340 received from customer P. Owusu has been dishonoured; a standing order for rates $95 and bank charges $25 appear only on the statement; a credit transfer received $180 also appears only on the statement. Unpresented cheques total $410; a lodgement of $225 has not yet been credited. Update the cash book and prove the reconciliation.

Lời giải chi tiết

Updated cash book $= 3{,}180 + 180 - 340 - 95 - 25 = \boxed{\$2{,}900}$.

Reconciliation $= 3{,}015 + 225 - 410 = \boxed{\$2{,}900}$. The two figures agree.

3.1.4 Working backwards: from the bank statement to the cash book

Some questions give the bank statement balance and the reconciling items, and ask for the balance the cash book *currently* shows (before it has been updated for bank-only items). This simply runs the whole method in reverse.

Ví dụ mẫu · Working from the bank statement back to the cash book

At 31 December, C. Owiredu's bank statement shows a balance of $5,430. Unpresented cheques total $1,240; a lodgement of $860 has not yet been credited. Bank charges of $25 and a standing order of $200 appear on the bank statement but have not yet been entered in the cash book. Find (a) the corrected (fully updated) cash book balance, and (b) the balance the cash book *currently* shows, before the charges and standing order are entered.

(a) Corrected cash book balance (via the reconciliation statement):

	$
Balance as per bank statement	5,430
Add: lodgement not yet credited	860
Less: unpresented cheques	(1,240)
Corrected cash book balance	**5,050**

(b) Current (unadjusted) cash book balance. The corrected balance of $5,050 already reflects the bank charges and standing order being deducted. To find what the cash book shows *before* those two items are entered, add them back:

$$\text{Current cash book balance} = 5{,}050 + 25 + 200 = \$5{,}275.$$

Check: updating $5,275 for the bank charges and standing order gives $5{,}275 - 25 - 200 = \$5{,}050$, which reconciles with the bank statement exactly as in part (a).

GIẢI THÍCH TIẾNG VIỆT

VN Một số câu hỏi cho số dư sổ phụ ngân hàng và yêu cầu tìm ngược lại số dư sổ quỹ hiện tại (trước khi cập nhật). Cách làm: (1) từ số dư sổ phụ, lập bảng đối chiếu như bình thường để ra số dư sổ quỹ ĐÃ cập nhật (đã đúng, đã khớp với sổ phụ); (2) muốn tìm số dư sổ quỹ TRƯỚC khi cập nhật, cộng ngược lại các khoản phí/lệnh ghi nợ đã trừ ở bước cập nhật.

Bài tập luyện tập

At 30 September, a bank statement shows a balance of $2,760. Unpresented cheques total $690; a lodgement of $410 has not yet been credited. Bank charges $30 and a dividend received $150 appear on the bank statement but have not yet been entered in the cash book. Find (a) the corrected cash book balance, and (b) the balance the cash book currently shows before the bank charges and dividend are entered.

Lời giải chi tiết

(a) Corrected cash book balance $= 2{,}760 + 410 - 690 = \boxed{\$2{,}480}$.
(b) The corrected balance already reflects the bank charges (deducted) and dividend (added). Current (unadjusted) balance $= 2{,}480 + 30 - 150 = \boxed{\$2{,}360}$.
Check: updating $2,360 for the bank-only items gives $2{,}360 - 30 + 150 = \$2{,}480$, which matches part (a).

(!) Lỗi thường gặp: In a bank reconciliation, students often add/subtract items on the wrong side. Remember: unpresented cheques have *already* reduced the cash book but the bank hasn't seen them yet, so they must be **subtracted** from the bank statement balance; uncredited deposits are the opposite – **add** them to the bank statement balance.

3.2 Control accounts

A **control account** is a summary account that checks the arithmetical accuracy of a subsidiary ledger (sales ledger or purchases ledger) by totalling all the entries that would otherwise be posted individually.

Trade receivables (sales ledger) control account – Debit side: balance b/d, credit sales, dishonoured cheques, interest charged to customers. Credit side: cash/cheques received, discount allowed, sales returns, irrecoverable debts written off, contra entries (set-off against purchases ledger), balance c/d.
Benefits: locates errors quickly, provides an instant total of trade receivables/payables for the statement of financial position without adding every individual balance, and helps deter (though not fully prevent) fraud.

Ví dụ mẫu · Worked example

Trade Receivables (Sales Ledger) Control Account for April: balance b/d 1 April $12,400 (Dr); credit sales $28,600; cash/cheques received $26,900; discount allowed $340; sales returns $760; irrecoverable debts written off $180; interest charged on an overdue account $50; contra with purchases ledger $200.

Debit (Dr)		Credit (Cr)	
Balance b/d	12,400	Bank	26,900
Sales	28,600	Discount allowed	340
Interest charged	50	Sales returns	760
		Irrecoverable debts	180
		Contra (purchases ledger)	200
		Balance c/d	12,670
Total	**41,050**	**Total**	**41,050**

The balance b/d for May, $12,670, should equal the sum of the individual customer balances in the sales ledger.

VN **GIẢI THÍCH TIẾNG VIỆT**
Tài khoản đối chiếu công nợ tổng hợp toàn bộ giao dịch của sổ chi tiết (sổ bán hàng/mua hàng) để kiểm tra tính chính xác số học, tìm lỗi nhanh, và cho ra ngay số dư phải thu/phải trả để lập bảng cân đối kế toán mà không cần cộng từng khách hàng.

3.2.1 The purchases ledger control account

The purchases ledger (trade payables) control account mirrors the sales ledger control account, but its normal balance is a credit.

Purchases Ledger (Trade Payables) Control Account – Credit side: balance b/d, credit purchases, interest charged by suppliers. **Debit side:** cash/cheques paid, discount received, purchases returns, contra (set-off against sales ledger), balance c/d.

Ví dụ mẫu · Purchases ledger control account

Prepare the purchases ledger control account for May from: balance b/d 1 May $8,900 (Cr); credit purchases $31,200; payments to suppliers $27,500; discount received $620; purchases returns $410; contra with sales ledger $300.

Debit (Dr)		**Credit (Cr)**	
Bank	27,500	Balance b/d	8,900
Discount received	620	Purchases	31,200
Purchases returns	410		
Contra (sales ledger)	300		
Balance c/d	11,270		
Total	**40,100**	**Total**	**40,100**

The closing balance $11,270 (Cr) is the total owed to suppliers, and should equal the sum of the individual balances in the purchases ledger.

GIẢI THÍCH TIẾNG VIỆT

VN Tài khoản đối chiếu công nợ phải trả (purchases ledger control account) có cấu trúc đối xứng với tài khoản phải thu, nhưng số dư bình thường nằm bên CÓ (Cr) vì đây là khoản doanh nghiệp còn nợ nhà cung cấp.

3.2.2 Reconciling the control account to the list of balances

If the control account balance does not equal the total of the individual ledger balances, an error exists in one or the other. The two are reconciled by adjusting for the specific errors found.

Ví dụ mẫu · Reconciling to the list of balances

The sales ledger control account shows a balance of $14,600, but the list of individual customer balances totals $14,180. Investigation finds: (i) a sales invoice for $260 was omitted from a customer's account (but was in the control total); (ii) a customer's balance of $160 was overcast when the list was added.

Corrected list of balances:

	$
List of balances as extracted	14,180
Add: invoice omitted from customer's account	260
Less: overcast of a balance	(160)
Corrected total of balances	**14,280**

The control account also needs correcting for any error that affected it. Here the omission (i) affected only the personal account, but the $14,600 control balance must be reviewed for its own errors. Suppose the control account had been overstated because sales returns of $320 were omitted from it: corrected control $= 14{,}600 - 320 = \$14{,}280$, which now agrees with the corrected list. Both sides must be corrected to the same figure.

VN **GIẢI THÍCH TIẾNG VIỆT**

Tài khoản đối chiếu (control account) phải khớp với TỔNG các số dư chi tiết trong sổ phụ. Nếu lệch, phải điều chỉnh cả hai: lỗi ảnh hưởng tài khoản cá nhân thì sửa danh sách số dư; lỗi ảnh hưởng tài khoản tổng hợp (control) thì sửa control account. Sau khi sửa, hai bên phải bằng nhau.

3.2.3 Finding a missing figure in a control account

A control account can be used like any T-account: if every other figure is known, the missing one is found by making the two sides balance.

Ví dụ mẫu · Missing credit sales

The following information is available for the sales ledger control account for June: balance b/d 1 June $9,800 (Dr); cash/cheques received $34,200; discount allowed $620; sales returns $480; irrecoverable debts written off $150; balance c/d 30 June $11,350 (Dr). Credit sales for June are not given – find them.

Debit (Dr)		**Credit (Cr)**	
Balance b/d	9,800	Bank	34,200
Credit sales (missing)	?	Discount allowed	620
		Sales returns	480
		Irrecoverable debts	150
		Balance c/d	11,350
Total	**?**	**Total**	**46,800**

Credit side total $= 34{,}200 + 620 + 480 + 150 + 11{,}350 = \$46{,}800$. Since both sides of a ledger account must total the same figure, $9{,}800 +$ credit sales $= 46{,}800$, so

$$\text{Credit sales for June} = 46{,}800 - 9{,}800 = \boxed{\$37{,}000}.$$

Ví dụ mẫu · Missing opening balance

The purchases ledger control account for July shows: credit purchases $28,500; payments to suppliers $30,900; discount received $540; purchases returns $360; balance c/d 31 July $9,200 (Cr). The balance b/d at 1 July is missing – find it.

Debit side total (excluding the opening balance, which is on the credit side) $= 30{,}900 + 540 + 360 + 9{,}200 = \$41{,}000$. Credit side total must equal this: balance b/d $+ 28{,}500 = 41{,}000$, so

$$\text{Balance b/d, 1 July} = 41{,}000 - 28{,}500 = \boxed{\$12{,}500\ (\text{Cr})}.$$

Check: opening payables 12,500 + credit purchases 28,500 = 41,000 owed in total; less payments 30,900, discount received 540 and returns 360 (total reductions 31,800) leaves a closing balance of $41{,}000 - 31{,}800 = \$9{,}200$, which agrees.

VN **GIẢI THÍCH TIẾNG VIỆT**

Vì hai bên của tài khoản đối chiếu (control account) luôn phải bằng nhau, nếu biết đủ các số liệu còn lại thì số liệu thiếu (doanh thu chịu bán, số dư đầu kỳ...) luôn tìm được bằng cách lấy tổng bên còn lại trừ đi các khoản đã biết ở bên đối diện.

Bài tập luyện tập

The sales ledger control account for December shows: credit sales $41,600; discount allowed $470; sales returns $690; irrecoverable debts $220; balance c/d 31 December $13,900 (Dr). The cash/cheques received figure and the balance b/d (1 December, $12,800 Dr) are known separately – except the amount of cash/cheques received was smudged. Calculate the missing cash/cheques received figure.

Lời giải chi tiết

Debit side total $= 12{,}800 + 41{,}600 = \$54{,}400$. Credit side (excluding cash received) $= 470 + 690 + 220 + 13{,}900 = \$15{,}280$. Cash/cheques received $= 54{,}400 - 15{,}280 = \boxed{\$39{,}120}$.

Bài tập luyện tập

A purchases ledger control account for September shows: payments to suppliers $26,400; discount received $380; contra $150; balance c/d 30 September $8,700 (Cr); balance b/d 1 September $7,900 (Cr). Calculate the credit purchases for September.

Lời giải chi tiết

Debit side total $= 26{,}400+380+150+8{,}700 = \$35{,}630$. Credit side (excluding credit purchases) $= 7{,}900$. Credit purchases $= 35{,}630 - 7{,}900 = \boxed{\$27{,}730}$.

3.2.4 Using a control account to check a suspected error

Because a control account is built only from journal *totals* (not individual postings), it will still be correct even if an individual posting inside the personal ledger goes wrong. Comparing the two figures shows immediately which side the error is on.

Ví dụ mẫu · Checking a suspected error against the control account

The sales ledger control account for August is prepared from the journals as follows: balance b/d 1 August $18,400 (Dr); credit sales $46,000; cash/cheques received $42,300; discount allowed $780; sales returns $650; irrecoverable debts written off $300.

$$\text{Balance c/d} = 18{,}400 + 46{,}000 - 42{,}300 - 780 - 650 - 300 = \boxed{\$20{,}370}.$$

However, the list of individual customer balances in the sales ledger totals only $20,050 – a shortfall of $320. Because the $46,000 of credit sales in the control account is a journal *total* (and is not in doubt), the error must lie inside the personal ledger. Investigation finds that a sales invoice for $320 to a customer, though correctly recorded in the sales journal (and so correctly included in the $46,000 control account total), was never posted to that customer's individual account.

Corrected list of balances $= 20{,}050 + 320 = \$20{,}370$, which now agrees with the control account. This confirms the control account itself was correct throughout, and the omission was purely a posting error inside the sales ledger.

VN **GIẢI THÍCH TIẾNG VIỆT**

Vì control account được lập từ TỔNG của các nhật ký (journal totals), nó thường đáng tin cậy hơn khi nghi ngờ có sai sót trong sổ chi tiết cá nhân. So sánh số dư control account với tổng danh sách số dư chi tiết sẽ cho biết ngay sai sót nằm ở đâu – thường là một khoản chưa được ghi vào đúng tài khoản cá nhân.

Bài tập luyện tập

A purchases ledger control account for October is built from the day books as: balance b/d 1 October $14,600 (Cr); credit purchases $33,000; payments to suppliers $30,100; discount received $540; purchases returns $260. The list of individual supplier balances totals $16,900. Prepare the control account and identify how large a discrepancy needs to be explained, then suggest one possible cause.

Lời giải chi tiết

Balance c/d $= 14{,}600 + 33{,}000 - 30{,}100 - 540 - 260 = \boxed{\$16{,}700}$ (Cr).
Discrepancy $= 16{,}900 - 16{,}700 = \$200$ (the list is $200 too high). A possible cause: a payment of $200 to a supplier, correctly recorded in the cash book and correctly included within the $30,100 total in the control account, was never posted to that supplier's individual account, leaving the personal ledger overstated by $200.

3.2.5 Contra entries in both control accounts

A **contra entry** arises when the same person is both a customer (in the sales ledger) and a supplier (in the purchases ledger). Instead of the business paying the supplier and separately collecting from the customer, the common amount is simply *set off* between the two accounts. Because a contra entry touches both ledgers, it must be entered in **both** control accounts for the same amount: as a **credit** in the sales ledger control account (reducing trade receivables) and as a **debit** in the purchases ledger control account (reducing trade payables).

Ví dụ mẫu · Contra entry in both control accounts

T. Adjei buys goods from, and also sells goods to, the business. At 30 September a contra (set-off) of $680 is agreed between his customer account and his supplier account. Prepare both control accounts for September.

Sales Ledger Control Account, September: balance b/d 1 September $22,900 (Dr); credit sales $58,000; cash/cheques received $54,600; discount allowed $910; sales returns $540; contra $680.

Debit (Dr)		Credit (Cr)	
Balance b/d	22,900	Bank	54,600
Sales	58,000	Discount allowed	910
		Sales returns	540
		Contra (purchases ledger)	680
		Balance c/d	24,170
Total	**80,900**	**Total**	**80,900**

Purchases Ledger Control Account, September: balance b/d 1 September $16,300 (Cr); credit purchases $39,500; payments to suppliers $37,800; discount received $620; contra $680.

Debit (Dr)		Credit (Cr)	
Bank	37,800	Balance b/d	16,300
Discount received	620	Purchases	39,500
Contra (sales ledger)	680		
Balance c/d	16,700		
Total	**55,800**	**Total**	**55,800**

The same $680 contra appears on the credit side of the sales ledger control account and the debit side of the purchases ledger control account – a single set-off, recorded twice, once in each control account.

VN GIẢI THÍCH TIẾNG VIỆT

Bút toán giao hoán (contra entry) xảy ra khi cùng một người vừa là khách hàng vừa là nhà cung cấp. Thay vì thanh toán hai chiều, hai bên bù trừ một khoản chung. Khoản này PHẢI xuất hiện ở CẢ HAI tài khoản đối chiếu: bên CÓ của sales ledger control account (giảm phải thu) và bên NỢ của purchases ledger control account (giảm phải trả), với cùng một số tiền.

(!) Lỗi thường gặp: A common mistake is recording a contra entry in only one control account, or on the wrong side. A contra must reduce *both* the customer's balance (credit entry, sales ledger control account) and the supplier's balance (debit entry, purchases ledger control account) by the same amount – otherwise the personal ledgers will no longer agree with the control accounts.

Bài tập luyện tập

K. Asante is both a customer and a supplier of the business. At 31 October a contra of $450 is agreed. The sales ledger control account for October also shows: balance b/d 1 October $19,600 (Dr); credit sales $37,200; cash/cheques received $34,800; discount allowed $520. The purchases ledger control account shows: balance b/d 1 October $11,400 (Cr); credit purchases $26,300; payments to suppliers $24,900; discount received $310. Prepare both control accounts, including the contra entry in each.

Lời giải chi tiết

Sales ledger control account: Dr side total $= 19{,}600 + 37{,}200 = 56{,}800$. Cr side (excl. balance c/d) $= 34{,}800 + 520 + 450 = 35{,}770$. Balance c/d $= 56{,}800 - 35{,}770 = \boxed{\$21{,}030}$ (Dr).
Purchases ledger control account: Cr side total $= 11{,}400 + 26{,}300 = 37{,}700$. Dr side (excl. balance c/d) $= 24{,}900 + 310 + 450 = 25{,}660$. Balance c/d $= 37{,}700 - 25{,}660 = \boxed{\$12{,}040}$ (Cr).
The $450 contra appears once as a credit in the sales ledger control account and once as a debit in the purchases ledger control account.

3.3 Correction of errors and the suspense account

Six types of error do *not* stop a trial balance from balancing:

Error type	Definition
Omission	A transaction is completely left out of the books (neither debit nor credit made).
Commission	Entry posted to the correct *type* of account, but the wrong *person's* account (e.g. another customer with a similar name).
Principle	Entry posted to the wrong *class* of account (e.g. a non-current asset debited to an expense account).
Original entry	The wrong figure (copied from the source document) is used, but posted consistently on both sides.
Complete reversal	Both accounts are correct in amount but debit and credit are swapped.
Compensating	Two unrelated errors of equal amounts happen to cancel each other out.

When a trial balance does *not* balance, the difference is placed in a **suspense account** so the trial balance can be completed; the suspense account is then cleared as each causing error is found and corrected via journal entries.

Ví dụ mẫu · Worked example

The trial balance at 31 March failed to balance: the debit column exceeded the credit column by $340, so a suspense account was opened with a *credit* balance of $340. Investigation found: (i) the sales journal was undercast (added up $200 too low), so Sales is understated by $200; (ii) a cheque of $140 received from a credit customer was correctly entered in the cash book (Debit Bank) but was never posted to the customer's account (the credit to Trade receivables was omitted).

Journal entries

	Dr $	Cr $
Suspense account	200	
Sales		200
(correction of undercast in sales journal)		
Suspense account	140	
Trade receivables (customer)		140
(posting of cheque received, omitted from customer's account)		

Suspense account

Debit (Dr)		**Credit (Cr)**	
Sales	200	Balance b/d (difference)	340
Trade receivables	140		
Total	**340**	**Total**	**340**

Effect on profit: error (i) understated Sales, so draft profit must be increased by $200; error (ii) affects only the statement of financial position (trade receivables), so it has no effect on profit.

	$
Draft profit for the year	9,540
Add: correction of Sales understatement	200
Corrected profit for the year	**9,740**

VN GIẢI THÍCH TIẾNG VIỆT

Khi bảng cân đối thử không cân, phần chênh lệch được đưa vào "tài khoản treo" (suspense account) để bảng vẫn cân tạm thời. Sau đó tìm nguyên nhân, ghi bút toán điều chỉnh (journal entries) để xoá tài khoản treo về 0. Lỗi ảnh hưởng đến tài khoản doanh thu/chi phí sẽ làm thay đổi lợi nhuận; lỗi chỉ ảnh hưởng tài khoản tài sản/nợ phải trả thì không ảnh hưởng lợi nhuận.

3.3.1 Identifying the six types of error

The scenarios below are all different from the worked examples above – for each, decide which of the six error types applies, and note which ones would (or would not) actually require a suspense account.

Bài tập luyện tập

(a) A petty cash payment for postage $18 was completely left out of both the cash book and the postage account.

(b) A repair invoice from Supplier P was correctly entered in the purchases journal and credited to Supplier P's account, but was debited to Supplier Q's account (a different supplier) instead of Supplier P's.

(c) The cost of a new shop till, $650 (a non-current asset), was debited to the "shop supplies" expense account.

(d) A credit sale of $780 was recorded from the invoice as $870 (the digits were transposed), and $870 was posted to both the customer's account and the sales account.

(e) A cheque payment of $240 to a supplier was credited to the supplier's account and debited to the bank account – the opposite of the correct entries.

(f) The rent account was overcast by $150 and, in the very same trial balance, the general expenses account happened to be undercast by $150, so the trial balance totals still agreed.

(g) A cash purchase of $60 for cleaning materials was debited to the cleaning expenses account, but the credit entry to the bank account was never made at all.

(h) Of items (a)–(g) above, which one would actually cause the trial balance to disagree (and so require a suspense account), and why do the other six not require one?

Lời giải chi tiết

(a) **Omission** – left out completely, so both sides are equally missing and the trial balance still balances.
(b) **Commission** – correct class of account (a trade payable) but the wrong person.
(c) **Principle** – posted to the wrong class of account (an expense instead of a non-current asset).
(d) **Original entry** – the wrong figure used, but the same wrong figure posted consistently on both sides.
(e) **Complete reversal** – correct amount, but debit and credit swapped.
(f) **Compensating** – two unrelated errors of equal size cancel out.
(g) This is *not* one of the six errors: only one side of the double entry was made (the debit to cleaning expenses exists, but there is no matching credit to bank at all). This single-sided posting makes the total debits and total credits in the trial balance disagree by $60, and *does* require a suspense account to be opened.
(h) Item (g) is the one that causes disagreement, because every double-entry principle requires an equal debit and an equal credit; (g) breaks that rule by recording only one side. Items (a)–(f)

all keep an equal debit and credit *somewhere* in the books (even if it is the wrong account, the wrong person, or the wrong amount used twice), so the trial balance totals still agree.

3.3.2 Correcting errors that do not require a suspense account

Not every discovered error needs a suspense account – only the one (if any) that actually caused the trial balance to disagree. The other error types leave total debits equal to total credits, so their correcting journal entries never touch a suspense account at all. A **complete reversal** needs special care: because the original entry was wrong on *both* sides, the correction must use **double** the original amount – once to cancel the wrong entry and once to record the correct one.

Ví dụ mẫu · Three self-balancing errors, no suspense account needed

T. Frimpong's trial balance at 30 April balanced perfectly, yet the following errors were later discovered: (1) A private telephone bill of the owner, $140, had been paid from the business bank account and debited to the business's telephone expense account (it should have been treated as drawings). (2) A cheque of $260 received from customer R. Boakye was posted to the account of a different customer, R. Boaten. (3) A payment of $310 to a supplier was debited to the supplier's account and credited to bank – the debit and credit were reversed.

Journal entries (no suspense account is used, because the trial balance already balanced):

	Dr $	Cr $
(1) Drawings	140	
Telephone expense		140
(2) R. Boaten	260	
R. Boakye		260
(3) Trade payable (supplier)	620	
Bank		620

For (3), because both sides of the original entry were reversed, correcting it requires *twice* the original amount ($2 \times \$310 = \$620$): once to cancel the wrong entry, once to record the correct one.

Effect on profit:

	$
Draft profit	15,200
(1) Telephone expense reduced (reclassified as drawings) – increase profit	140
(2) Affects only two customers' personal accounts – no profit effect	0
(3) Affects only trade payables and bank – no profit effect	0
Corrected profit	**15,340**

Error (1) also increases drawings by $140, which reduces capital by $140 – exactly cancelling the $140 rise in profit that flows into capital, so net assets are unchanged by error (1) taken on its own.

GIẢI THÍCH TIẾNG VIỆT
VN
Không phải lỗi nào cũng cần tài khoản treo (suspense account) – chỉ lỗi khiến bảng cân đối thử KHÔNG cân mới cần. Các lỗi còn lại vẫn có bút toán Nợ/Có cân bằng nhau, nên bút toán sửa lỗi không đi qua suspense. Lưu ý đặc biệt với lỗi đảo ngược hoàn toàn (complete reversal): phải sửa bằng GẤP ĐÔI số tiền gốc vì cả hai bên đều đã ghi sai.

Bài tập luyện tập

A trial balance balanced correctly, yet the following errors were later found: (i) a cash receipt from customer M. Danso $180 was posted to the account of M. Darko; (ii) a payment for insurance $95 was debited to the general expenses account instead of the insurance account; (iii) a receipt of $150 from a customer was debited to the customer's account and credited to bank (reversed). Prepare the journal entries, and state which of the three errors changes the profit for the year.

Lời giải chi tiết

(i) Dr M. Darko $180; Cr M. Danso $180 – affects only two personal (receivable) accounts, no profit effect.
(ii) Dr Insurance $95; Cr General expenses $95 – both are expense accounts, so total expenses (and profit) are unchanged; only the split between expense categories is corrected.
(iii) Dr Bank $300; Cr Customer's account $300 (twice the original $150, to cancel the reversed entry and record it correctly) – affects only a receivable and bank, no profit effect.
None of the three errors changes the profit for the year.

3.4 Correcting profit and the statement of financial position

Correcting errors often changes the calculated profit. The key is to decide whether each error affected an income/expense account (which changes profit) or only assets/liabilities (which does not).

Ví dụ mẫu · Journal corrections and revised profit

After preparing the accounts, G. Mensah's draft profit was $21,400. The following errors were then found: (1) A purchase of goods $540 was completely omitted from the books. (2) Repairs to machinery $700 were debited to the machinery (non-current asset) account. (3) A sale of $430 to H. Poku was correctly credited to sales but debited to H. Poku's account as only $340 (undercast by $90). (4) Discount received of $60 was completely omitted from the books.

Journal entries:

	Dr $	Cr $
(1) Purchases	540	
Trade payable		540
(2) Repairs (expense)	700	
Machinery		700
(3) H. Poku (trade receivable)	90	
Suspense		90
(4) Trade payable	60	
Discount received		60

Only error (3) was single-sided, so only it passes through the suspense account (a $90 debit clears a $90 suspense difference).

Effect on profit:

	$	$
Draft profit		21,400
(1) Purchases understated – *reduce* profit	(540)	
(2) Expense (repairs) understated – *reduce* profit	(700)	
(3) Affects only a customer's account – no profit effect	0	
(4) Discount received (income) omitted – *increase* profit	60	
		(1,180)
Corrected profit		**20,220**

(!) Lỗi thường gặp: When deciding the effect on profit, ignore errors that touch only asset or liability accounts (like error 3, a customer's personal account). Only errors reaching the income statement – sales, purchases, returns, expenses, discounts, provisions – change the profit figure.

VN GIẢI THÍCH TIẾNG VIỆT

Sửa lỗi thường làm thay đổi lợi nhuận nháp (draft profit). Quy tắc: nếu lỗi chạm vào tài khoản doanh thu/chi phí thì lợi nhuận thay đổi; nếu chỉ chạm vào tài sản/nợ phải trả thì lợi nhuận không đổi. Lập bút toán điều chỉnh (journal) trước, sau đó lập bảng tính lợi nhuận đã sửa (statement of corrected profit).

3.4.1 A full worked example: five errors, corrected profit and corrected net assets

The next example follows five errors all the way through: from the journal, to a statement of corrected profit, and finally to the effect on the statement of financial position (assets, liabilities and capital). This shows why the two statements must always change by the *same* amount, unless drawings are involved.

Ví dụ mẫu · Five errors: corrected profit and corrected net assets

K. Boadu's draft accounts for the year ended 31 December showed a profit of $34,600. The draft statement of financial position showed: non-current assets $58,000; inventory $12,400; trade receivables $16,800; bank $4,200; trade payables $9,500; and a suspense account with a *credit* balance of $450 (opened because the trial balance did not balance). The following errors were then discovered.

(1) Repairs to a motor vehicle, $960, had been debited to the motor vehicles (non-current asset) account instead of to a repairs expense account.

(2) Closing inventory had been overvalued by $540 due to a counting error.

(3) A cash sale of $1,500 was correctly debited to the bank account, but was credited to the sales account as only $1,050 – the $450 shortfall is the exact amount of the suspense account difference.

(4) Irrecoverable debts of $380, written off during the year, had never been recorded in the books at all.

(5) Insurance of $620, paid in December for the following year, had been charged wholly as an expense of the current year; no prepayment had been recognised.

Journal entries

	Dr $	Cr $
(1) Repairs expense	960	
Motor vehicles		960
(2) Cost of sales (income statement)	540	
Inventory		540
(3) Suspense account	450	
Sales		450
(4) Irrecoverable debts (expense)	380	
Trade receivables		380
(5) Prepaid insurance (current asset)	620	
Insurance expense		620

Only error (3) is single-sided in the original books (the debit to bank was correct; the credit to sales was too low), so only it clears the suspense account: Dr Suspense $450 exactly cancels the $450 credit balance b/d.

Statement of corrected profit

	$	$
Draft profit for the year		34,600
(1) Repairs expense understated – reduce profit	(960)	
(2) Inventory overvalued (cost of sales understated) – reduce profit	(540)	
(3) Sales understated – increase profit	450	
(4) Irrecoverable debts expense omitted – reduce profit	(380)	
(5) Insurance expense overstated (prepayment omitted) – increase profit	620	
Net decrease in profit		(810)
Corrected profit for the year		**33,790**

Effect on the statement of financial position

	Draft $	Corrected $
Non-current assets $(58{,}000 - 960)$	58,000	57,040
Inventory $(12{,}400 - 540)$	12,400	11,860
Trade receivables $(16{,}800 - 380)$	16,800	16,420
Prepaid insurance (new)	–	620
Bank	4,200	4,200
Total assets	**91,400**	**90,140**
Trade payables	(9,500)	(9,500)
Suspense account (cleared)	(450)	–
Net assets = Capital	**81,450**	**80,640**

Net assets fall from $81,450 to $80,640, a decrease of $810 – exactly matching the $810 fall in profit. This confirms the correction has been carried through consistently: every error that changes profit changes capital (and so net assets) by the same amount, since none of these five errors involved drawings.

VN GIẢI THÍCH TIẾNG VIỆT

Khi sửa nhiều lỗi cùng lúc, luôn thực hiện theo ba bước: (1) lập bút toán điều chỉnh (journal) cho từng lỗi; (2) lập bảng tính lợi nhuận đã sửa; (3) lập lại bảng cân đối kế toán với tài sản/nợ phải trả đã sửa. Nếu không có khoản rút vốn (drawings) liên quan, mức thay đổi lợi nhuận phải LUÔN bằng mức thay đổi vốn chủ sở hữu (net assets) – đây là cách tự kiểm tra bài làm.

Bài tập luyện tập

N. Asare's draft profit for the year was \$12,800 and draft net assets (capital) totalled \$46,500. It was later found that (i) wages of \$450 for the final week of the year, though unpaid at the year end, had not been accrued; (ii) insurance of \$310 paid in advance for the following year had been charged wholly to this year's expenses. Calculate the corrected profit and the corrected net assets (capital), and confirm the two changes agree.

Lời giải chi tiết

(i) Unaccrued wages: expense understated, so profit falls by \$450; a new current liability (accrued wages \$450) appears.
(ii) Prepaid insurance: expense overstated, so profit rises by \$310; a new current asset (prepaid insurance \$310) appears.
Corrected profit $= 12{,}800 - 450 + 310 = \boxed{\$12{,}660}$ (a fall of \$140).
Change in net assets $= -450 + 310 = -\$140$. Corrected net assets $= 46{,}500 - 140 = \boxed{\$46{,}360}$.
Both the profit and the net assets fall by exactly \$140, as expected since neither correction involves drawings.

3.5 Verification as a self-checking system

Bank reconciliation, control accounts and the correction of errors are not three unrelated topics – together they form a chain that checks the accuracy of the whole accounting system, from the original transaction to the final financial statements.

Nguồn - Kiểm chứng - Điều chỉnh

Source documents (invoices, receipts, cheque counterfoils, credit notes, bank statements) provide the original evidence for every entry in the books of prime entry and, from there, the ledger accounts. **Verification** (this unit) then checks that the ledger accounts have been kept accurately: bank reconciliation confirms the cash book agrees with an independent record (the bank); control accounts confirm subsidiary ledgers agree with the general ledger; and correction of errors, via the suspense account, restores the trial balance's arithmetical integrity once any disagreement is traced back to its cause using the source documents. Finally, **end-of-year adjustments** (accruals, prepayments, depreciation, irrecoverable debts and provisions) refine the verified figures so that income and expenditure are matched to the correct accounting period before the financial statements are prepared. A trial balance that balances is a necessary, but not sufficient, test of accuracy – it does not detect omission, commission, principle, original entry, complete reversal or compensating errors, which is exactly why control accounts, bank reconciliations and a careful review of source documents remain essential even after the trial balance balances.

VN GIẢI THÍCH TIẾNG VIỆT

Ba chủ đề trong sách này liên kết chặt chẽ: chứng từ gốc (Unit 2) là bằng chứng cho mọi bút toán; công tác kiểm chứng (Unit 3 – đối chiếu ngân hàng, control account, sửa sai) đảm bảo sổ sách được ghi đúng; các bút toán điều chỉnh cuối kỳ (Unit 4 – dự thu/dự chi, khấu hao, nợ khó đòi) hoàn thiện số liệu trước khi lập báo cáo tài chính. Bảng cân đối thử (trial balance) cân KHÔNG có nghĩa là sổ sách hoàn toàn không có sai sót – sáu loại lỗi ở Unit này vẫn có thể tồn tại mà bảng vẫn cân, nên việc đối chiếu độc lập (ngân hàng, control account) vẫn luôn cần thiết.

Bài tập luyện tập

State two reasons why a trial balance that balances does not prove the ledger accounts are completely free of error, and explain how a control account can detect an error that the trial balance cannot.

Lời giải chi tiết

Two reasons: (1) the six error types (omission, commission, principle, original entry, complete reversal, compensating) all leave total debits equal to total credits, so a trial balance can balance even though the books are wrong; (2) a trial balance only checks that debits equal credits in total – it does not check that entries were made to the *correct* account or the *correct* person. A control account can still detect certain errors because it is built independently from the totals of the books of prime entry (e.g. the sales journal), and its resulting balance can be compared with the total of the individual balances in the subsidiary ledger. If the two figures disagree, an error must exist in the individual postings even though the trial balance itself balanced.

3.6 Practice

Bài tập luyện tập

On 30 September, D. Marsh's cash book (bank column) shows a debit balance of $1,860. The bank statement shows $2,540. A direct bank credit transfer of $220 from a customer, bank charges of $60, and a standing order (insurance) of $150 appear only on the bank statement. Unpresented cheques total $1,200; deposits not yet credited total $530. Calculate the updated cash book balance and confirm the reconciliation.

Lời giải chi tiết

Updated cash book $= 1{,}860 + 220 - 60 - 150 = \boxed{\$1{,}870}$.

Reconciliation: $2{,}540 + 530 - 1{,}200 = \boxed{\$1{,}870}$. The two figures agree.

Bài tập luyện tập

A Purchases Ledger (Trade Payables) Control Account for August shows: balance b/d 1 August (Cr) $9,400; payments to suppliers by cheque $22,600; discount received $480; purchases returns $310; contra with sales ledger $150; balance c/d 31 August (Cr) $10,860. Calculate the credit purchases for August.

Lời giải chi tiết

Total Dr side $= 22{,}600 + 480 + 310 + 150 + 10{,}860 = 34{,}400$. This must equal total Cr side = balance b/d $9{,}400$ + credit purchases. So credit purchases $= 34{,}400 - 9{,}400 = \boxed{\$25{,}000}$.

Bài tập luyện tập

Sales of $470 to J. Owen were correctly entered in the sales journal but posted to J. Cowen's account in the sales ledger. This is an error of:

(A) Principle
(B) Commission
(C) Original entry
(D) Compensating error

Lời giải chi tiết

The correct *class* of account (a trade receivable) was used, but the wrong *person's* account – this is an error of commission. **(B)**.

Bài tập luyện tập

A trial balance at 31 October showed the credit column exceeding the debit column by $95, so a suspense account was opened with a debit balance of $95. Investigation found: (i) the purchases returns journal was overcast by $60; (ii) discount allowed of $35 was correctly entered in the cash book and the customer's account, but was never posted to the discount allowed account. Prepare the journal entries and show the suspense account clearing to zero.

Lời giải chi tiết

(i) Overcast purchases returns (a credit-balance account) means Purchases returns is $60 too high: Dr Purchases returns $60, Cr Suspense $60.
(ii) Discount allowed (a debit-balance expense account) is missing an entry: Dr Discount allowed $35, Cr Suspense $35.

Suspense account: Dr Balance b/d $95 = Cr Purchases returns $60 + Cr Discount allowed $35 $= \boxed{\$95}$. Suspense account clears to nil.

Bài tập luyện tập

Which of the following is **not** a genuine benefit of preparing a purchases ledger control account?

(A) Helps locate errors in individual trade payables' accounts
(B) Provides a check on the arithmetic accuracy of the purchases ledger
(C) Gives an instant total of trade payables for the statement of financial position
(D) Guarantees that no fraud can ever occur in the purchases ledger

Lời giải chi tiết

Control accounts help *detect* unusual differences and deter casual fraud, but they cannot *guarantee* fraud never occurs (e.g. a fictitious supplier could still be set up with matching, consistent postings). **(D)**.

Bài tập luyện tập

On the bank statement but not yet in the cash book: bank charges $40, a customer's credit transfer $300. In the cash book but not yet on the bank statement: unpresented cheques $560, an uncredited lodgement $420. The cash book (before updating) shows $2,100 (Dr). Calculate (a) the updated cash book balance and (b) the balance the bank statement must show.

Lời giải chi tiết

(a) Updated cash book $= 2{,}100 - 40 + 300 = \boxed{\$2{,}360}$ (Dr).
(b) Working back: Bank statement = updated cash book − lodgement + unpresented cheques $= 2{,}360 - 420 + 560 = \boxed{\$2{,}500}$.

Bài tập luyện tập

A sales ledger control account has: balance b/d $16,200 (Dr); credit sales $52,000; sales returns $1,100; cheques received $48,600; discount allowed $540; irrecoverable debts $260; contra $180. Calculate the closing balance.

Lời giải chi tiết

Closing balance $= 16{,}200 + 52{,}000 - 1{,}100 - 48{,}600 - 540 - 260 - 180 = \boxed{\$17{,}520}$ (Dr).

Bài tập luyện tập

Purchases of $390 from L. Owusu were entered in the books as $930 on both the debit and credit sides. This is an error of:

(A) Commission
(B) Original entry
(C) Principle
(D) Complete reversal

Lời giải chi tiết

The wrong figure (transposed) was used, but posted consistently on both sides, so the trial balance still balances – an error of original entry. **(B)**.

Bài tập luyện tập

The trial balance showed the debit column $180 greater than the credit column, so a suspense account was opened. Investigation found: (i) the discount received account (a credit balance) was undercast by $100; (ii) the rent account (a debit balance) was overcast by $80. Prepare the journal entries and clear the suspense account.

Lời giải chi tiết

Suspense opened with a *credit* balance of $180 (debits exceeded credits).
(i) Discount received (a credit-balance account) undercast $100: Dr Suspense $100, Cr Discount received $100.
(ii) Rent (a debit-balance account) overcast $80: Dr Suspense $80, Cr Rent $80.
Suspense: Cr balance b/d $180 = Dr Discount received $100 + Dr Rent $80 = $\boxed{\$180}$. Cleared

to nil.

Bài tập luyện tập

Explain two reasons why the balance on a business's cash book may differ from the balance on its bank statement on the same date.

Lời giải chi tiết

(1) **Timing differences**: cheques the business has written and entered in the cash book have not yet been presented/cleared by the bank (unpresented cheques), and deposits paid in have not yet been credited (uncredited lodgements). (2) **Items the bank records first**: bank charges, interest, standing orders/direct debits, dishonoured cheques and credit transfers appear on the statement before the business enters them in the cash book.

Bài tập luyện tập

A draft profit of $18,000 was calculated. Then it was found that (a) closing inventory was overvalued by $600, and (b) rent prepaid of $250 had been ignored (not treated as a prepayment). Calculate the corrected profit.

Lời giải chi tiết

(a) Overvalued closing inventory overstates profit, so *reduce* profit by $600.
(b) A prepayment reduces the rent expense, so recognising it *increases* profit by $250.
Corrected profit $= 18{,}000 - 600 + 250 = \boxed{\$17{,}650}$.

Bài tập luyện tập

State which type of error each represents: (a) a cash sale entered on the credit of cash and debit of sales; (b) rates of $300 debited to the rent account; (c) a sale to J. Adams posted to J. Adamson's account.

Lời giải chi tiết

(a) Complete reversal (both entries correct in amount but on the wrong sides).
(b) Commission (correct class – an expense – but wrong particular account).
(c) Commission (correct class – a receivable – but wrong person's account).

Bài tập luyện tập

A purchases ledger control account balance is $9,850 (Cr) but the list of supplier balances totals $10,090. It is found that (i) a contra entry of $200 was recorded in the control account but not in the supplier's personal account, and (ii) a supplier's balance of $40 was omitted from the list. Reconcile the two figures.

Lời giải chi tiết

Corrected list of balances $= 10{,}090 - 200 + 40$? Work carefully: the contra should have reduced the supplier account by $200 but did not, so the list is $200 too high; the omitted $40 must be added:

$$10{,}090 - 200 + 40 = \boxed{\$9{,}930}.$$

The control account ($9,850) must also be reviewed; if a further $80 credit purchase was omitted from it, corrected control $= 9{,}850 + 80 = \$9{,}930$, agreeing with the corrected list.

Bài tập luyện tập

Why is a suspense account only ever a temporary account?

Lời giải chi tiết

A suspense account is opened only to make the trial balance balance while the cause of a difference is investigated. As each error is traced, a journal entry transfers the amount out of suspense into the correct account. Once every causing error is corrected, the suspense account balance becomes nil and the account is closed – it should never appear in the final statement of financial position.

Bài tập luyện tập

The cash book (bank column) of S. Owusu shows $3,300 (Dr) at 31 July. On comparison with the bank statement: bank charges $50 appear only on the statement; unpresented cheques total $820; an uncredited lodgement of $520 is not yet on the statement. Update the cash book, then determine the balance the bank statement must show.

Lời giải chi tiết

Updated cash book $= 3{,}300 - 50 = \boxed{\$3{,}250}$ (Dr).
Reconciliation (working back to the statement):

$$\text{Bank statement} = \text{updated cash book} + \text{unpresented cheques} - \text{uncredited lodgement} = 3{,}250 + 820 - 520 = \boxed{\$$$

The bank statement shows $3,550; the reconciliation confirms this ties back to the updated cash book balance of $3,250.

Bài tập luyện tập

A receipt of commission $220 was correctly entered in the cash book but credited to the "sales" account instead of a "commission received" account. This is an error of:

(A) Commission

(B) Principle

(C) Complete reversal

(D) Compensating

Lời giải chi tiết

Sales and commission received are different *classes* of income account (trading income versus sundry income), so crediting the wrong class of account is an error of principle, not commission (despite the confusing name of the transaction). **(B)**.

Bài tập luyện tập

Explain, with reference to the definition of double entry, why an error of complete reversal never causes the trial balance to disagree. Illustrate using a payment of $500 to a supplier that was debited to the supplier's account and credited to bank (instead of the other way round).

Lời giải chi tiết

Double entry only requires that total debits equal total credits somewhere in the books – it does not check which specific account was debited or credited. In a complete reversal, both accounts still receive an entry of the correct amount ($500), and one is a debit while the other is a credit, exactly as double entry requires; the entries are simply on the wrong sides of the wrong accounts. Because a debit of $500 and a credit of $500 have both still been made, the total of the debit column and the total of the credit column in the trial balance are unaffected, so the trial balance still balances even though the supplier's account (and bank) are individually wrong by $1,000 each (the difference between where the $500 should have been and where it was actually posted).

Bài tập luyện tập

Which of the following errors would **not** cause a trial balance to disagree?

(A) A cheque payment recorded in the cash book but never posted to the supplier's account at all

(B) A sale of $650 posted to the correct type of account (trade receivables) but to the wrong customer's personal account

(C) A receipt of $200 debited to bank but credited to sales as only $20

(D) An expense payment where the debit entry was made but the credit entry to bank was completely omitted

Lời giải chi tiết

(B) is the only error that keeps total debits equal to total credits: it is an error of commission (correct class of account, wrong person), so the trial balance is unaffected. (A) and (D) each omit one half of a double entry, and (C) enters different amounts on the two sides – each of these creates unequal debit and credit totals, so each would cause the trial balance to disagree and would need a suspense account.

Bài tập luyện tập

This final problem combines bank reconciliation, a control account and the correction of an error.

(a) P. Sarkodie's cash book (bank column) shows a debit balance of $3,960 at 30 April, before checking against the bank statement, which shows $3,410. On comparison: bank charges $50 and a standing order for rates $220 appear only on the statement; a cheque from a customer for $610 has been dishonoured and appears as a deduction on the statement, not yet reflected in the cash book; unpresented cheques total $970; a lodgement of $640 is not yet credited. Prepare the updated cash book and the bank reconciliation statement.

(b) The sales ledger control account for April also shows: balance b/d 1 April $9,200 (Dr); credit sales $27,500; the same dishonoured cheque from (a), $610; cash/cheques received $25,940; discount allowed $310; sales returns $260. Prepare the sales ledger control account and state the trade receivables figure for the statement of financial position at 30 April.

(c) The trial balance at 30 April did not balance; a suspense account was opened with a debit balance of $180. Investigation revealed that the discount allowed of $310 used in part (b) had been correctly entered in the cash book and the customer's account, but had been posted to the discount allowed (nominal) account as only $130. Prepare the journal entry to correct this error, show the suspense account clearing to zero, and state the effect on the profit for April.

Lời giải chi tiết

(a) Updated cash book $= 3{,}960 - 50 - 220 - 610 = \boxed{\$3{,}080}$.
Reconciliation: $3{,}410 + 640 - 970 = \boxed{\$3{,}080}$. The two figures agree.

(b) Debit side $= 9{,}200 + 27{,}500 + 610 = 37{,}310$. Credit side (excl. balance c/d) $= 25{,}940 + 310 + 260 = 26{,}510$. Balance c/d $= 37{,}310 - 26{,}510 = \boxed{\$10{,}800}$ (Dr). Trade receivables for the statement of financial position at 30 April $= \$10{,}800$.

(c) Discount allowed should have been posted as $310 but was posted as only $130 – an understatement of $310 - 130 = \$180$, which matches the $180 suspense debit balance exactly.
Journal: Dr Discount allowed $180; Cr Suspense $180.
Suspense account: Dr balance b/d $180 = Cr correction $180 = $\boxed{\$0}$. Cleared to nil.
Effect on profit: discount allowed (an expense) increases by $180, so the profit for April *falls* by $180.

Adjustments to Financial Statements

Mục tiêu Unit: Phân biệt chi phí vốn và chi phí thường xuyên; khấu hao TSCĐ (đường thẳng và số dư giảm dần) qua toàn bộ vòng đời tài sản, các chính sách khấu hao theo tháng hoặc theo năm, và thanh lý tài sản (kể cả đổi hàng); các khoản dồn tích/trả trước cho nhiều khoản chi phí cùng lúc; nợ khó đòi, dự phòng nợ khó đòi (kể cả phân loại theo tuổi nợ) và định giá hàng tồn kho theo FIFO/AVCO trên cùng một bộ số liệu; tổng hợp ảnh hưởng của các bút toán điều chỉnh cuối kỳ lên Báo cáo thu nhập và Bảng cân đối kế toán.

4.1 Capital and revenue expenditure

Capital expenditure buys or improves a non-current asset (increases earning capacity or extends useful life); **revenue expenditure** keeps the business running day to day and is charged in full against the profit of the period it relates to.

Item	Classification
Cost of a new delivery van (incl. delivery, registration)	Capital expenditure
Fuel and running costs of the delivery van	Revenue expenditure
Cost of extending a factory building	Capital expenditure
Repainting/redecorating the existing factory	Revenue expenditure
Legal fees on the purchase of shop premises	Capital expenditure
Wages of shop assistants	Revenue expenditure
Installation costs of new machinery	Capital expenditure
Carriage inwards on a new machine bought	Capital expenditure
Carriage inwards on goods bought for resale	Revenue expenditure

VN GIẢI THÍCH TIẾNG VIỆT

Chi phí vốn (capital expenditure) mua sắm/cải tạo TSCĐ, làm tăng giá trị hoặc kéo dài tuổi thọ tài sản – ghi vào Bảng cân đối kế toán. Chi phí thường xuyên (revenue expenditure) phục vụ hoạt động hàng ngày – ghi vào Báo cáo thu nhập của kỳ đó.

4.1.1 Effect of misclassifying capital and revenue expenditure

If capital expenditure is wrongly recorded as revenue expenditure, or revenue expenditure is wrongly capitalised, both profit for the year and the value of non-current assets in the statement of financial position will be misstated.

Error	Effect on profit	Effect on non-current assets
Capital expenditure wrongly treated as revenue expenditure	Understated (too much expense charged)	Understated (asset omitted)
Revenue expenditure wrongly treated as capital expenditure	Overstated (too little expense charged)	Overstated (asset over-recorded)

Ví dụ mẫu · Capital expenditure wrongly expensed

A business buys a machine for $8,000 on the first day of the accounting year (capital expenditure) but wrongly records the whole amount as repairs expense. The correct treatment was to capitalise the machine and depreciate it at 20% per annum straight line.

Correct depreciation expense for the year $= 20\% \times 8{,}000 = \$1{,}600$. The business instead charged the full $8,000 as an expense – $6,400 too much.

$$\text{Profit understated by } 8{,}000 - 1{,}600 = \$6{,}400$$

Non-current assets are also understated: the correct NBV to appear in the statement of financial position was $8{,}000 - 1{,}600 = \$6{,}400$, but nothing at all was recorded, so non-current assets are understated by the same $6,400.

Ví dụ mẫu · Revenue expenditure wrongly capitalised

A business pays $2,000 to repair a delivery vehicle (revenue expenditure) but wrongly capitalises this amount as part of the vehicle's cost, then depreciates it at 25% per annum straight line.

Correct treatment: the whole $2,000 should have been charged as an expense. Instead only $25\% \times 2{,}000 = \$500$ was charged (as depreciation) – $1,500 too little.

$$\text{Profit overstated by } 2{,}000 - 500 = \$1{,}500$$

Non-current assets are also overstated by the same $1,500 – the NBV wrongly included in the statement of financial position ($2{,}000 - 500 = \$1{,}500$) should not exist at all.

VN **GIẢI THÍCH TIẾNG VIỆT**

Nếu chi phí VỐN bị ghi nhầm thành chi phí THƯỜNG XUYÊN: lợi nhuận bị GHI THẤP HƠN thực tế (vì tính hết vào chi phí ngay, thay vì chỉ tính phần khấu hao), và tài sản cố định trên Bảng cân đối kế toán cũng bị GHI THIẾU. Ngược lại, nếu chi phí thường xuyên bị ghi nhầm thành chi phí vốn: lợi nhuận bị GHI CAO HƠN thực tế, và tài sản cố định bị GHI THỪA. Mức chênh lệch lợi nhuận và tài sản luôn BẰNG NHAU trong cùng một lỗi.

(!) Lỗi thường gặp: When correcting an error of this type, do not simply compare the full amount against zero – capitalising an item still results in *some* expense (depreciation) being charged that year. The size of the profit and asset misstatement is the difference between the full amount and the depreciation that should have been charged, not the full amount itself.

Bài tập luyện tập

A business bought office equipment for $6,000 (capital expenditure) but wrongly recorded the full amount as a general expense. The correct policy is to depreciate such equipment at 10% per annum straight line. Calculate the effect on profit for the year and on non-current assets in the statement of financial position.

Lời giải chi tiết

Correct depreciation expense $= 10\% \times 6{,}000 = \$600$. The business instead expensed the full \$6,000, i.e. \$5,400 too much.
Profit is **understated by \$5,400**; non-current assets are also **understated by \$5,400** (the NBV of $6{,}000 - 600 = \$5{,}400$ that should have appeared is missing entirely).

Bài tập luyện tập

A business paid \$1,200 to service a machine (revenue expenditure) but wrongly capitalised this amount, depreciating it at 20% per annum straight line along with the machine. State the effect on profit and on non-current assets.

Lời giải chi tiết

Correct treatment: \$1,200 should be charged in full as an expense. Instead only $20\% \times 1{,}200 = \$240$ was charged as depreciation – \$960 too little.
Profit is **overstated by \$960**; non-current assets are also **overstated by \$960**.

4.2 Depreciation of non-current assets

Depreciation spreads the cost of a non-current asset (less any residual value) over its useful life, matching the cost against the revenue it helps generate. Causes: wear and tear, obsolescence, passage of time, and depletion.

Straight-line method: Annual depreciation $= \dfrac{\text{Cost} - \text{Residual value}}{\text{Useful life (years)}}$ – an equal charge every year.

Reducing (diminishing) balance method: Annual depreciation = Net book value (NBV) at start of year × rate% – a larger charge in early years, falling over time.

Ví dụ mẫu · Worked example

A machine costs \$12,000, has an estimated residual value of \$2,000, and a useful life of 5 years (straight-line method). Annual depreciation $= \dfrac{12{,}000 - 2{,}000}{5} = \$2{,}000$ per year.

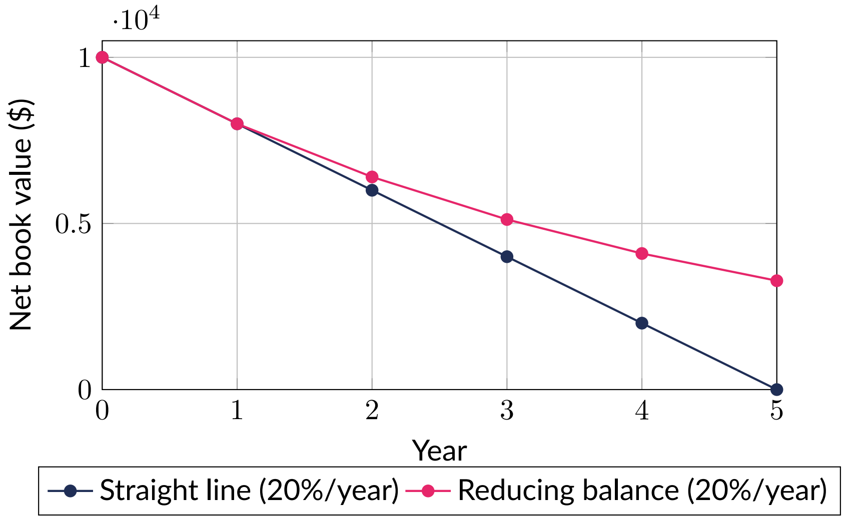
Year	Depreciation charge \$	Accumulated depreciation \$	NBV \$
1	2,000	2,000	10,000
2	2,000	4,000	8,000
3	2,000	6,000	6,000
4	2,000	8,000	4,000
5	2,000	10,000	2,000

NBV after year 5 equals the residual value, \$2,000, as expected.

Ví dụ mẫu · Worked example

A vehicle costs \$20,000 and is depreciated at 25% per annum on the reducing balance.

Year	Depreciation charge $	NBV at year end $
1	$20{,}000 \times 25\% = 5{,}000$	15,000
2	$15{,}000 \times 25\% = 3{,}750$	11,250
3	$11{,}250 \times 25\% = 2{,}812.50$	8,437.50



Same asset (cost $10,000, 20% rate): reducing balance charges more depreciation early, less later.

VN GIẢI THÍCH TIẾNG VIỆT

Khấu hao đường thẳng: mức khấu hao BẰNG NHAU mỗi năm = (Nguyên giá − Giá trị thanh lý)/Số năm sử dụng. Khấu hao số dư giảm dần: tính theo TỶ LỆ % trên giá trị còn lại (NBV) đầu năm – khấu hao cao ở những năm đầu, giảm dần theo thời gian.

Choosing a depreciation method

The straight-line method suits an asset whose benefit to the business is roughly the same every period – for example office furniture, fittings, or a lease with a fixed term. The reducing-balance method suits an asset that gives greater benefit in its early years and whose repair and maintenance costs tend to rise as it ages – for example motor vehicles, machinery, and computer equipment: charging more depreciation early and less later keeps the *combined* charge of depreciation plus repairs roughly even across the asset's life. Neither method is inherently "more correct" – the choice should reflect the pattern in which the asset's economic benefits are actually consumed.

4.2.1 Comparing the two methods over a full asset life

The following example depreciates the same asset under both methods for its entire five-year life, so the two approaches can be compared side by side rather than only for the first two or three years.

Ví dụ mẫu · Full life comparison

A machine costs $50,000. Its useful life is estimated at 5 years, with a residual value of $5,000 under the straight-line method, giving an annual charge of $(50{,}000 - 5{,}000)/5 = \$9{,}000$. For comparison, the reducing-balance method is applied to the same asset at 30% per annum (a residual value is not a direct input to this method).

Year	Straight line Charge $	NBV $	Reducing balance (30%) Charge $	NBV $
0	–	50,000.00	–	50,000.00
1	9,000	41,000.00	15,000.00	35,000.00
2	9,000	32,000.00	10,500.00	24,500.00
3	9,000	23,000.00	7,350.00	17,150.00
4	9,000	14,000.00	5,145.00	12,005.00
5	9,000	5,000.00	3,601.50	8,403.50
Total depreciation	**45,000**		**41,596.50**	

Over the full five years, straight-line depreciation totals exactly $45,000, reducing the machine to its planned residual value of $5,000. Reducing-balance depreciation totals $41,596.50 over the same period: it charges far more in Years 1–2 ($15,000 and $10,500) than straight line, and progressively less afterwards, but – since it only ever depreciates a percentage of what remains – it never reduces the NBV all the way to a chosen residual value. In practice a business using this method chooses a rate that brings the NBV close to the expected residual value by the end of the asset's useful life, or simply writes off the remaining NBV on eventual disposal.

VN **GIẢI THÍCH TIẾNG VIỆT**

Trên toàn bộ vòng đời tài sản, tổng khấu hao đường thẳng luôn đúng bằng (Nguyên giá − Giá trị thanh lý). Khấu hao số dư giảm dần tính theo % trên giá trị còn lại nên KHÔNG BAO GIỜ đưa NBV về đúng 0 hay về đúng một giá trị thanh lý định trước – doanh nghiệp phải chọn tỷ lệ % phù hợp hoặc xử lý phần NBV còn lại khi thanh lý tài sản.

4.2.2 A note on the revaluation method

A third method, less commonly examined, is the **revaluation method** – used mainly for low-value items bought and disposed of in large numbers, such as loose tools or motor vehicle spare parts, which are impractical to depreciate individually. The assets are valued at the start and end of the period; the fall in value (after adding any purchases during the year) is charged as the depreciation expense:

$$\text{Depreciation} = \text{Opening valuation} + \text{Purchases during the year} - \text{Closing valuation}$$

Ví dụ mẫu · Worked example

Loose tools are valued at $2,400 at the start of the year. During the year, $900 of new tools are bought. At the end of the year the tools are valued at $2,600. Depreciation for the year $= 2{,}400 + 900 - 2{,}600 = \$700$.

VN **GIẢI THÍCH TIẾNG VIỆT**

Phương pháp đánh giá lại (revaluation method) thường dùng cho các tài sản giá trị nhỏ, số lượng nhiều (dụng cụ cầm tay...): Khấu hao = Giá trị đầu kỳ + Mua trong kỳ − Giá trị cuối kỳ. Phương pháp này ít được kiểm tra trong đề thi so với khấu hao đường thẳng và số dư giảm dần, vốn là hai phương pháp trọng tâm của chương này.

4.2.3 Partial-year depreciation policies

An asset is rarely bought exactly on the first day of the accounting year. Two common policies deal with this:

- **Full year in the year of purchase, none in the year of sale** – simple to apply, and used in most of the examples in this chapter.
- **Proportionate to the number of months of ownership** – more accurate, charging depreciation only for the months the asset was actually owned in each accounting period.

Ví dụ mẫu · Partial-year depreciation policies compared

A machine is bought on 1 July 2024 for $18,000 and depreciated at 20% per annum straight line (nil residual value), giving a full annual charge of $20\% \times 18{,}000 = \$3{,}600$. The business's year end is 31 December. Compare the depreciation charged for 2024–2026 under the two policies.

	2024 $	2025 $	2026 $
(a) Full year in year of purchase	3,600	3,600	3,600
(b) Proportionate to months owned	1,800	3,600	3,600

Under policy (a), a full year's charge ($3,600) is taken in 2024 even though the machine was owned for only six months. Under policy (b), only six months' depreciation ($3{,}600 \times \frac{6}{12} = \$1{,}800$) is charged in 2024, matching the period of actual ownership. By 31 December 2026, accumulated depreciation is $10,800 under policy (a) but only $9,000 under policy (b) – a difference of exactly the extra half-year charged in 2024 under policy (a). If the machine is eventually sold, policy (a) makes up for this by charging *no* depreciation in the year of sale, so total depreciation over the asset's whole life is the same under both policies – only the *timing* of the charge differs.

GIẢI THÍCH TIẾNG VIỆT
VN
Chính sách (a) "tính đủ năm khi mua, không tính năm bán" đơn giản nhưng KHÔNG chính xác theo thời gian sở hữu thực tế. Chính sách (b) tính khấu hao theo đúng SỐ THÁNG sở hữu trong từng kỳ – chính xác hơn nhưng đòi hỏi tính toán theo tháng. Tổng khấu hao trong suốt vòng đời tài sản là NHƯ NHAU dưới cả hai chính sách; chỉ khác nhau về THỜI ĐIỂM ghi nhận.

(!) Lỗi thường gặp: A business must apply the SAME depreciation policy (e.g. always "full year in year of purchase, none in year of sale", or always "proportionate by month") consistently to all its non-current assets and from one year to the next. Switching policies between years without disclosure distorts profit comparisons and breaches the consistency concept.

4.2.4 Disposal of non-current assets

When an asset is sold, its cost and accumulated depreciation are transferred to a **disposal account**; the balancing figure is the profit or loss on disposal, transferred to the income statement.

Ví dụ mẫu · Worked example

Equipment originally cost $9,000; accumulated depreciation at date of disposal is $6,300; it is sold for $2,000 cash.

Disposal account – Debit (Dr)		Credit (Cr)	
Equipment (cost)	9,000	Provision for depreciation	6,300
		Bank (proceeds)	2,000
		Income statement (loss)	700
Total	**9,000**	**Total**	**9,000**

NBV at disposal $= 9{,}000 - 6{,}300 = \$2{,}700$. Proceeds \$2,000 < NBV \$2,700, so there is a **loss on disposal of \$700**.

4.3 Accruals and prepayments

Under the **matching (accruals) concept**, expenses are charged to the period they relate to, not the period they are paid in.

Ví dụ mẫu · Worked example

Accrued expense. Electricity paid during the year: \$4,800. At the year end, \$350 is owed (unpaid) for electricity used during the year.

	\$
Electricity paid during the year	4,800
Add: accrued expense at year end (owing)	350
Expense charged to income statement	**5,150**

The \$350 accrual is shown in the statement of financial position as a current liability.

Ví dụ mẫu · Worked example

Prepaid expense. Insurance of \$2,400 was paid during the year, covering 15 months to 31 March next year. At the year end (31 December), 3 months' cover (Jan–Mar) relates to next year.

$$\text{Prepayment} = 2{,}400 \times \frac{3}{15} = \$480 \qquad \text{Expense charged} = 2{,}400 - 480 = \$1{,}920$$

The \$480 prepayment is shown in the statement of financial position as a current asset.

VN **GIẢI THÍCH TIẾNG VIỆT**

Chi phí dồn tích (accrued expense): đã phát sinh nhưng chưa trả → CỘNG THÊM vào số đã trả, ghi Nợ phải trả ngắn hạn. Chi phí trả trước (prepaid expense): đã trả nhưng liên quan đến kỳ sau → TRỪ RA khỏi số đã trả, ghi Tài sản ngắn hạn.

4.4 Irrecoverable debts and the allowance for doubtful debts

An **irrecoverable debt** (bad debt) is written off: Debit Irrecoverable debts (expense), Credit Trade receivables. A general **allowance (provision) for doubtful debts** is an estimate, based on the prudence concept, of receivables that *might* not be collected – it does not remove any specific customer's balance.

Ví dụ mẫu · Worked example

Trade receivables at the year end (after writing off a specific $500 debt) are $18,000. The allowance for doubtful debts is to be adjusted to 4% of trade receivables. The allowance brought forward was $600.

New allowance required $= 18{,}000 \times 4\% = \$720$ Increase $= 720 - 600 = \$120$

The $120 increase is charged as an expense in the income statement. In the statement of financial position: Trade receivables $18,000 less allowance $720 = **net trade receivables $17,280**.

VN **GIẢI THÍCH TIẾNG VIỆT**

Nợ khó đòi cụ thể (irrecoverable debt) được xoá thẳng: Nợ Chi phí nợ khó đòi / Có Phải thu khách hàng. Khoản dự phòng nợ khó đòi (provision for doubtful debts) là ước tính chung theo nguyên tắc thận trọng – KHÔNG xoá một khách hàng cụ thể nào, chỉ là khoản trừ khi trình bày trên Bảng cân đối kế toán.

4.5 Inventory valuation

Inventory is valued at the **lower of cost and net realisable value (NRV)**, applied item by item (or category by category) – an application of the prudence concept.

Ví dụ mẫu · Worked example

Item	Cost $	NRV $	Valuation (lower) $
A	1,200	1,500	1,200
B	900	750	750
C	2,000	2,000	2,000
Total inventory value			**3,950**

Ví dụ mẫu · Worked example

FIFO (first in, first out). Opening inventory: 100 units @ $5 = $500. Purchases: 200 units @ $6 (10 Jan) and 150 units @ $7 (20 Jan). Sales: 250 units (25 Jan).

Under FIFO, the 250 units sold are assumed to be the *oldest* units: 100 units @ $5 + 150 units @ $6 $= 500 + 900 = \$1{,}400$ (cost of sales).

Closing inventory: 50 units @ $6 + 150 units @ $7 $= 300 + 1{,}050 = \$1{,}350$ (200 units).

Check: goods available $= 500 + 1{,}200 + 1{,}050 = \$2{,}750$; cost of sales $1,400 + closing inventory $1,350 $= \$2{,}750$ – figures agree.

VN **GIẢI THÍCH TIẾNG VIỆT**

Hàng tồn kho được định giá theo giá THẤP HƠN giữa Giá gốc (cost) và Giá trị thuần có thể thực hiện (NRV), áp dụng cho từng mặt hàng. FIFO (nhập trước xuất trước) giả định hàng nhập sớm nhất được bán trước, nên hàng tồn cuối kỳ là các lô nhập gần nhất.

(!) Lỗi thường gặp: Depreciation is **not** a cash flow – no money leaves the business when depreciation is charged. It is simply an accounting allocation of an asset's cost over the periods that benefit from its use.

Bài tập luyện tập

A business pays $500 to repaint the exterior of its existing office building, and $12,000 to build a new extension to the office. How should these be classified?

(A) Both capital expenditure

(B) Both revenue expenditure

(C) $500 revenue expenditure, $12,000 capital expenditure

(D) $500 capital expenditure, $12,000 revenue expenditure

Lời giải chi tiết

Repainting maintains the existing asset (revenue expenditure); the extension adds a new, larger asset (capital expenditure). **(C)**.

Bài tập luyện tập

A machine was bought on 1 January 2023 for $16,000. Policy: 20% per annum straight line, a full year's charge in the year of purchase and none in the year of sale. It is sold on 31 December 2025 (after 3 years of depreciation) for $5,500. Calculate the accumulated depreciation at disposal and the profit or loss on disposal.

Lời giải chi tiết

Annual depreciation $= 20\% \times 16{,}000 = \$3{,}200$. Over 3 years (2023–2025): accumulated depreciation $= 3 \times 3{,}200 = \$9{,}600$.
NBV at disposal $= 16{,}000 - 9{,}600 = \$6{,}400$. Proceeds $5,500 $<$ NBV, so **loss on disposal** $= 6{,}400 - 5{,}500 = \boxed{\$900}$.

Bài tập luyện tập

Insurance of $3,600 was paid during the year, covering the 12 months from 1 April to 31 March next year. The business's year end is 31 December. Calculate the prepayment at the year end and the expense to be charged to the income statement.

Lời giải chi tiết

3 months (Jan–Mar) of the 12-month policy relate to next year: prepayment $= 3{,}600 \times \frac{3}{12} = \$900$.
Expense charged to the income statement $= 3{,}600 - 900 = \boxed{\$2{,}700}$.

Bài tập luyện tập

Trade receivables at the year end are $24,000 (after a specific $800 debt has already been written off). The allowance for doubtful debts is to be adjusted to 2.5% of trade receivables. The allowance brought forward was $850. Calculate the adjustment (stating whether it is income or expense) and the net trade receivables shown in the statement of financial position.

Lời giải chi tiết

New allowance required $= 24{,}000 \times 2.5\% = \$600$. Since \$600 < \$850 (brought forward), the allowance *decreases* by \$250 – this is recorded as **income** in the income statement (reducing the previous expense).
Net trade receivables in the statement of financial position $= 24{,}000 - 600 = \boxed{\$23{,}400}$.

Bài tập luyện tập

Four inventory items have the following cost and net realisable value. Calculate the total inventory valuation using the lower of cost and NRV rule.

Item	Cost \$	NRV \$
W	800	950
X	1,100	1,050
Y	640	640
Z	2,200	1,900

Lời giải chi tiết

W: lower is 800. X: lower is 1,050. Y: lower is 640. Z: lower is 1,900. Total $= 800 + 1{,}050 + 640 + 1{,}900 = \boxed{\$4{,}390}$.

4.6 Recording depreciation in the ledger

Depreciation is recorded using a **provision for depreciation account**, keeping the asset at its original cost in a separate account. The annual charge is: Dr Income statement (depreciation expense), Cr Provision for depreciation.

Ví dụ mẫu · Provision for depreciation account

A business buys machinery on 1 January 2023 for \$24,000 and depreciates it at 20% per annum straight line. Show the provision for depreciation account for 2023, 2024 and 2025.

Provision for depreciation – Dr		Cr	
31 Dec 23 Bal. c/d	4,800	31 Dec 23 Income statement	4,800
31 Dec 24 Bal. c/d	9,600	1 Jan 24 Bal. b/d	4,800
		31 Dec 24 Income statement	4,800
	9,600		**9,600**
31 Dec 25 Bal. c/d	14,400	1 Jan 25 Bal. b/d	9,600
		31 Dec 25 Income statement	4,800
	14,400		**14,400**

Annual charge $= 20\% \times 24{,}000 = \$4{,}800$. The accumulated depreciation grows each year; the machinery account itself stays at cost \$24,000. In the statement of financial position: Machinery \$24,000 less accumulated depreciation \$14,400 = NBV \$9,600 at 31 Dec 2025.

VN **GIẢI THÍCH TIẾNG VIỆT**

Khấu hao được ghi qua TK **Dự phòng khấu hao (provision for depreciation)**: hằng năm ghi Nợ Chi phí khấu hao (vào Báo cáo thu nhập) / Có Dự phòng khấu hao. TK tài sản luôn giữ NGUYÊN GIÁ; khấu hao luỹ kế tích luỹ trong TK dự phòng. Giá trị còn lại (NBV) = Nguyên giá – Khấu hao luỹ kế.

4.6.1 Linking the provision for depreciation account to a disposal

When an asset that has been depreciated for several years is eventually sold, the accumulated balance built up in the provision for depreciation account over those years must be transferred out to the disposal account at the date of sale. The two accounts should always be prepared and read together.

Ví dụ mẫu · Provision for depreciation and disposal accounts together

Equipment is bought on 1 January 2021 for $28,000 and depreciated at 15% per annum straight line (policy: full year in year of purchase, none in year of sale). It is sold on 1 January 2024, after three full years of depreciation, for $17,000 cash. Annual depreciation $= 15\% \times 28{,}000 = \$4{,}200$.

Provision for depreciation (Equipment) – Dr		**Cr**	
31 Dec 21 Bal. c/d	4,200	31 Dec 21 Income statement	4,200
31 Dec 22 Bal. c/d	8,400	1 Jan 22 Bal. b/d	4,200
		31 Dec 22 Income statement	4,200
	8,400		**8,400**
31 Dec 23 Bal. c/d	12,600	1 Jan 23 Bal. b/d	8,400
		31 Dec 23 Income statement	4,200
	12,600		**12,600**
1 Jan 24 Disposal account	12,600	1 Jan 24 Bal. b/d	12,600

Disposal account – Dr		**Cr**	
Equipment (cost)	28,000	Provision for depreciation	12,600
Income statement (profit)	1,600	Bank (proceeds)	17,000
Total	**29,600**	**Total**	**29,600**

NBV at disposal $= 28{,}000 - 12{,}600 = \$15{,}400$. Proceeds $17,000 exceed NBV, so there is a **profit on disposal of $1,600**, added to the debit side of the disposal account to make it balance. The $12,600 accumulated over the three years in the provision for depreciation account is transferred out (debited there, credited to disposal) to close it against this asset.

VN **GIẢI THÍCH TIẾNG VIỆT**

Khi thanh lý tài sản, số dư luỹ kế trong TK Dự phòng khấu hao (tích luỹ qua nhiều năm) được CHUYỂN SANG TK Thanh lý (disposal account) tại đúng ngày bán. Hai tài khoản này luôn được lập và đọc CÙNG NHAU: NBV = Nguyên giá – Khấu hao luỹ kế đã chuyển sang; so với tiền bán thu được để xác định lãi/lỗ thanh lý.

4.6.2 Disposal by part-exchange

When an old asset is traded in against a new one, the part-exchange (trade-in) allowance is the "proceeds" in the disposal account, and reduces the cash paid for the new asset.

Ví dụ mẫu · Part-exchange disposal

A vehicle costing \$18,000, with accumulated depreciation of \$11,500, is traded in against a new vehicle costing \$25,000. The trade-in allowance is \$5,800, and the balance is paid by cheque. Calculate the profit or loss on disposal and the cheque paid.

Disposal account – Dr		**Cr**	
Vehicle (cost)	18,000	Provision for depreciation	11,500
		Part-exchange allowance	5,800
		Income statement (loss)	700
Total	**18,000**	**Total**	**18,000**

NBV at disposal $= 18{,}000 - 11{,}500 = \$6{,}500$; allowance \$5,800 $<$ NBV, so **loss on disposal \$700**. Cheque paid for the new vehicle $= 25{,}000 - 5{,}800 = \$19{,}200$. The new vehicle enters the books at its full cost of \$25,000.

4.7 Accruals and prepayments in the ledger

Expense accounts carry balances down at the year end: an **accrual** is a credit balance c/d (a liability); a **prepayment** is a debit balance c/d (an asset).

Ví dụ mẫu · Rent expense account with accrual

Rent is \$1,000 per month. During 2025 the business paid \$11,000 by cheque (it still owes December's rent). Show the rent account.

Rent – Dr		**Cr**	
Bank (paid)	11,000	Income statement	12,000
31 Dec Bal. c/d (accrual)	1,000		
Total	**12,000**	**Total**	**12,000**

The full year's expense (\$12,000) is charged to the income statement; the \$1,000 owed is a credit balance c/d, shown as an accrued expense (current liability).

4.7.1 Income received in advance and accrued income

The same idea applies to income the business earns (e.g. rent receivable from subletting): income *accrued* (earned but not yet received) is an asset; income received *in advance* is a liability.

Ví dụ mẫu · Rent receivable

A business sublets part of its premises for \$400 per month (\$4,800 per year). During the year it received \$5,200 in rent from the tenant. Calculate the rent receivable (income) for the year and the balance carried forward.

Rent *earned* for the 12 months $= 12 \times 400 = \$4{,}800$. But \$5,200 was received, i.e. \$400 more than was earned – the tenant has paid one month in advance. Therefore:

$$\text{Income for the year} = 5{,}200 - 400 = \$4{,}800,$$

and the $400 received in advance is a **liability** carried forward (rent received in advance). Had the tenant instead *owed* $400 at the year end, that $400 would be accrued income (an asset) and income for the year would be received $5,200 + owed $400.

VN GIẢI THÍCH TIẾNG VIỆT

TK chi phí kết chuyển số dư cuối kỳ: **dồn tích (accrual)** là số dư CÓ mang sang (nợ phải trả); **trả trước (prepayment)** là số dư NỢ mang sang (tài sản). Với thu nhập: thu nhập đã kiếm nhưng chưa nhận (accrued income) là tài sản; thu nhập nhận trước (income in advance) là nợ phải trả. Luôn tính con số ĐÃ PHÁT SINH của kỳ, không phải con số đã thu/chi.

4.7.2 Combining an accrual and a prepayment for two different expenses

Many exam questions adjust several expense accounts at once before an income statement extract can be prepared – one account may need an accrual while a completely different account needs a prepayment in the very same period.

Ví dụ mẫu · Wages accrued, rates prepaid

During the year a business paid wages of $54,000 (of which $1,200 is still owed to employees at the year end) and paid rates of $6,000 on 1 April, covering the twelve months to 31 March next year (the year end is 31 December).

$$\text{Wages expense} = 54{,}000 + 1{,}200 = \$55{,}200 \qquad \text{Rates prepayment} = 6{,}000 \times \tfrac{3}{12} = \$1{,}500$$

$$\text{Rates expense} = 6{,}000 - 1{,}500 = \$4{,}500$$

Income statement extract (expenses)	$
Wages	55,200
Rates	4,500

The statement of financial position shows an accrued expense (current liability) of $1,200 for wages and a prepayment (current asset) of $1,500 for rates.

Ví dụ mẫu · Telephone accrued, insurance prepaid

During the year a business paid $2,850 for telephone (with $310 still owed at the year end) and paid $4,200 for insurance, covering sixteen months to 30 April next year (the year end is 31 December).

$$\text{Telephone expense} = 2{,}850 + 310 = \$3{,}160 \qquad \text{Insurance prepayment} = 4{,}200 \times \tfrac{4}{16} = \$1{,}050$$

$$\text{Insurance expense} = 4{,}200 - 1{,}050 = \$3{,}150$$

Combined, these two expenses reduce profit for the year by $3{,}160 + 3{,}150 = \$6{,}310$, while the statement of financial position shows an accrued expense of $310 (telephone) and a prepayment of $1,050 (insurance).

VN **GIẢI THÍCH TIẾNG VIỆT**

Một đề bài có thể yêu cầu điều chỉnh NHIỀU TK chi phí cùng lúc – TK này dồn tích, TK khác trả trước, trong CÙNG một kỳ kế toán. Luôn xử lý TỪNG TK riêng biệt (tính đúng số tháng/tỷ lệ liên quan đến kỳ hiện tại), sau đó cộng các khoản chi phí đã điều chỉnh lại để lập trích đoạn Báo cáo thu nhập.

4.8 Irrecoverable debts recovered and the provision over time

Sometimes a debt written off is later paid. The recovery is recorded as income: Dr Bank, Cr Irrecoverable debts recovered (income). The provision for doubtful debts changes each year, and only the *movement* affects the income statement.

Ví dụ mẫu · Provision for doubtful debts over three years

A business maintains a provision at 5% of trade receivables. Year-end receivables (after writing off specific bad debts): 2023 $20,000; 2024 $24,000; 2025 $18,000. There was no provision before 2023. Show the movement each year.

Year	Provision required $	Movement $	Income statement
2023	1,000	1,000 (create)	Expense 1,000
2024	1,200	200 (increase)	Expense 200
2025	900	(300) (decrease)	Income 300

In 2023 the whole $1,000 is an expense (creating the provision). In 2024 only the $200 increase is charged. In 2025 the provision falls, so the $300 reduction is credited as income (reducing expenses). The statement of financial position always shows receivables *net* of the current provision (e.g. 2025: $18,000 less $900 = $17,100).

(!) Lỗi thường gặp: Only the *change* in the provision for doubtful debts goes to the income statement, never the whole provision each year. Charging the full provision every year would double-count the amounts already provided in earlier years.

4.8.1 Combining a new write-off with the general provision

A single exam question often requires writing off a further specific debt *and* adjusting the general provision in the same year, before net trade receivables can be found.

Ví dụ mẫu · Write-off and provision together

Trade receivables at the year end are $52,000 before any final adjustments. A customer owing $2,000 is declared bankrupt during the final review and must be written off in full. The provision for doubtful debts is then to be maintained at 3% of the remaining receivables; the provision brought forward was $1,400.

Receivables after write-off $= 52{,}000 - 2{,}000 = \$50{,}000$ Provision required $= 3\% \times 50{,}000 = \$1{,}500$

$$\text{Increase in provision} = 1{,}500 - 1{,}400 = \$100$$

$$\text{Total charge to income statement} = \underbrace{2{,}000}_{\text{write-off}} + \underbrace{100}_{\text{provision increase}} = \$2{,}100$$

Net trade receivables in the statement of financial position $= 50{,}000 - 1{,}500 = \boxed{\$48{,}500}$.

Ví dụ mẫu · Provision analysed by age of debt

At the year end (after specific write-offs have already been made), trade receivables are analysed by age, with a different provision rate applied to each band:

Age of debt	Balance $	Provision rate
Not yet due	30,000	2%
1–60 days overdue	12,000	5%
Over 60 days overdue	4,000	20%

Provision required $= (30{,}000\times 2\%)+(12{,}000\times 5\%)+(4{,}000\times 20\%) = 600+600+800 = \$2{,}000$

If the provision brought forward was $1,600, the increase of $400 is charged as an expense in the income statement. Total trade receivables $= 30{,}000 + 12{,}000 + 4{,}000 = \$46{,}000$; net trade receivables in the statement of financial position $= 46{,}000 - 2{,}000 = \boxed{\$44{,}000}$.

VN **GIẢI THÍCH TIẾNG VIỆT**

Một câu hỏi có thể yêu cầu vừa XOÁ một khoản nợ khó đòi cụ thể MỚI vừa điều chỉnh khoản dự phòng chung trong cùng một năm: luôn xoá nợ cụ thể TRƯỚC, sau đó tính % dự phòng trên số dư CÒN LẠI. Phân loại dự phòng theo "tuổi nợ" (ageing) áp dụng tỷ lệ % khác nhau cho từng nhóm nợ theo thời gian quá hạn, rồi cộng lại để ra tổng dự phòng cần có. Khi một khoản nợ đã xoá được thu hồi lại: ghi Nợ Ngân hàng / Có TK *Irrecoverable debts recovered* (thu nhập) – KHÔNG mở lại tài khoản khách hàng cũ.

(!) Lỗi thường gặp: When a debt previously written off is later recovered, do **not** reopen the original customer's personal account and treat it as new sales revenue. The correct entry is simply Debit Bank, Credit Irrecoverable debts recovered (an income account) – the recovery is unrelated to any fresh trading balance the customer may or may not currently have.

4.9 Inventory valuation: AVCO

Besides FIFO, the **weighted average cost (AVCO)** method recalculates an average unit cost after each purchase.

Ví dụ mẫu · AVCO

Opening inventory 100 units @ $5 = $500. 10 Jan: buy 200 units @ $6.50 = $1,300. 25 Jan: sell 250 units. Value the closing inventory and cost of sales using AVCO.

After the 10 Jan purchase: total units $= 300$; total cost $= 500 + 1{,}300 = \$1{,}800$; average $= 1{,}800/300 = \$6.00$ per unit.
Cost of the 250 units sold $= 250 \times 6.00 = \$1{,}500$.
Closing inventory $= 50 \times 6.00 = \$300$.
Check: goods available $1,800 = cost of sales $1,500 + closing inventory $300. Figures agree.

VN **GIẢI THÍCH TIẾNG VIỆT**

Phương pháp **bình quân gia quyền (AVCO)** tính lại đơn giá bình quân sau mỗi lần nhập: Đơn giá bình quân = Tổng giá trị tồn / Tổng số lượng tồn. So với FIFO, AVCO làm mượt biến động giá; khi giá tăng, FIFO cho hàng tồn kho cuối kỳ cao hơn và giá vốn thấp hơn so với AVCO.

4.9.1 FIFO and AVCO compared on identical data

The clearest way to see the difference between the two methods is to apply both to exactly the same sequence of receipts and issues, in the format of a **stores ledger record**.

Ví dụ mẫu · Stores ledger record – FIFO

A business has the following movements of one inventory item during March:

Date	Transaction (units)	Unit cost $
1 Mar	Opening inventory: 120 units	10.00
5 Mar	Purchase: 180 units	12.00
10 Mar	Sale: 200 units	–
15 Mar	Purchase: 200 units	13.00
25 Mar	Purchase: 100 units	14.00
28 Mar	Sale: 250 units	–

Under FIFO, every issue is costed out of the oldest layer(s) still in inventory.

Date	Receipts (units @ $ = $)	Issues (units @ $ = $)	Bal. units	Bal. $
1 Mar	–	–	120	1,200
5 Mar	180 @ 12.00 = 2,160	–	300	3,360
10 Mar	–	120 @ 10.00 + 80 @ 12.00 = 2,160	100	1,200
15 Mar	200 @ 13.00 = 2,600	–	300	3,800
25 Mar	100 @ 14.00 = 1,400	–	400	5,200
28 Mar	–	100 @ 12.00 + 150 @ 13.00 = 3,150	150	2,050

On 10 March the 200 units issued exhaust the whole 120-unit opening layer ($10.00) plus 80 units from the 5 March layer ($12.00), leaving 100 units @ $12.00. On 28 March the 250 units issued exhaust the remaining 100 units @ $12.00 plus 150 units from the 200-unit, $13.00 layer, leaving 50 units @ $13.00 and the full 100 units @ $14.00 (150 units in total). Total cost of sales (FIFO) $= 2{,}160 + 3{,}150 = \$5{,}310$. Closing inventory $= \$2{,}050$. Goods available for sale $= 1{,}200 + 2{,}160 + 2{,}600 + 1{,}400 = \$7{,}360$; check: $5{,}310 + 2{,}050 = \$7{,}360$ – figures agree.

Ví dụ mẫu · Stores ledger record – AVCO

Using the identical data above, AVCO recalculates a weighted average unit cost after every receipt (no purchase occurs between 15 and 25 March, so the next new average is only struck once the 25 March receipt arrives).

Date	Receipts (units @ $ = $)	Issues (units @ avg = $)	Bal. units	Avg $/unit	Bal. $
1 Mar	–	–	120	10.00	1,200
5 Mar	180 @ 12.00 = 2,160	–	300	11.20	3,360
10 Mar	–	200 @ 11.20 = 2,240	100	11.20	1,120
15 Mar	200 @ 13.00 = 2,600	–	300	12.40	3,720
25 Mar	100 @ 14.00 = 1,400	–	400	12.80	5,120
28 Mar	–	250 @ 12.80 = 3,200	150	12.80	1,920

New average after 5 Mar $= 3{,}360/300 = \$11.20$; after 15 Mar $= 3{,}720/300 = \$12.40$; after 25 Mar $= 5{,}120/400 = \$12.80$. Total cost of sales (AVCO) $= 2{,}240 + 3{,}200 = \$5{,}440$. Closing inventory $= \$1{,}920$. Check: $5{,}440 + 1{,}920 = \$7{,}360$ – agrees with goods available.

	FIFO $	AVCO $
Cost of sales	5,310	5,440
Closing inventory (150 units)	2,050	1,920
Goods available for sale	**7,360**	**7,360**

Both methods start from the same $7,360 of goods available and reconcile exactly, but they split that total differently: because unit costs were rising through March, FIFO (which issues the oldest, cheapest units first) reports a *lower* cost of sales and a *higher* closing inventory value than AVCO, which blends old and new costs together.

VN **GIẢI THÍCH TIẾNG VIỆT**

Khi áp dụng FIFO và AVCO trên CÙNG một bộ số liệu (giá tăng dần), FIFO cho giá vốn hàng bán THẤP HƠN và giá trị hàng tồn kho cuối kỳ CAO HƠN so với AVCO, vì FIFO tính giá vốn theo các lô hàng CŨ (rẻ hơn) và để lại các lô MỚI (đắt hơn) trong tồn kho. Dù phương pháp nào, luôn phải kiểm tra: Hàng có sẵn để bán = Giá vốn hàng bán + Giá trị hàng tồn kho cuối kỳ.

(!) Lỗi thường gặp: Never switch between FIFO and AVCO logic partway through the same stores ledger record – for example, costing one issue out of specific old layers (FIFO) and the next issue at a recalculated average (AVCO). A business must apply ONE method consistently to value all of its inventory movements in a period.

4.10 Period-end adjustments and their effects on the financial statements

Every period-end adjustment covered in this chapter changes both the income statement and the statement of financial position. The table below summarises exactly which side of each statement is affected.

Adjustment	Income statement effect	Statement of financial position effect
Depreciation for the year	Expense (reduces profit)	Deducted from non-current asset cost (accumulated depreciation)
Accrued expense	Added to expense paid – increases expense, reduces profit	Current liability
Prepaid expense	Deducted from expense paid – decreases expense, increases profit	Current asset
Accrued income / income received in advance	Added to / deducted from cash received	Current asset (accrued income) or current liability (income in advance)
Irrecoverable debt written off	Expense (reduces profit)	Removed from trade receivables
Movement in provision for doubtful debts	Increase = expense; decrease = income	Deducted from trade receivables (net receivables shown)
Closing inventory	Deducted in cost of sales – increases gross profit	Current asset

VN **GIẢI THÍCH TIẾNG VIỆT**

Bảng trên tổng hợp NĂM bút toán điều chỉnh cuối kỳ hay gặp nhất: khấu hao, chi phí dồn tích, chi phí trả trước, nợ khó đòi/dự phòng, và hàng tồn kho cuối kỳ. Mỗi khoản đều ảnh hưởng đồng thời tới CẢ HAI báo cáo tài chính – Báo cáo thu nhập (tăng/giảm lợi nhuận) và Bảng cân đối kế toán (tài sản/nợ phải trả) – đây chính là nguyên tắc "ghi sổ kép" áp dụng ở cấp độ điều chỉnh cuối kỳ.

4.11 More practice

Bài tập luyện tập

A machine costs $30,000 with residual value $3,000 and a useful life of 6 years (straight line). Calculate the annual depreciation and the NBV after 4 years.

Lời giải chi tiết

Annual depreciation $= (30{,}000 - 3{,}000)/6 = \$4{,}500$. After 4 years accumulated $= 4 \times 4{,}500 = 18{,}000$; NBV $= 30{,}000 - 18{,}000 = \boxed{\$12{,}000}$.

Bài tập luyện tập

A vehicle costs $16,000 and is depreciated at 30% reducing balance. Calculate the depreciation charge for each of the first three years and the NBV at the end of year 3.

Lời giải chi tiết

Year 1: $30\% \times 16{,}000 = 4{,}800$; NBV $11,200.
Year 2: $30\% \times 11{,}200 = 3{,}360$; NBV $7,840.
Year 3: $30\% \times 7{,}840 = 2{,}352$; NBV $= \boxed{\$5{,}488}$.

Bài tập luyện tập

An asset costing $10,000 with accumulated depreciation of $7,200 is sold for $3,100 cash. Calculate the profit or loss on disposal.

Lời giải chi tiết

NBV $= 10{,}000 - 7{,}200 = \$2{,}800$. Proceeds $3,100 $>$ NBV, so **profit on disposal** $= 3{,}100 - 2{,}800 = \boxed{\$300}$.

Bài tập luyện tập

Rent of $800 per month was payable. During the year $8,800 was paid. Calculate the accrual or prepayment at the year end and the expense charged to the income statement.

Lời giải chi tiết

Full year expense $= 12 \times 800 = \$9{,}600$. Paid $8,800, so $800 is **accrued (owing)** at year end. Expense charged $= \$9{,}600$; the $800 accrual is a current liability.

Bài tập luyện tập

Insurance of $3,000 was paid, covering the 15 months from 1 October 2025 to 31 December 2026. The year end is 31 December 2025. Calculate the prepayment and the expense for the year.

Lời giải chi tiết

Months relating to next year (Jan–Dec 2026) $= 12$ of the 15 months: prepayment $= 3{,}000 \times \frac{12}{15} = \$2{,}400$. Expense for 3 months (Oct–Dec 2025) $= 3{,}000 - 2{,}400 = \boxed{\$600}$.

Bài tập luyện tập

Trade receivables are $40,000. A specific debt of $1,000 is to be written off, then a 4% provision is required. The existing provision is $1,300. Calculate the total charge (or credit) to the income statement.

Lời giải chi tiết

After write-off, receivables $= 40{,}000 - 1{,}000 = 39{,}000$. Provision required $= 4\% \times 39{,}000 = \$1{,}560$; increase $= 1{,}560 - 1{,}300 = \$260$ (expense).
Total income-statement charge $=$ irrecoverable debt $1,000 $+$ increase in provision $260 $= \boxed{\$1{,}260}$.

Bài tập luyện tập

Using AVCO: opening 50 units @ $8 $=$ $400; buy 150 units @ $10 $=$ $1,500; sell 120 units. Calculate the closing inventory value.

Lời giải chi tiết

Average after purchase $= (400 + 1{,}500)/(50 + 150) = 1{,}900/200 = \$9.50$. Units left $= 200 - 120 = 80$; closing inventory $= 80 \times 9.50 = \boxed{\$760}$.

Bài tập luyện tập

Classify each as capital or revenue expenditure: (a) delivery cost of a new machine; (b) annual servicing of the machine; (c) cost of building a car park; (d) resurfacing an existing car park to repair potholes; (e) solicitor's fee for buying premises.

Lời giải chi tiết

(a) Capital (part of getting the machine ready for use); (b) revenue; (c) capital (a new asset); (d) revenue (maintaining an existing asset); (e) capital (cost of acquiring the premises).

Bài tập luyện tập

Why is the reducing-balance method often considered more appropriate than straight-line for assets such as motor vehicles?

Lời giải chi tiết

Assets like vehicles lose the most value in their early years and also tend to incur higher repair costs as they age. The reducing-balance method charges more depreciation early (when the asset falls in value fastest) and less later; combined with rising repair costs, the total annual charge to the income statement (depreciation + repairs) is more even across the asset's life, better matching cost to the benefit received.

Bài tập luyện tập

A debt of \$450 previously written off as irrecoverable is unexpectedly received by cheque. State the double entry and its effect on profit.

Lời giải chi tiết

Dr Bank \$450; Cr Irrecoverable debts recovered \$450 (an income account). It *increases* profit for the year by \$450. (The customer's account is not re-opened because it was already cleared when the debt was written off.)

Bài tập luyện tập

A machine bought on 1 Jan 2022 for \$20,000 is depreciated 25% straight line, with a full year in the year of purchase and none in the year of sale. It is sold on 30 June 2025 for \$4,000. Calculate the accumulated depreciation at sale and the profit or loss on disposal.

Lời giải chi tiết

Annual charge $= 25\% \times 20{,}000 = \$5{,}000$. Depreciation is charged for 2022, 2023 and 2024 (three years; none in the year of sale 2025): accumulated $= 3 \times 5{,}000 = \$15{,}000$. NBV $= 20{,}000 - 15{,}000 = \$5{,}000$. Proceeds \$4,000 $<$ NBV, so **loss on disposal** $= 5{,}000 - 4{,}000 = \boxed{\$1{,}000}$.

Bài tập luyện tập

An asset costs \$45,000 with a 5-year useful life and nil residual value. Compare the straight-line method with the reducing-balance method at 30% per annum: calculate the Year 3 depreciation charge under each method, and state which method has charged more depreciation *in total* by the end of Year 3.

Lời giải chi tiết

Straight line: annual charge $= 45{,}000/5 = \$9{,}000$ every year, including Year 3.
Reducing balance: Year 1 $= 45{,}000 \times 30\% = 13{,}500$, NBV \$31,500; Year 2 $= 31{,}500 \times 30\% = 9{,}450$, NBV \$22,050; Year 3 $= 22{,}050 \times 30\% = \boxed{\$6{,}615}$.
Cumulative to Year 3: straight line $= 3 \times 9{,}000 = \$27{,}000$; reducing balance $= 13{,}500 + 9{,}450 + 6{,}615 = \$29{,}565$. Although the reducing-balance *Year 3* charge (\$6,615) is now lower than straight line's (\$9,000), reducing balance has still charged **more in total** by the end of Year 3 (\$29,565 $>$ \$27,000), because of its much heavier charges in Years 1 and 2.

Bài tập luyện tập

A machine is bought on 1 October 2024 for $24,000 and depreciated at 10% per annum straight line. Calculate the depreciation charge for the year ended 31 December 2024 under (a) a policy of charging a full year in the year of purchase, and (b) a policy of charging depreciation proportionately by month of ownership.

Lời giải chi tiết

Full annual charge $= 10\% \times 24{,}000 = \$2{,}400$.
(a) Full-year policy: 2024 charge $= \boxed{\$2{,}400}$.
(b) Month-based policy: owned Oct–Dec $= 3$ months; charge $= 2{,}400 \times \frac{3}{12} = \boxed{\$600}$.

Bài tập luyện tập

Fixtures were bought on 1 January 2022 for $18,000 and depreciated at 20% per annum straight line (policy: full year in year of purchase, none in year of sale). They are sold on 1 January 2025, after three years' depreciation, for $8,200. Calculate the accumulated depreciation at disposal and the profit or loss on disposal.

Lời giải chi tiết

Annual depreciation $= 20\% \times 18{,}000 = \$3{,}600$. Accumulated over 2022–2024 $= 3 \times 3{,}600 = \$10{,}800$. NBV $= 18{,}000 - 10{,}800 = \$7{,}200$. Proceeds $8,200 $>$ NBV, so **profit on disposal** $= 8{,}200 - 7{,}200 = \boxed{\$1{,}000}$. (In the disposal account, this profit is added to the debit side alongside the $18,000 cost, to balance against provision for depreciation $10,800 $+$ proceeds $8,200 on the credit side.)

Bài tập luyện tập

Which of the following is a valid reason for choosing the reducing-balance method rather than straight-line for a delivery vehicle?

(A) It results in equal depreciation charges every year

(B) It better matches a pattern of high depreciation early on and rising repair costs later

(C) It always gives a higher total depreciation over the asset's whole life

(D) It is required for all non-current assets under the syllabus

Lời giải chi tiết

Straight line (not reducing balance) gives equal annual charges, eliminating (A). Total lifetime depreciation depends on the rate and residual value chosen, not the method itself, eliminating (C); there is no such blanket requirement, eliminating (D). **(B).**

Bài tập luyện tập

A vehicle costing $22,000, with accumulated depreciation of $15,400, is traded in against a new vehicle costing $30,000. The trade-in allowance given is $8,000, with the balance paid by cheque. Calculate the profit or loss on disposal and the amount of the cheque.

Lời giải chi tiết

NBV at disposal $= 22{,}000 - 15{,}400 = \$6{,}600$. Allowance \$8,000 > NBV, so **profit on disposal** $= 8{,}000 - 6{,}600 = \boxed{\$1{,}400}$. Cheque paid $= 30{,}000 - 8{,}000 = \boxed{\$22{,}000}$.

Bài tập luyện tập

A machine costs \$50,000 and is depreciated at 20% per annum reducing balance. What is the depreciation charge for Year 2?

(A) \$10,000
(B) \$8,000
(C) \$9,000
(D) \$40,000

Lời giải chi tiết

Year 1: $20\% \times 50{,}000 = \$10{,}000$; NBV $= \$40{,}000$. Year 2: $20\% \times 40{,}000 = \$8{,}000$. **(B)**.

Bài tập luyện tập

During the year a business paid wages of \$40,000 (of which \$650 is still owed at the year end) and paid rent of \$9,000 on 1 July, covering the twelve months to 30 June next year (year end 31 December). Calculate the total of these two expenses to be charged to the income statement.

Lời giải chi tiết

Wages expense $= 40{,}000 + 650 = \$40{,}650$. Rent prepayment (6 months, Jan–Jun next year) $= 9{,}000 \times \frac{6}{12} = \$4{,}500$; rent expense $= 9{,}000 - 4{,}500 = \$4{,}500$.
Total charged to the income statement $= 40{,}650 + 4{,}500 = \boxed{\$45{,}150}$.

Bài tập luyện tập

A business receives rent from a tenant of \$500 per month (\$6,000 per year). During the year, \$5,700 was received. Calculate the rent receivable (income) for the year and state whether the year-end balance is an asset or a liability.

Lời giải chi tiết

Rent earned for the 12 months $= 12 \times 500 = \$6{,}000$. Only \$5,700 was received, i.e. \$300 less than was earned, so the tenant still owes \$300 at the year end. Income for the year is still the amount *earned*: $5{,}700 + 300 = \boxed{\$6{,}000}$. The \$300 owed is **accrued income, a current asset.**

Bài tập luyện tập

Trade receivables at the year end are \$36,500 before any final adjustments. A debt of \$1,500 must be written off in full. The provision for doubtful debts is then to be maintained at 5% of the remaining receivables; the provision brought forward was \$1,050. Calculate the total charge to the income statement and the net trade receivables in the statement of financial position.

Lời giải chi tiết

Receivables after write-off $= 36{,}500 - 1{,}500 = \$35{,}000$. Provision required $= 5\% \times 35{,}000 = \$1{,}750$; increase $= 1{,}750 - 1{,}050 = \$700$.
Total charge to the income statement $= 1{,}500 + 700 = \boxed{\$2{,}200}$. Net trade receivables $= 35{,}000 - 1{,}750 = \boxed{\$33{,}250}$.

Bài tập luyện tập

Trade receivables at the year end are analysed by age: not yet due $40,000 (provision 1%); 30–60 days overdue $9,000 (provision 8%); over 60 days overdue $3,000 (provision 25%). The provision brought forward was $1,200. Calculate the provision required, the movement, and the net trade receivables.

Lời giải chi tiết

Provision required $= (40{,}000 \times 1\%) + (9{,}000 \times 8\%) + (3{,}000 \times 25\%) = 400 + 720 + 750 = \$1{,}870$.
Movement $= 1{,}870 - 1{,}200 = \$670$ increase (expense).
Total trade receivables $= 40{,}000 + 9{,}000 + 3{,}000 = \$52{,}000$; net trade receivables $= 52{,}000 - 1{,}870 = \boxed{\$50{,}130}$.

Bài tập luyện tập

Opening inventory of an item is 60 units @ $8 ($= \$480$). A purchase of 90 units @ $9 ($= \$810$) follows, then 100 units are sold. Calculate the cost of sales and closing inventory using FIFO.

Lời giải chi tiết

FIFO: the 100 units sold are costed as 60 units @ $8 + 40 units @ $9 $= 480 + 360 = \boxed{\$840}$ (cost of sales). Remaining $= 90 - 40 = 50$ units @ $9 $= \boxed{\$450}$ (closing inventory).
Check: goods available $= 480 + 810 = \$1{,}290$; $840 + 450 = \$1{,}290$ – agrees.

Bài tập luyện tập

Using the identical data as above (opening 60 units @ $8, purchase 90 units @ $9, sale of 100 units), calculate the cost of sales and closing inventory using AVCO.

Lời giải chi tiết

Average after purchase $= (480 + 810)/(60 + 90) = 1{,}290/150 = \$8.60$. Cost of sales $= 100 \times 8.60 = \boxed{\$860}$. Closing inventory $= (150 - 100) \times 8.60 = 50 \times 8.60 = \boxed{\$430}$.
Check: $860 + 430 = \$1{,}290$ – agrees with goods available. Note FIFO's cost of sales ($840) is lower and its closing inventory ($450) is higher than AVCO's, consistent with rising prices.

Bài tập luyện tập

In a period of persistently rising prices, compared with AVCO, the FIFO method will report:

(A) Higher cost of sales and lower closing inventory

(B) Lower cost of sales and higher closing inventory

(C) Identical cost of sales and closing inventory

(D) A cost of sales that cannot be determined without further information

Lời giải chi tiết

FIFO issues the oldest (cheapest, in a rising-price period) units first, so its cost of sales is lower and its closing inventory (valued at the most recent, higher costs) is higher than under AVCO. **(B)**.

Bài tập luyện tập

For each of the following, state whether it INCREASES or DECREASES profit for the year, and whether it creates a CURRENT ASSET, a CURRENT LIABILITY, or a deduction from an existing asset in the statement of financial position: (a) an accrued expense; (b) a prepaid expense; (c) an increase in the provision for doubtful debts; (d) recognising closing inventory.

Lời giải chi tiết

(a) Accrued expense: adds to the expense charged, so it **decreases** profit; creates a **current liability**.
(b) Prepaid expense: removes part of the cash paid from this year's expense, so it **increases** profit (relative to charging the full amount paid); creates a **current asset**.
(c) Increase in provision for doubtful debts: an additional expense, so it **decreases** profit; it is a **deduction from trade receivables** (not a separate liability).
(d) Recognising closing inventory reduces cost of sales (compared with treating all goods available as sold), so it **increases** profit; it is shown as a **current asset**.

Bài tập luyện tập

At the year end, a business has the following information: rent paid \$14,000, of which \$600 is still owed at the year end; insurance paid \$3,600, of which \$300 relates to the following year; trade receivables of \$28,000 (this figure is *after* writing off a further debt of \$800); the provision for doubtful debts is to be maintained at 5% of trade receivables (brought forward: \$900); depreciation on equipment for the year is \$2,400. Prepare an income statement extract showing rent, insurance, irrecoverable debts, the movement in the provision, and depreciation as expenses, and state the total.

Lời giải chi tiết

Rent expense $= 14{,}000 + 600 = \$14{,}600$. Insurance expense $= 3{,}600 - 300 = \$3{,}300$. Irrecoverable debts $= \$800$ (already written off). Provision required $= 5\% \times 28{,}000 = \$1{,}400$; increase $= 1{,}400 - 900 = \$500$. Depreciation $= \$2{,}400$ (given).

Income statement extract (expenses)	$
Rent	14,600
Insurance	3,300
Irrecoverable debts	800
Increase in provision for doubtful debts	500
Depreciation	2,400
Total expenses	**21,600**

Total expenses from these adjustments = $\boxed{\$21{,}600}$.

Bài tập luyện tập

Loose tools are valued at $3,100 at the start of the year and $3,400 at the end of the year, after purchases of $1,200 during the year, valued under the revaluation method. Calculate the depreciation charge for the year.

Lời giải chi tiết

Depreciation = Opening valuation + Purchases − Closing valuation $= 3{,}100 + 1{,}200 - 3{,}400 = \boxed{\$900}$.

Bài tập luyện tập

At the year end, a business has the following balances: trade receivables $45,000 (after writing off a specific debt of $1,000), with the provision for doubtful debts to be maintained at 4% (brought forward $1,200); inventory valued at $16,500; rent prepaid $800; rates accrued $450; and rent receivable owed by a tenant of $200 (accrued income). Prepare the current assets and current liabilities sections of the statement of financial position.

Lời giải chi tiết

Provision required $= 4\% \times 45{,}000 = \$1{,}800$; net trade receivables $= 45{,}000 - 1{,}800 = \$43{,}200$.

Current assets	$
Inventory	16,500
Trade receivables (net)	43,200
Prepaid expense (rent)	800
Accrued income (rent receivable)	200
Total current assets	**60,700**

Current liabilities	$
Accrued expense (rates)	450

Total current assets = $\boxed{\$60{,}700}$; current liabilities = $\boxed{\$450}$.

Financial Statements of Sole Traders

Mục tiêu Unit: Lập báo cáo tài chính đầy đủ của doanh nghiệp tư nhân (sole trader) từ bảng cân đối thử: hiểu cấu trúc báo cáo thu nhập (income statement) và bảng cân đối kế toán (statement of financial position) dạng dọc; áp dụng đồng thời cả bốn bút toán điều chỉnh cuối kỳ (khấu hao, dồn tích/trả trước, nợ khó đòi, hàng tồn kho cuối kỳ); xử lý đúng hàng trả lại, chi phí vận chuyển và chiết khấu; và xử lý thanh lý tài sản dài hạn (kể cả đổi hàng cũ lấy hàng mới) trong chu trình lập báo cáo.

5.1 The structure of the income statement

The **income statement** (formerly called the trading and profit and loss account) measures how much profit a business has earned over a period, on the **accruals basis**. It always has two sections, prepared in a fixed order.

The two sections of the income statement

(1) The trading section calculates **gross profit**: revenue earned from selling goods, less the cost of the goods actually sold (cost of sales). **(2) The profit and loss section** continues from gross profit, adds any other income the business earned (e.g. discount received, rent received, profit on disposal of a non-current asset), then deducts every operating expense of the period, to arrive at **profit for the year**.

Flow of the income statement:

Revenue $\Rightarrow$ − Cost of sales $\Rightarrow$ **Gross profit** $\Rightarrow$ + Other income $\Rightarrow$ − Expenses $\Rightarrow$ **Profit for the year**

Cost of sales itself is built up as: Opening inventory + Net purchases (purchases less purchases returns, plus carriage inwards) − Closing inventory.

VN GIẢI THÍCH TIẾNG VIỆT

Báo cáo thu nhập luôn gồm hai phần theo thứ tự cố định: **(1) Phần thương mại (trading section)** tính **lợi nhuận gộp (gross profit)** = Doanh thu − Giá vốn hàng bán; **(2) Phần lãi lỗ (profit and loss section)** tiếp tục từ lợi nhuận gộp, cộng thu nhập khác, trừ toàn bộ chi phí hoạt động, ra **lợi nhuận trong kỳ (profit for the year)**.

(!) Lỗi thường gặp: **Drawings** (cash or goods the owner takes for personal use) are *never* an expense of the business and must never appear anywhere in the income statement. Drawings reduce the owner's **capital** directly and are shown only in the capital section of the statement of financial position.

5.2 The structure of the statement of financial position

The **statement of financial position** lists everything the business owns and owes on one specific date, presented in the **vertical format** required at IGCSE.

Vertical statement of financial position:

Non-current assets (at net book value)
+ Current assets
− Current liabilities ⇒ **Net current assets (working capital)**
= Non-current assets + Net current assets
− Non-current liabilities ⇒ **Net assets**

Net assets = **Capital** (Opening capital + Profit for the year − Drawings)

GIẢI THÍCH TIẾNG VIỆT
VN
Bảng cân đối kế toán dạng dọc trình bày lần lượt: Tài sản dài hạn (theo giá trị còn lại) + Tài sản ngắn hạn − Nợ ngắn hạn = **Tài sản thuần ngắn hạn (net current assets)**; cộng tài sản dài hạn, trừ Nợ dài hạn = **Tài sản thuần (net assets)**. Con số này LUÔN phải bằng phần **Vốn chủ sở hữu (capital)** cuối kỳ.

(!) Lỗi thường gặp: Do not net off unrelated current assets and current liabilities against each other (e.g. trade receivables against trade payables, or a bank asset against a bank overdraft appearing in a different account). Every current asset and every current liability is listed separately in full; only the *subtotals* (total current assets and total current liabilities) are combined to give net current assets.

5.3 Illustrative example: from trial balance to financial statements

The following example takes a trial balance through every stage of the cycle: the four year-end adjustments studied earlier – **closing inventory**, **accruals and prepayments**, **depreciation**, and **irrecoverable debts / the provision for doubtful debts** – are all applied together, then the income statement and statement of financial position are prepared in full.

Ví dụ mẫu · Worked example

M. Nguyen – Trial balance at 31 December 2025

Account	Debit $	Credit $
Capital (1 January 2025)		11,000
Drawings	4,000	
Purchases	42,000	
Sales		68,000
Sales returns	800	
Purchases returns		600
Inventory (1 January 2025)	5,000	
Carriage inwards	400	
Carriage outwards	300	
Wages and salaries	9,600	
Rent and rates	3,200	
General expenses	1,100	
Discount allowed	250	
Discount received		180
Provision for doubtful debts (1 Jan 2025)		200
Trade receivables	6,000	
Trade payables		4,800
Bank	2,650	
Cash	480	
Equipment at cost	12,000	
Provision for depreciation: equipment (1 Jan 2025)		3,600
Motor vehicle at cost	8,000	
Provision for depreciation: motor vehicle (1 Jan 2025)		2,400
10% Loan		5,000
Total	**95,780**	**95,780**

Additional information at 31 December 2025: (1) Inventory valued at $6,200. (2) Wages and salaries accrued $400. (3) Rent and rates prepaid $200. (4) Equipment depreciated at 10% p.a. straight line on cost. (5) Motor vehicle depreciated at 20% p.a. reducing balance. (6) Provision for doubtful debts adjusted to 5% of trade receivables. (7) Loan interest of $500 (10% p.a.) is outstanding, not yet recorded.

Ví dụ mẫu · Worked example

M. Nguyen – Income Statement for the year ended 31 December 2025

	$	$
Revenue (sales)		68,000
Less: sales returns		(800)
Net sales		**67,200**
Opening inventory	5,000	
Purchases	42,000	
Less: purchases returns	(600)	
Net purchases	41,400	
Add: carriage inwards	400	
	41,800	
Goods available for sale		46,800
Less: closing inventory		(6,200)
Cost of sales		**(40,600)**
Gross profit		**26,600**
Add: discount received		180
		26,780
Carriage outwards	300	
Wages and salaries (9,600 + 400)	10,000	
Rent and rates (3,200 − 200)	3,000	
General expenses	1,100	
Discount allowed	250	
Depreciation: equipment (10%×12,000)	1,200	
Depreciation: motor vehicle (20%×5,600)	1,120	
Increase in provision for doubtful debts	100	
Loan interest	500	
Total expenses		**(17,570)**
Profit for the year		**9,210**

Ví dụ mẫu · Worked example

M. Nguyen – Statement of Financial Position at 31 December 2025

Non-current assets	Cost $	Acc. dep. $	NBV $
Equipment	12,000	(4,800)	7,200
Motor vehicle	8,000	(3,520)	4,480
	20,000	(8,320)	**11,680**

Current assets	$	$
Inventory	6,200	
Trade receivables (6,000 − 300)	5,700	
Prepayment (rent)	200	
Bank	2,650	
Cash	480	
	15,230	
Current liabilities		
Trade payables	4,800	
Accrued wages and salaries	400	
Accrued loan interest	500	
	(5,700)	
Net current assets		9,530
Non-current assets (from above)		11,680
		21,210
Non-current liabilities: 10% Loan		(5,000)
Net assets		**16,210**

Financed by:	$
Opening capital (1 Jan 2025)	11,000
Add: profit for the year	9,210
	20,210
Less: drawings	(4,000)
Closing capital (31 Dec 2025)	**16,210**

Net assets $16,210 = Closing capital $16,210 – the statement balances.

VN GIẢI THÍCH TIẾNG VIỆT

Ví dụ trên minh hoạ trọn vẹn quy trình: từ Bảng cân đối thử → điều chỉnh cuối kỳ (hàng tồn, dồn tích/trả trước, khấu hao, dự phòng nợ khó đòi) → Báo cáo thu nhập → Bảng cân đối kế toán. Cả BỐN loại điều chỉnh cuối kỳ xuất hiện đồng thời trong một bài. Luôn kiểm tra: Tài sản thuần (Net assets) phải BẰNG Vốn chủ sở hữu cuối kỳ.

5.4 Presentation of returns, carriage and discounts

Several items are easy to misplace between the trading section and the profit and loss section. The rule is fixed: only items that change the **cost of goods bought or sold** belong in the trading section.

In the trading section: sales returns (deducted from sales), purchases returns (deducted from purchases), and **carriage inwards** (added to purchases, since it is part of the cost of bringing goods to the business).

In the profit and loss section only: **carriage outwards** (the cost of delivering goods to customers – a selling expense) and **discount allowed / discount received** (financing items, unrelated to the physical cost of goods).

Ví dụ mẫu · Trading account with returns, carriage and discounts

A trader's trial balance includes: sales $28,000; sales returns $400; purchases $16,000; purchases returns $250; carriage inwards $180; carriage outwards $140; opening inventory $2,200; closing inventory $2,600; discount allowed $95; discount received $110. Prepare the trading section.

	$	$
Sales		28,000
Less: sales returns		(400)
Net sales		**27,600**
Opening inventory	2,200	
Purchases	16,000	
Less: purchases returns	(250)	
Net purchases	15,750	
Add: carriage inwards	180	
	15,930	
Goods available for sale		18,130
Less: closing inventory		(2,600)
Cost of sales		**(15,530)**
Gross profit		**12,070**

Carriage outwards ($140) and discount allowed / received ($95 / $110) play no part in this calculation – they are carried down into the profit and loss section below gross profit.

GIẢI THÍCH TIẾNG VIỆT

VN

Chỉ những khoản làm thay đổi GIÁ VỐN hàng hoá mới nằm trong phần thương mại: hàng bán trả lại, hàng mua trả lại, và chi phí vận chuyển HÀNG MUA VỀ (carriage inwards, cộng vào giá mua). Chi phí vận chuyển HÀNG BÁN ĐI (carriage outwards) và chiết khấu (discount allowed/received) luôn thuộc phần lãi lỗ, KHÔNG bao giờ nằm trong phần thương mại.

5.5 A trader with a bank overdraft and two loans

Not every trial balance looks the same. The next example includes a bank **overdraft** (a current liability, never a negative asset), a **short-term loan** due within twelve months, and a **long-term loan** due after more than twelve months – together with an accrual for unpaid loan interest.

Ví dụ mẫu · A bank overdraft and two loans

J. Boateng – Trial balance at 31 December 2025

Account	Debit $	Credit $
Capital (1 January 2025)		12,230
Drawings	5,200	
Purchases	58,000	
Sales		92,000
Sales returns	1,200	
Purchases returns		900
Inventory (1 January 2025)	7,500	
Carriage inwards	600	
Carriage outwards	450	
Wages and salaries	14,800	
Rent and rates	4,200	
General expenses	1,850	
Discount allowed	320	
Discount received		260
Provision for doubtful debts (1 Jan 2025)		240
Trade receivables	8,000	
Trade payables		6,100
Bank overdraft		1,850
Cash	620	
Fixtures and fittings at cost	16,000	
Provision for depreciation: fixtures (1 Jan 2025)		4,800
Motor vehicles at cost	20,000	
Provision for depreciation: motor vehicles (1 Jan 2025)		8,000
8% Bank loan (repayable 2030)		10,000
Short-term loan (repayable September 2026)		3,000
Loan interest paid	640	
Total	**139,380**	**139,380**

Additional information: (1) Inventory valued at $9,100. (2) Wages and salaries accrued $350. (3) Rent and rates prepaid $250. (4) Fixtures and fittings depreciated at 10% p.a. straight line on cost. (5) Motor vehicles depreciated at 25% p.a. reducing balance. (6) Provision for doubtful debts adjusted to 4% of trade receivables. (7) The 8% bank loan ran for the whole year, so annual interest is $800; only $640 has been paid, so $160 is accrued.

Ví dụ mẫu · Worked example

J. Boateng – Income Statement for the year ended 31 December 2025

	$	$
Revenue (sales)		92,000
Less: sales returns		(1,200)
Net sales		**90,800**
Opening inventory	7,500	
Purchases	58,000	
Less: purchases returns	(900)	
Net purchases	57,100	
Add: carriage inwards	600	
	57,700	
Goods available for sale		65,200
Less: closing inventory		(9,100)
Cost of sales		**(56,100)**
Gross profit		**34,700**
Add: discount received		260
		34,960
Carriage outwards	450	
Wages and salaries (14,800 + 350)	15,150	
Rent and rates (4,200 − 250)	3,950	
General expenses	1,850	
Discount allowed	320	
Depreciation: fixtures (10%×16,000)	1,600	
Depreciation: motor vehicles (25%×12,000)	3,000	
Increase in provision for doubtful debts	80	
Loan interest (640 paid + 160 accrued)	800	
Total expenses		**(27,200)**
Profit for the year		**7,760**

Ví dụ mẫu · Worked example

J. Boateng – Statement of Financial Position at 31 December 2025

Non-current assets	Cost $	Acc. dep. $	NBV $
Fixtures and fittings	16,000	(6,400)	9,600
Motor vehicles	20,000	(11,000)	9,000
	36,000	(17,400)	**18,600**

Current assets	$	$
Inventory	9,100	
Trade receivables (8,000 − 320)	7,680	
Prepayment (rent)	250	
Cash	620	
	17,650	
Current liabilities		
Trade payables	6,100	
Bank overdraft	1,850	
Short-term loan	3,000	
Accrued wages and salaries	350	
Accrued loan interest	160	
	(11,460)	
Net current assets		6,190
Non-current assets (from above)		18,600
		24,790
Non-current liabilities: 8% Bank loan		(10,000)
Net assets		**14,790**

Financed by:	$
Opening capital (1 Jan 2025)	12,230
Add: profit for the year	7,760
	19,990
Less: drawings	(5,200)
Closing capital (31 Dec 2025)	**14,790**

Net assets $14,790 = Closing capital $14,790.

VN GIẢI THÍCH TIẾNG VIỆT

Thấu chi ngân hàng (bank overdraft) LUÔN là nợ ngắn hạn, không được coi là tài sản âm. Khoản vay ngắn hạn (đáo hạn trong 12 tháng) nằm trong nợ ngắn hạn cùng với các khoản dồn tích; khoản vay dài hạn (đáo hạn sau 12 tháng) nằm riêng ở mục nợ dài hạn, TRỪ sau khi tính tài sản thuần ngắn hạn. Lãi vay đã trả một phần và phần còn dồn tích phải được CỘNG lại với nhau để ra tổng chi phí lãi vay trong kỳ.

5.6 A part-exchange disposal of a non-current asset

When a non-current asset is disposed of during the year – including being **part-exchanged** for a replacement – a profit or loss on disposal must be calculated and included as **other income** (profit) or as an **expense** (loss) in the income statement, and the depreciation schedule for the year must reflect only the asset actually owned at the year end.

Ví dụ mẫu · Part-exchange of a motor vehicle

On 1 April 2025, K. Amoah part-exchanged the old motor vehicle (cost $12,000; accumulated depreciation at 1 January 2025 $7,200) for a new motor vehicle listed at $18,000: a trade-in (part-exchange) allowance of $5,500 was given against the old vehicle, and the $12,500 balance was paid by cheque. The trial balance below already reflects this transaction in full.

Disposal workings:

NBV of old vehicle $= 12{,}000 - 7{,}200 = \$4{,}800$ Trade-in allowance (proceeds) $= \$5{,}500$

Profit on disposal $= 5{,}500 - 4{,}800 = \boxed{\$700}$ New vehicle cost $= 12{,}500 + 5{,}500 = \$18{,}000$

Motor vehicles are depreciated at 20% p.a. straight line on cost, with a full year's charge in the year of purchase and none in the year of sale – so the new vehicle (owned since 1 April, still within 2025) is charged a full year's depreciation, and the old vehicle (sold during the year) is charged none for 2025.

Trial balance at 31 December 2025

Account	Debit $	Credit $
Capital (1 January 2025)		32,830
Drawings	6,000	
Purchases	64,000	
Sales		98,000
Sales returns	900	
Purchases returns		700
Inventory (1 January 2025)	8,200	
Carriage inwards	500	
Wages and salaries	16,400	
Rent and rates	5,000	
General expenses	2,100	
Discount allowed	280	
Discount received		190
Provision for doubtful debts (1 Jan 2025)		300
Trade receivables	9,500	
Trade payables		7,200
Bank	3,100	
Cash	540	
Fixtures at cost	9,000	
Provision for depreciation: fixtures (1 Jan 2025)		3,600
Motor vehicle at cost (new vehicle only)	18,000	
Profit on disposal of motor vehicle		700
Total	**143,520**	**143,520**

Additional information: (1) Inventory valued at $9,800. (2) Wages and salaries accrued $300. (3) Rent and rates prepaid $400. (4) Fixtures depreciated at 15% p.a. reducing balance. (5) $200 of the year's provision must reflect 5% of trade receivables (no debts written off in this example).

Ví dụ mẫu · Worked example

K. Amoah – Income Statement for the year ended 31 December 2025

	$	$
Revenue (sales)		98,000
Less: sales returns		(900)
Net sales		**97,100**
Opening inventory	8,200	
Purchases	64,000	
Less: purchases returns	(700)	
Net purchases	63,300	
Add: carriage inwards	500	
	63,800	
Goods available for sale		72,000
Less: closing inventory		(9,800)
Cost of sales		**(62,200)**
Gross profit		**34,900**
Add: discount received	190	
profit on disposal of motor vehicle	700	
		890
		35,790
Wages and salaries (16,400 + 300)	16,700	
Rent and rates (5,000 − 400)	4,600	
General expenses	2,100	
Discount allowed	280	
Depreciation: fixtures (15%×5,400)	810	
Depreciation: motor vehicle (20%×18,000)	3,600	
Increase in provision for doubtful debts	175	
Total expenses		**(28,265)**
Profit for the year		**7,525**

Ví dụ mẫu · Worked example

K. Amoah – Statement of Financial Position at 31 December 2025

Non-current assets	Cost $	Acc. dep. $	NBV $
Fixtures	9,000	(4,410)	4,590
Motor vehicle	18,000	(3,600)	14,400
	27,000	(8,010)	**18,990**

Current assets	$	$
Inventory	9,800	
Trade receivables (9,500 − 475)	9,025	
Prepayment (rent)	400	
Bank	3,100	
Cash	540	
	22,865	
Current liabilities		
Trade payables	7,200	
Accrued wages and salaries	300	
	(7,500)	
Net current assets		15,365
Non-current assets (from above)		18,990
Net assets		**34,355**

Financed by:	$
Opening capital (1 Jan 2025)	32,830
Add: profit for the year	7,525
	40,355
Less: drawings	(6,000)
Closing capital (31 Dec 2025)	**34,355**

Net assets $34,355 = Closing capital $34,355. There are no non-current liabilities in this business, so net current assets equal net assets directly.

VN GIẢI THÍCH TIẾNG VIỆT

Khi thanh lý tài sản dài hạn bằng cách đổi lấy tài sản mới (part-exchange), giá trị được trừ (trade-in allowance) đóng vai trò là "tiền bán". Lãi/lỗ thanh lý = giá trị được trừ − giá trị còn lại (NBV) của tài sản cũ, và được ghi là thu nhập khác (lãi) hoặc chi phí (lỗ) trong báo cáo thu nhập. Tài sản mới được ghi nhận theo TOÀN BỘ giá gốc (tiền mặt trả thêm cộng giá trị được trừ), và chỉ tài sản còn sở hữu cuối kỳ mới được tính khấu hao cho năm đó theo quy ước của doanh nghiệp.

5.7 More practice

Bài tập luyện tập

Which of the following is included in the **trading section** of the income statement?

(A) Carriage outwards
(B) Discount allowed
(C) Carriage inwards
(D) Rent and rates

Lời giải chi tiết

Carriage inwards is added to purchases to arrive at cost of sales, in the trading section. The other three all belong in the profit and loss section. **(C)**.

Bài tập luyện tập

A trader's records show: revenue $52,000; sales returns $1,000; opening inventory $4,500; purchases $31,000; purchases returns $700; carriage inwards $300; closing inventory $5,200. Calculate net sales, cost of sales and the gross profit.

Lời giải chi tiết

Net sales $= 52{,}000 - 1{,}000 = \$51{,}000$. Net purchases $= 31{,}000 - 700 + 300 = \$30{,}600$.
Cost of sales $= 4{,}500 + 30{,}600 - 5{,}200 = \boxed{\$29{,}900}$. Gross profit $= 51{,}000 - 29{,}900 = \boxed{\$21{,}100}$.

Bài tập luyện tập

A bank overdraft should be shown in the statement of financial position as:

(A) A non-current liability
(B) A negative current asset
(C) A current liability
(D) Deducted directly from capital

Lời giải chi tiết

A bank overdraft is money owed to the bank, repayable on demand – a current liability, listed alongside trade payables. **(C)**.

Bài tập luyện tập

T. Owusu's records show: sales $75,000; sales returns $1,500; purchases $48,000; purchases returns $800; opening inventory $6,000; carriage inwards $400; closing inventory $7,000; wages $12,000 (accrue a further $500); rent $4,000 ($300 prepaid); general expenses $1,800; depreciation of equipment $2,000; discount allowed $200; discount received $150. Prepare the income statement.

Lời giải chi tiết

Net sales $= 75{,}000 - 1{,}500 = 73{,}500$. Net purchases $= 48{,}000 - 800 + 400 = 47{,}600$.
Cost of sales $= 6{,}000 + 47{,}600 - 7{,}000 = 46{,}600$. Gross profit $= 73{,}500 - 46{,}600 = 26{,}900$.
Add discount received 150: $27{,}050$. Expenses: wages $12{,}500$, rent $3{,}700$, general $1{,}800$, depreciation $2{,}000$, discount allowed $200 = 17{,}200$... total $= 12{,}500 + 3{,}700 + 1{,}800 + 2{,}000 + 200 = 20{,}200$.
Profit for the year $= 27{,}050 - 20{,}200 = \boxed{\$6{,}850}$.

Bài tập luyện tập

Which of these is deducted in arriving at **net current assets** but is *not* deducted again in arriving at **net assets**?

(A) Non-current liabilities
(B) Current liabilities
(C) Drawings
(D) Capital

Lời giải chi tiết

Current liabilities are deducted from current assets to give net current assets; non-current liabilities are then deducted separately, later, to arrive at net assets. **(B)**.

Bài tập luyện tập

A trader's trade receivables are $12,000 before adjustment. $400 of this is to be written off as irrecoverable, and the provision for doubtful debts (opening balance $450) is then to be maintained at 5% of the remaining receivables. Calculate (a) the total charge to the income statement, and (b) the net trade receivables in the statement of financial position.

Lời giải chi tiết

Receivables after write-off $= 12{,}000 - 400 = 11{,}600$. New provision $= 5\% \times 11{,}600 = 580$. Increase in provision $= 580 - 450 = 130$. (a) Total charge $= 400 + 130 = \boxed{\$530}$.
(b) Net receivables $= 11{,}600 - 580 = \boxed{\$11{,}020}$.

Bài tập luyện tập

Which of the following would appear in a sole trader's income statement?

(A) Drawings
(B) Capital introduced
(C) Depreciation of equipment
(D) A bank loan received

Lời giải chi tiết

Depreciation is an expense of using a non-current asset during the period, and belongs in the income statement. Drawings, capital introduced, and a loan received are all balance sheet items that never appear in the income statement. **(C)**.

Bài tập luyện tập

A business has trade receivables of $9,000 and trade payables of $9,000 at the year end, owed by and to entirely different parties. Explain how these must be presented in the statement of financial position, and why netting them off to zero is not acceptable.

Lời giải chi tiết

Trade receivables ($9,000) are shown as a current asset; trade payables ($9,000) are shown separately as a current liability. They must never be netted off, because they are claims involving different parties – one is money owed *to* the business by its customers, the other is money owed *by* the business to its suppliers. Netting them to zero would understate both total current assets and total current liabilities, hiding important information about the scale of the business's trading and its liquidity position, even though it would not change the net current assets subtotal in this particular case.

Bài tập luyện tập

The correct formula for cost of sales is:

(A) Opening inventory + Purchases − Closing inventory

(B) Opening inventory − Purchases + Closing inventory

(C) Purchases + Closing inventory − Opening inventory

(D) Sales + Gross profit

Lời giải chi tiết

Cost of sales = Opening inventory + Net purchases (including carriage inwards) − Closing inventory. **(A)**.

Bài tập luyện tập

R. Sarpong's trial balance at 31 December 2025 shows: Drawings \$3,600; Purchases \$36,000; Sales returns \$600; Inventory (1 Jan) \$4,800; Wages and salaries \$8,200; Rent and rates \$2,600; Insurance \$900; Trade receivables \$5,000; Bank \$1,900; Cash \$300; Equipment at cost \$10,000; Provision for depreciation: equipment (1 Jan) \$2,000; Sales \$58,000; Purchases returns \$400; Trade payables \$3,700; Capital (1 Jan) \$9,800. Additional information: closing inventory \$5,600; wages accrued \$200; insurance prepaid \$150; equipment depreciated 10% p.a. straight line on cost; a provision for doubtful debts is created for the first time at 2% of trade receivables. Prepare the income statement and the statement of financial position.

Lời giải chi tiết

Net sales $= 58{,}000 - 600 = 57{,}400$. Net purchases $= 36{,}000 - 400 = 35{,}600$.
Cost of sales $= 4{,}800 + 35{,}600 - 5{,}600 = 34{,}800$. Gross profit $= 57{,}400 - 34{,}800 = 22{,}600$.
Expenses: wages $8{,}400$ ($8{,}200 + 200$), rent and rates $2{,}600$, insurance 750 ($900 - 150$), depreciation $1{,}000$ ($10\% \times 10{,}000$), provision for doubtful debts 100 ($2\% \times 5{,}000$, first year). Total expenses $= 8{,}400 + 2{,}600 + 750 + 1{,}000 + 100 = 12{,}850$.

Profit for the year $= 22{,}600 - 12{,}850 = \boxed{\$9{,}750}$.

SOFP: equipment NBV $= 10{,}000 - 3{,}000 = 7{,}000$. Current assets: inventory $5{,}600$ + receivables ($5{,}000 - 100 = 4{,}900$) + prepayment 150 + bank $1{,}900$ + cash $300 = 12{,}850$. Current liabilities: payables $3{,}700$ + accrued wages $200 = 3{,}900$. Net current assets $= 8{,}950$. **Net assets** $= 7{,}000 + 8{,}950 = \boxed{\$15{,}950}$.

Check: capital $= 9{,}800 + 9{,}750 - 3{,}600 = \boxed{\$15{,}950}$ – matches.

Bài tập luyện tập

Which of the following correctly describes "net current assets"?

(A) Current assets minus current liabilities

(B) Current assets plus current liabilities

(C) Total assets minus total liabilities

(D) Non-current assets minus non-current liabilities

Lời giải chi tiết

Net current assets (working capital) = Current assets − Current liabilities. **(A)**.

Bài tập luyện tập

Explain, with an example, why drawings never appear as an expense in the income statement, and state where drawings are shown instead.

Lời giải chi tiết

Drawings are money or goods the owner withdraws for private use – they are not incurred in *earning* the business's revenue, so they fail the definition of an expense. For example, if the owner withdraws $500 cash for a family holiday, this has nothing to do with running the shop and must not reduce profit. Drawings instead reduce the owner's **capital** directly, and are shown as a deduction in the "Financed by" / capital section of the statement of financial position: Closing capital = Opening capital + Profit − Drawings.

Bài tập luyện tập

A trader's gross profit is $18,000 and profit for the year is $11,000, with no other income. Calculate total expenses for the year.

(A) $7,000
(B) $18,000
(C) $29,000
(D) $11,000

Lời giải chi tiết

Expenses = Gross profit − Profit for the year = $18{,}000 - 11{,}000 = \$7{,}000$. **(A)**.

Bài tập luyện tập

Motor vehicles are depreciated at 20% p.a. reducing balance. Cost $15,000; accumulated depreciation at the start of the year $4,800. Calculate the depreciation charge for the year and the NBV at the year end.

Lời giải chi tiết

NBV at start $= 15{,}000 - 4{,}800 = 10{,}200$. Depreciation $= 20\% \times 10{,}200 = \boxed{\$2{,}040}$. NBV at end $= 10{,}200 - 2{,}040 = \boxed{\$8{,}160}$.

Bài tập luyện tập

A $20,000 loan was taken out four years ago, originally repayable over five years. It is now shown in the statement of financial position as:

(A) A non-current liability, since it is a bank loan
(B) A current liability, since only one year remains until repayment
(C) A non-current asset
(D) Deducted directly from capital

Lời giải chi tiết

Classification depends on the time remaining until repayment at the reporting date, not the original term. With only one year left, it is now a current liability. **(B)**.

Bài tập luyện tập

A business sold an old machine (cost $8,000; accumulated depreciation at the date of sale $5,500) for $1,800 cash. Calculate the profit or loss on disposal, and state how it is shown in the income statement.

Lời giải chi tiết

NBV at disposal $= 8{,}000 - 5{,}500 = 2{,}500$. Proceeds $= 1{,}800$. Since proceeds are below NBV, there is a **loss on disposal** $= 2{,}500 - 1{,}800 = \boxed{\$700}$, shown as an expense in the profit and loss section of the income statement.

Bài tập luyện tập

A profit on disposal of a non-current asset is shown in the income statement as:

(A) A deduction from cost of sales

(B) An addition to gross profit, as other income

(C) A deduction from capital

(D) A current asset

Lời giải chi tiết

A profit on disposal is added to gross profit as other income, in the profit and loss section, since it did not arise from ordinary trading. **(B)**.

Bài tập luyện tập

A trader's trial balance shows: Sales $34,000; Sales returns $600; Purchases $19,500; Purchases returns $400; Carriage inwards $250; Carriage outwards $180; Opening inventory $2,800; Closing inventory $3,100; Discount allowed $90; Discount received $120. Prepare the trading section only (down to gross profit), and state which two items are excluded from it.

Lời giải chi tiết

Net sales $= 34{,}000 - 600 = 33{,}400$. Net purchases $= 19{,}500 - 400 + 250 = 19{,}350$.
Cost of sales $= 2{,}800 + 19{,}350 - 3{,}100 = 19{,}050$. **Gross profit** $= 33{,}400 - 19{,}050 = \boxed{\$14{,}350}$.
Carriage outwards and discount allowed/received are excluded – they belong in the profit and loss section.

Bài tập luyện tập

Opening inventory was $6,000, closing inventory $7,500, purchases $40,000 and carriage inwards $500. Calculate cost of sales.

(A) $39,000

(B) $38,000

(C) $40,500

(D) $46,500

Lời giải chi tiết

Cost of sales $= 6{,}000 + 40{,}000 + 500 - 7{,}500 = \boxed{\$39{,}000}$. **(A)**.

Bài tập luyện tập

A sole trader's opening capital was $18,400. Profit for the year was $9,600 and drawings were $5,200, with no capital introduced. If total assets at the year end are $34,300 and total liabilities are $11,500, calculate the closing capital two ways and confirm they agree.

Lời giải chi tiết

From the capital formula: closing capital $= 18{,}400 + 9{,}600 - 5{,}200 = \$22{,}800$.
From net assets: $34{,}300 - 11{,}500 = \$22{,}800$. Both methods agree: **closing capital** $= \boxed{\$22{,}800}$.

Bài tập luyện tập

A student prepared a statement of financial position showing a single line, "Trade receivables less trade payables: $2,000", inside current assets. What is wrong with this presentation?

(A) Nothing is wrong; the net effect is correct

(B) Trade receivables and trade payables must be shown separately, not netted off

(C) Trade payables should be shown as a non-current liability

(D) Trade receivables should be deducted from capital

Lời giải chi tiết

Trade receivables (an asset) and trade payables (a liability) relate to different parties and must always be shown separately in full, under current assets and current liabilities respectively. **(B)**.

Bài tập luyện tập

M. Yeboah's trial balance at 31 December 2025 shows: Drawings $4,400; Purchases $50,000; Sales returns $1,100; Inventory (1 Jan) $6,500; Carriage inwards $350; Wages and salaries $11,000; Rent and rates $3,600; General expenses $1,400; Trade receivables $7,000; Bank $2,200; Cash $400; Equipment at cost $14,000; Provision for depreciation: equipment (1 Jan) $4,200; Sales $82,000; Purchases returns $500; Provision for doubtful debts (1 Jan) $250; Trade payables $5,300; Capital (1 Jan) $9,700. Additional information: closing inventory $7,800; wages accrued $250; rent prepaid $300; equipment depreciated 10% p.a. straight line on cost; $200 of trade receivables is to be written off as irrecoverable, after which the provision for doubtful debts is to be adjusted to 5% of the remaining receivables. Prepare the income statement and the statement of financial position.

Lời giải chi tiết

Net sales $= 82{,}000 - 1{,}100 = 80{,}900$. Net purchases $= 50{,}000 - 500 + 350 = 49{,}850$.
Cost of sales $= 6{,}500 + 49{,}850 - 7{,}800 = 48{,}550$. Gross profit $= 80{,}900 - 48{,}550 = 32{,}350$.
Receivables after write-off $= 7{,}000 - 200 = 6{,}800$; new provision $= 5\% \times 6{,}800 = 340$; increase over the opening $250 $= 90$.
Expenses: wages $11{,}250$, rent $3{,}300$, general $1{,}400$, depreciation $1{,}400$ ($10\% \times 14{,}000$), irrecoverable debts 200, increase in provision 90. Total $= 11{,}250 + 3{,}300 + 1{,}400 + 1{,}400 + 200 + 90 = 17{,}640$.
Profit for the year $= 32{,}350 - 17{,}640 = \boxed{\$14{,}710}$.

SOFP: equipment NBV $= 14{,}000 - 5{,}600 = 8{,}400$. Current assets: inventory $7{,}800$ + receivables ($6{,}800 - 340 = 6{,}460$) + prepayment 300 + bank $2{,}200$ + cash $400 = 17{,}160$. Current liabilities: payables $5{,}300$ + accrued wages $250 = 5{,}550$. Net current assets $= 11{,}610$. **Net assets** $= 8{,}400 + 11{,}610 = \boxed{\$20{,}010}$.

Check: capital $= 9{,}700 + 14{,}710 - 4{,}400 = \boxed{\$20{,}010}$ – matches.

Bài tập luyện tập

Which of the following best describes "goods available for sale" in the trading account?

(A) Opening inventory + net purchases + carriage inwards

(B) Net sales minus gross profit

(C) Closing inventory plus cost of sales

(D) Net purchases minus opening inventory

Lời giải chi tiết

Goods available for sale = Opening inventory + Net purchases (including carriage inwards); this total is then split between what was sold (cost of sales) and what remains (closing inventory). **(A)**.

Bài tập luyện tập

Non-current assets total \$42,000 at cost with \$16,500 accumulated depreciation. Current assets total \$18,900 and current liabilities total \$7,400. There is a single non-current liability of \$9,000. Calculate the net assets, and confirm this equals capital of \$28,000 given that opening capital was \$23,800, profit for the year was \$9,200 and drawings were \$5,000.

Lời giải chi tiết

NBV of non-current assets $= 42{,}000 - 16{,}500 = 25{,}500$. Net current assets $= 18{,}900 - 7{,}400 = 11{,}500$.

$25{,}500 + 11{,}500 = 37{,}000$; less non-current liability $9{,}000$: **net assets** $= \boxed{\$28{,}000}$.

Capital check: $23{,}800 + 9{,}200 - 5{,}000 = \boxed{\$28{,}000}$ – matches.

Partnership Accounts

Mục tiêu Unit: Hiểu vì sao các doanh nghiệp hình thành công ty hợp danh (partnership) và quy định mặc định khi không có thoả thuận; lập tài khoản phân phối lợi nhuận (appropriation account) đầy đủ, bao gồm cả trường hợp có khoản vay của đối tác và trường hợp đảm bảo lợi nhuận tối thiểu; lập tài khoản vốn cố định (capital account) và tài khoản vãng lai (current account); lập bảng cân đối kế toán của công ty hợp danh; và xử lý uy tín thương mại (goodwill) khi kết nạp đối tác mới hoặc khi thay đổi tỉ lệ chia lợi nhuận.

6.1 Why form a partnership, and the partnership agreement

A **partnership** is a business owned by two or more people (commonly two to twenty) who share capital, management, risk and profit. Partners typically join together to combine more capital, a wider range of skills, and a shared workload – at the cost of sharing profit and being jointly liable for the firm's debts.

The default legal position

If partners have *no* written or verbal partnership agreement, the **Partnership Act** default rules apply: (1) profits and losses are shared **equally**; (2) **no interest** is allowed on capital; (3) **no salaries** are paid to partners; (4) **no interest** is charged on drawings; but (5) a partner who lends money to the firm *beyond* their agreed capital *is* entitled to interest at **5% p.a.** on that loan, charged as a business expense.

A written **partnership agreement** typically specifies: the profit-sharing ratio; interest on capital (a fixed % p.a., rewarding partners in proportion to what they invested); partners' salaries (rewarding a partner for extra work, e.g. running the business day to day); interest charged on drawings (discouraging partners from withdrawing cash too early in the year); and any guaranteed minimum share of profit for a junior partner.

VN GIẢI THÍCH TIẾNG VIỆT

Công ty hợp danh do 2 người trở lên cùng góp vốn, quản lý và chia lợi nhuận. Nếu KHÔNG có thoả thuận, luật mặc định quy định: chia lợi nhuận/lỗ NGANG NHAU, không có lãi trên vốn góp, không có lương, không có lãi trên rút vốn – nhưng nếu một đối tác CHO DOANH NGHIỆP VAY tiền (ngoài phần vốn góp), khoản vay đó vẫn được hưởng lãi mặc định 5%/năm, tính là chi phí kinh doanh. Thoả thuận hợp danh (partnership agreement) thường quy định rõ: tỉ lệ chia lợi nhuận, lãi trên vốn, lương đối tác, lãi trên rút vốn, và mức lợi nhuận tối thiểu được đảm bảo cho đối tác trẻ (nếu có).

6.2 The appropriation account

Where an agreement exists, profit for the year is shared out through an **appropriation account**, which sits below the income statement.

Flow of the appropriation account:

Profit for the year+Interest on drawings−Interest on capital−Salaries = **Residual profit, shared in the profit-s**

Ví dụ mẫu · Worked example

Partners A and B share profits 3:2. Capitals: A $30,000, B $20,000. Interest on capital: 5% p.a. B receives an annual salary of $4,000. Interest charged on drawings: A $200, B $150. Net profit for the year (from the income statement): $18,000.

Appropriation account

	$	$
Net profit for the year		18,000
Add: interest on drawings – A	200	
B	150	
		350
		18,350
Less: interest on capital – A (5%×30,000)	1,500	
B (5%×20,000)	1,000	
Salary – B	4,000	
		(6,500)
Residual profit (shared 3:2)		**11,850**
Share – A ($\frac{3}{5}$)		7,110
B ($\frac{2}{5}$)		4,740

Partners' current accounts (drawings during the year: A $5,000, B $6,000)

Current account – A (Dr)		**(Cr)**	
Interest on drawings	200	Interest on capital	1,500
Drawings	5,000	Share of profit	7,110
Balance c/d	3,410		
Total	**8,610**	**Total**	**8,610**

Current account – B (Dr)		**(Cr)**	
Interest on drawings	150	Interest on capital	1,000
Drawings	6,000	Salary	4,000
Balance c/d	3,590	Share of profit	4,740
Total	**9,740**	**Total**	**9,740**

Each partner's closing current account balance ($3,410 for A, $3,590 for B) is a credit balance – money the business owes the partner.

GIẢI THÍCH TIẾNG VIỆT

VN

Tài khoản phân phối lợi nhuận (appropriation account) bắt đầu từ Lợi nhuận trong kỳ, cộng lãi trên rút vốn (interest on drawings, phạt đối tác rút vốn sớm), trừ lãi trên vốn góp (interest on capital) và lương đối tác (salary), phần còn lại (residual profit) chia theo tỉ lệ thoả thuận. Số dư CÓ (Cr) cuối kỳ trên tài khoản vãng lai là số tiền doanh nghiệp còn nợ đối tác.

6.3 A partner's loan versus a partner's capital

A very common error is to confuse a **loan** a partner makes to the firm with the partner's **capital**. They are fundamentally different, and are treated differently in the financial statements.

Loan interest is an expense; interest on capital is an appropriation

Interest on a partner's loan to the firm is a business **expense**, deducted in the income statement *before* arriving at profit for the year – exactly like interest on a bank loan. **Interest on capital**, by contrast, is only ever calculated once profit for the year is already known: it is an **appropriation** of that profit, decided in the appropriation account, not an expense of earning it.

Ví dụ mẫu · A partner's loan to the firm

Partners C and D share profits 2:1. Capitals: C $40,000, D $25,000. Interest on capital: 6% p.a. D made a loan of $10,000 to the firm on 1 January 2025 at 5% p.a., paid in full by cheque during the year. Profit from operations (before loan interest) for the year was $32,000. Drawings: C $8,000, D $6,000.

Income statement extract

	$
Profit from operations	32,000
Less: loan interest (5%×10,000)	(500)
Profit for the year	**31,500**

The $500 loan interest is paid to D personally, but it is charged as a business expense *before* the appropriation account – it is never treated as an appropriation, and D's loan is never mixed into D's capital account.

Appropriation account

	$	$
Profit for the year		31,500
Less: interest on capital – C (6%×40,000)	2,400	
D (6%×25,000)	1,500	
		(3,900)
Residual profit (shared 2:1)		**27,600**
Share – C ($\frac{2}{3}$)		18,400
D ($\frac{1}{3}$)		9,200

Partners' current accounts

Current account – C (Dr)		(Cr)	
Drawings	8,000	Interest on capital	2,400
Balance c/d	12,800	Share of profit	18,400
Total	**20,800**	**Total**	**20,800**

Current account – D (Dr)		(Cr)	
Drawings	6,000	Interest on capital	1,500
Balance c/d	4,700	Share of profit	9,200
Total	**10,700**	**Total**	**10,700**

D's $10,000 loan is shown separately as a liability of the business (a non-current or current liability, depending on its repayment terms) – it is *not* part of D's capital or current account.

(!) Lỗi thường gặp: Do not treat a partner's loan as part of their capital, and do not treat loan interest as an appropriation of profit. **Loan interest** is charged *before* profit for the year is arrived at (an expense, like any other loan interest); **interest on capital** is calculated *after* profit for the year is known, as part of the appropriation account. Mixing the two – for example, sharing loan interest in the profit-sharing ratio, or charging interest on capital as a business expense – is a frequent examination error.

VN GIẢI THÍCH TIẾNG VIỆT

Lãi trên khoản VAY của đối tác (partner's loan) là CHI PHÍ kinh doanh, trừ TRƯỚC khi ra Lợi nhuận trong kỳ – giống hệt lãi vay ngân hàng. Lãi trên VỐN GÓP (interest on capital) chỉ được tính SAU khi đã biết Lợi nhuận trong kỳ, là một khoản PHÂN PHỐI lợi nhuận trong tài khoản appropriation, không phải chi phí. Khoản vay của đối tác KHÔNG được gộp vào tài khoản vốn góp hay tài khoản vãng lai của đối tác đó.

6.4 Guaranteed minimum profit share

A partnership agreement may guarantee a **junior partner** a minimum total share of profit, to protect them in a year when the normal profit-sharing ratio would give them very little. Any shortfall is made up ("topped up") by the *other* partners, usually in their own profit-sharing ratio.

Ví dụ mẫu · A guaranteed minimum share for a junior partner

Partners E, F and G share profits 3:2:1. Capitals: E $50,000, F $35,000, G $15,000. Interest on capital is 4% p.a. G is guaranteed a minimum *total* appropriation (interest on capital plus share of residual profit) of $8,000 p.a.; any shortfall is met by E and F in their own ratio, 3:2. Net profit for the year (for appropriation) is $46,000.

Step 1 – interest on capital and normal shares

Interest on capital: $E = 4\% \times 50{,}000 = 2{,}000; \quad F = 4\% \times 35{,}000 = 1{,}400; \quad G = 4\% \times 15{,}000 = 600$

$$\text{Residual profit} = 46{,}000 - (2{,}000 + 1{,}400 + 600) = \$42{,}000$$

Normal shares (3:2:1, six parts): $E = \frac{3}{6} \times 42{,}000 = 21{,}000$; $F = \frac{2}{6} \times 42{,}000 = 14{,}000$; $G = \frac{1}{6} \times 42{,}000 = 7{,}000$.

Step 2 – test and apply the guarantee G's total before the guarantee $= 600 + 7{,}000 = \$7{,}600$, which is $400 short of the $8,000 guarantee. This shortfall is borne by E and F in the ratio 3:2: E bears $\frac{3}{5} \times 400 = 240$; F bears $\frac{2}{5} \times 400 = 160$.

Appropriation account – final shares

	E $	F $	G $
Interest on capital	2,000	1,400	600
Residual share before guarantee	21,000	14,000	7,000
Less: shortfall given up to G	(240)	(160)	
Add: shortfall received from E, F			400
Total appropriation	**22,760**	**15,240**	**8,000**

Total appropriated $= 22{,}760 + 15{,}240 + 8{,}000 = \$46{,}000$, equal to the net profit – and G's guarantee of $8,000 is exactly met.

VN GIẢI THÍCH TIẾNG VIỆT

Khi một đối tác trẻ (junior partner) được đảm bảo mức lợi nhuận tối thiểu, trước tiên tính phần chia BÌNH THƯỜNG theo tỉ lệ thoả thuận; nếu phần đó (cộng lãi trên vốn, nếu đề bài yêu cầu) thấp hơn mức đảm bảo, phần THIẾU HỤT được các đối tác còn lại "bù đắp" theo TỈ LỆ RIÊNG giữa họ với nhau (bỏ đối tác trẻ ra khỏi tỉ lệ này). Tổng số tiền phân phối cho tất cả đối tác luôn phải bằng đúng lợi nhuận trong kỳ.

6.5 Partners' capital accounts and current accounts

Every partner normally has two separate accounts.

Fixed capital accounts vs. fluctuating current accounts

The **capital account** is **fixed**: it records only the permanent amount each partner has invested, and changes only when a partner permanently introduces or withdraws capital (or on a revaluation/goodwill adjustment, covered later). The **current account** is **fluctuating**: it receives interest on capital, salary and the share of residual profit (credits), and is charged with interest on drawings and drawings themselves (debits), moving up and down every year.

VN GIẢI THÍCH TIẾNG VIỆT

Tài khoản vốn góp (capital account) CỐ ĐỊNH – chỉ thay đổi khi đối tác góp thêm/rút vốn vĩnh viễn. Tài khoản vãng lai (current account) BIẾN ĐỘNG hằng năm: bên Có ghi lãi trên vốn, lương, phần chia lợi nhuận; bên Nợ ghi lãi trên rút vốn và rút vốn.

Ví dụ mẫu · Capital and current accounts, two partners

Partners O and P have fixed capitals of $36,000 and $24,000. Current account balances brought forward at 1 January 2025: O $1,200 credit; P $800 *debit* (P had overdrawn in a previous year). Interest on capital is 5% p.a. O receives a salary of $3,000. Residual profit, already shared 3:2, gave O $9,600 and P $6,400. Drawings during the year: O $7,000, P $5,500.

Capital accounts (fixed – unchanged during the year)

	O $	P $
Balance b/d and c/d	36,000	24,000

Current accounts

Current account – O (Dr)		**(Cr)**	
Drawings	7,000	Balance b/d	1,200
Balance c/d	8,600	Interest on capital (5%×36,000)	1,800
		Salary	3,000
		Share of profit	9,600
Total	**15,600**	**Total**	**15,600**

Current account – P (Dr)		**(Cr)**	
Balance b/d	800	Interest on capital (5%×24,000)	1,200
Drawings	5,500	Share of profit	6,400
Balance c/d	1,300		
Total	**7,600**	**Total**	**7,600**

P's opening *debit* balance (money P owed the firm from an earlier year) is simply carried forward as another debit entry, alongside drawings, before the year's credits are added.

Ví dụ mẫu · Capital and current accounts, three partners

Continuing the E, F, G guarantee example above (fixed capitals $50,000, $35,000, $15,000; total appropriation E $22,760, F $15,240, G $8,000), drawings during the year were: E $10,000, F $7,000, G $4,000. All current accounts opened at nil.

Capital accounts (fixed)

	E $	F $	G $
Balance b/d and c/d	50,000	35,000	15,000

Current accounts

	E $	F $	G $
Total appropriation (Cr)	22,760	15,240	8,000
Less: drawings (Dr)	(10,000)	(7,000)	(4,000)
Balance c/d (Cr)	**12,760**	**8,240**	**4,000**

(!) Lỗi thường gặp: Interest on capital is calculated on the *fixed capital account* balance only, **never** on the current account balance. For example, a partner with a $25,000 capital account and a $6,200 credit current account, at 5% p.a., earns interest on capital of $5\% \times 25{,}000 = \$1{,}250$ – *not* $5\% \times 31{,}200 = \$1{,}560$. The current account balance reflects accumulated undrawn profit, salary and interest already credited; it is not additional capital invested in the business, so it must never be included in the interest-on-capital calculation.

VN **GIẢI THÍCH TIẾNG VIỆT**

Lãi trên vốn góp (interest on capital) tính trên số dư TÀI KHOẢN VỐN CỐ ĐỊNH (capital account), KHÔNG phải tài khoản vãng lai (current account). Một lỗi rất hay gặp là cộng số dư tài khoản vãng lai vào vốn góp rồi mới tính lãi – điều này làm SAI kết quả vì tài khoản vãng lai chỉ là lợi nhuận/lương/lãi đã ghi nhận nhưng chưa rút, không phải là vốn đầu tư thêm vào doanh nghiệp.

6.6 The partnership statement of financial position

A partnership's capital section shows fixed capital accounts and current accounts **side by side**, for every partner.

Ví dụ mẫu · Partnership capital section, two partners

Continuing the A and B example (capitals A $30,000, B $20,000; closing current accounts A $3,410 Cr, B $3,590 Cr), the capital section of the statement of financial position appears as:

	A $	B $	Total $
Capital accounts	30,000	20,000	50,000
Current accounts	3,410	3,590	7,000
Total	**33,410**	**23,590**	**57,000**

The total $57,000 is the partners' combined equity, which must equal the net assets of the partnership.

Ví dụ mẫu · Full statement of financial position, three partners

The E, F, G partnership above has, at the year end: non-current assets (net book value) $95,000; inventory $15,000; trade receivables $12,000; bank $11,500; cash $500; trade payables $9,000; no non-current liabilities.

	$	$
Non-current assets		95,000
Current assets		
Inventory	15,000	
Trade receivables	12,000	
Bank	11,500	
Cash	500	
	39,000	
Less current liabilities		
Trade payables	(9,000)	
Net current assets		30,000
Net assets		**125,000**

Capital section

	E $	F $	G $	Total $
Capital accounts	50,000	35,000	15,000	100,000
Current accounts	12,760	8,240	4,000	25,000
Total	**62,760**	**43,240**	**19,000**	**125,000**

Total partners' equity $125,000 exactly equals the net assets of $125,000 calculated above.

GIẢI THÍCH TIẾNG VIỆT

VN

Trong công ty hợp danh, phần vốn chủ sở hữu trên bảng cân đối kế toán gồm **tài khoản vốn cố định (capital accounts)** cộng **tài khoản vãng lai (current accounts)** của TỪNG đối tác, trình bày riêng biệt rồi cộng lại. Tổng này LUÔN phải bằng Tài sản thuần (net assets) của doanh nghiệp.

6.7 Goodwill on admission of a new partner

What is goodwill, and why does it arise?

Goodwill is the excess of the value of a business as a going concern over the value of its separately identifiable net assets – it represents reputation, customer relationships, staff skill and location built up over time. When a **new partner** is admitted, they will share in the future profits generated partly because of this existing goodwill, so it is fair to compensate the *old* partners for it before the new partner's share is fixed.

Ví dụ mẫu · Goodwill raised and written off on admission

Partners H and I share profits equally. Capitals: H $30,000, I $30,000. A new partner J is admitted, paying $20,000 capital for a $\frac{1}{4}$ share of future profits. Goodwill is valued at $24,000 but is not to remain in the books. New profit-sharing ratio: H $\frac{3}{8}$, I $\frac{3}{8}$, J $\frac{2}{8}$ (J takes $\frac{1}{4} = \frac{2}{8}$; H and I continue to share the rest equally).

Step 1 – raise goodwill, credited to the OLD partners in the OLD ratio (1:1)

$$H : \tfrac{1}{2} \times 24{,}000 = 12{,}000 \qquad I : \tfrac{1}{2} \times 24{,}000 = 12{,}000$$

Step 2 – write goodwill off, debited to ALL partners in the NEW ratio (3:3:2)

$$H : \tfrac{3}{8} \times 24{,}000 = 9{,}000 \qquad I : \tfrac{3}{8} \times 24{,}000 = 9{,}000 \qquad J : \tfrac{2}{8} \times 24{,}000 = 6{,}000$$

Capital accounts

Capital account – H (Dr)		(Cr)	
Goodwill written off	9,000	Balance b/d	30,000
Balance c/d	33,000	Goodwill raised	12,000
Total	**42,000**	**Total**	**42,000**

Capital account – I (Dr)		(Cr)	
Goodwill written off	9,000	Balance b/d	30,000
Balance c/d	33,000	Goodwill raised	12,000
Total	**42,000**	**Total**	**42,000**

Capital account – J (Dr)		(Cr)	
Goodwill written off	6,000	Cash introduced	20,000
Balance c/d	14,000		
Total	**20,000**	**Total**	**20,000**

J was not a partner when goodwill was raised, so J receives none of the $24,000 credit – but shares in writing it off in the new ratio. H and I each gain $3,000 net (compensation for the share of goodwill they give up to J); total partners' capital rises from $60,000 to $80,000, exactly the $20,000 J introduced, since the goodwill raised and written off cancel out overall.

GIẢI THÍCH TIẾNG VIỆT

VN Uy tín thương mại (goodwill) là phần giá trị doanh nghiệp vượt trên giá trị tài sản thuần xác định được – do danh tiếng, khách hàng quen, vị trí kinh doanh... Khi kết nạp đối tác mới, cách xử lý IGCSE: (1) GHI TĂNG (raise) goodwill, ghi Có cho các đối tác CŨ theo tỉ lệ CŨ; (2) XOÁ BỎ (write off) goodwill ngay, ghi Nợ cho TẤT CẢ đối tác (kể cả đối tác mới) theo tỉ lệ MỚI. Hai bước này triệt tiêu lẫn nhau về tổng vốn, chỉ có tác dụng CHUYỂN GIÁ TRỊ giữa các đối tác.

6.8 Change in profit-sharing ratio between existing partners

Goodwill must also be adjusted whenever existing partners agree to change their profit-sharing ratio, even with no new partner joining.

Ví dụ mẫu · Change in ratio

Partners K and L currently share profits 3:2. They agree to share equally (1:1) from 1 January 2026. Goodwill is valued at $15,000 and is *not* to be recorded in the books (no goodwill account is opened or closed – only a direct capital account adjustment is made). Capitals before adjustment: K $25,000, L $18,000.

K's share changes from $\frac{3}{5}$ to $\frac{1}{2}$, a **decrease** of $\frac{1}{10}$ (K *sacrifices* $\frac{1}{10}$). L's share changes from $\frac{2}{5}$ to $\frac{1}{2}$, an **increase** of $\frac{1}{10}$ (L *gains* $\frac{1}{10}$).

$$\text{Adjustment} = \frac{1}{10} \times 15{,}000 = \$1{,}500$$

The gaining partner's capital account is debited, and the sacrificing partner's capital account is credited: **Debit L $1,500; Credit K $1,500**.

	K $	L $
Balance before adjustment	25,000	18,000
Goodwill adjustment	+1,500	−1,500
Balance after adjustment	**26,500**	**16,500**

Total capital is unchanged at $43,000 both before and after – the adjustment only redistributes value between K and L, reflecting the fact that L will now enjoy a larger share of future profits (and the goodwill behind them) than before.

VN GIẢI THÍCH TIẾNG VIỆT

Khi hai đối tác hiện có đổi tỉ lệ chia lợi nhuận, goodwill vẫn cần điều chỉnh dù không kết nạp đối tác mới. Đối tác có tỉ lệ TĂNG (gaining partner) phải "trả" cho đối tác có tỉ lệ GIẢM (sacrificing partner) một khoản tương ứng với phần goodwill họ được hưởng thêm – ghi Nợ tài khoản vốn của đối tác được lợi, ghi Có tài khoản vốn của đối tác chịu thiệt, KHÔNG cần mở tài khoản goodwill riêng. Tổng vốn của cả nhóm đối tác không đổi.

6.9 More practice

Bài tập luyện tập

Under the default position when partners have no partnership agreement, profits are shared:

(A) In the ratio of capital contributed

(B) Equally, with no interest on capital and no salaries

(C) According to the time each partner devotes to the business

(D) Only after tax authority approval

Lời giải chi tiết

The default legal position is equal sharing of profits and losses, with no interest on capital, no salaries, and no interest on drawings. **(B)**.

Bài tập luyện tập

Partners M and N share profits 5:3. Capitals: M $45,000, N $27,000. Interest on capital is 4% p.a. N receives a salary of $6,000. Net profit for the year (for appropriation) is $30,760. Prepare the appropriation account and state each partner's total share.

Lời giải chi tiết

Interest on capital: M $= 4\% \times 45{,}000 = 1{,}800$; N $= 4\% \times 27{,}000 = 1{,}080$.
Residual $= 30{,}760-1{,}800-1{,}080-6{,}000 = 21{,}880$. Share 5:8 and 3:8: M $= \frac{5}{8} \times 21{,}880 = 13{,}675$; N $= \frac{3}{8} \times 21{,}880 = 8{,}205$.
Total: M $= 1{,}800 + 13{,}675 = \boxed{\$15{,}475}$; N $= 1{,}080 + 6{,}000 + 8{,}205 = \boxed{\$15{,}285}$. Check: $15{,}475 + 15{,}285 = \$30{,}760$ – matches.

Bài tập luyện tập

Interest on a partner's loan to the firm is:

(A) An appropriation of profit, shared in the profit-sharing ratio

(B) A business expense, deducted before arriving at profit for the year

(C) Credited directly to the partner's capital account only

(D) Not recognised in a partnership's accounts

Lời giải chi tiết

Loan interest is a business expense in the income statement, charged before profit for the year is arrived at, exactly like any other loan interest. **(B)**.

Bài tập luyện tập

Partners JJ and KK have fixed capitals of $40,000 and $30,000, interest on capital 5% p.a., and share profits equally. Residual profit for the year, already shared equally, gave each partner $9,000. Opening current accounts: JJ $500 debit, KK $300 credit. Drawings: JJ $6,000, KK $5,000. Prepare each partner's current account.

Lời giải chi tiết

Interest on capital: JJ $= 5\% \times 40{,}000 = 2{,}000$; KK $= 5\% \times 30{,}000 = 1{,}500$.
JJ (Dr): balance b/d 500, drawings 6,000, total 6,500; (Cr): interest 2,000, share 9,000, total 11,000; **balance c/d** $= \boxed{\$4{,}500}$ **Cr.**
KK (Dr): drawings 5,000; (Cr): balance b/d 300, interest 1,500, share 9,000, total 10,800; **balance c/d** $= \boxed{\$5{,}800}$ **Cr.**

Bài tập luyện tập

A partner's current account with a **debit** balance means:

(A) The firm owes the partner money

(B) The partner has drawn out more than their entitlement, and owes the firm

(C) The partner's capital account has increased

(D) This can never occur in practice

Lời giải chi tiết

A debit balance on a current account means the partner's drawings (plus any interest on drawings charged) exceeded their interest on capital, salary and share of profit – so the partner owes the firm the difference. **(B)**.

Bài tập luyện tập

Partners Q, R and S share profits 4:3:1. Interest on capital: Q $1,600, R $1,200, S $400. S is guaranteed a minimum total appropriation of $9,000; any shortfall is met by Q and R in the ratio 4:3. Net profit for the year (for appropriation) is $44,000. Calculate the final appropriation to each partner.

Lời giải chi tiết

Residual $= 44{,}000 - (1{,}600 + 1{,}200 + 400) = 40{,}800$. Normal shares (4:3:1, eight parts): Q $= 20{,}400$; R $= 15{,}300$; S $= 5{,}100$.
S's total before guarantee $= 400 + 5{,}100 = 5{,}500$; shortfall $= 9{,}000 - 5{,}500 = 3{,}500$.
Q bears $\frac{4}{7} \times 3{,}500 = 2{,}000$; R bears $\frac{3}{7} \times 3{,}500 = 1{,}500$.
Final totals: Q $= 1{,}600 + 20{,}400 - 2{,}000 = \boxed{\$20{,}000}$; R $= 1{,}200 + 15{,}300 - 1{,}500 = \boxed{\$15{,}000}$; S $= \boxed{\$9{,}000}$ (guarantee met). Check: $20{,}000 + 15{,}000 + 9{,}000 = \$44{,}000$ – matches.

Bài tập luyện tập

Goodwill is best described as:

(A) The value of a business's non-current assets

(B) The excess of the value of a business as a going concern over the value of its separately identifiable net assets

(C) A current asset representing cash paid by a new partner

(D) A reserve created out of retained profit

Lời giải chi tiết

Goodwill is the excess of a business's overall value over the fair value of its identifiable net assets – reflecting reputation, location and customer relationships. **(B)**.

Bài tập luyện tập

Partners T and U share profits 2:1. Capitals: T $40,000, U $20,000. A new partner V is admitted for a $\frac{1}{5}$ share, paying $15,000 capital. Goodwill is valued at $30,000 and is not to remain in the books. New ratio: T $\frac{8}{15}$, U $\frac{4}{15}$, V $\frac{3}{15}$. Show the resulting capital account balances.

Lời giải chi tiết

Goodwill raised, old ratio 2:1: T $= \frac{2}{3} \times 30{,}000 = 20{,}000$; U $= \frac{1}{3} \times 30{,}000 = 10{,}000$.
Goodwill written off, new ratio 8:4:3: T $= \frac{8}{15} \times 30{,}000 = 16{,}000$; U $= \frac{4}{15} \times 30{,}000 = 8{,}000$; V $= \frac{3}{15} \times 30{,}000 = 6{,}000$.
T: $40{,}000 + 20{,}000 - 16{,}000 = \boxed{\$44{,}000}$. U: $20{,}000 + 10{,}000 - 8{,}000 = \boxed{\$22{,}000}$. V: $15{,}000 - 6{,}000 = \boxed{\$9{,}000}$.
Check: $44{,}000 + 22{,}000 + 9{,}000 = 75{,}000 = 60{,}000 + 15{,}000$ (old capital plus V's cash) – matches.

Bài tập luyện tập

When two existing partners change their profit-sharing ratio, and goodwill is not to be recorded in the books, the correct entry is:

(A) Debit Goodwill, Credit both partners' capital accounts in the old ratio

(B) Debit the gaining partner's capital account, Credit the sacrificing partner's capital account, with the goodwill adjustment

(C) Debit the sacrificing partner, Credit the gaining partner

(D) Debit all partners equally

Lời giải chi tiết

The partner whose share increases (the gaining partner) compensates the partner whose share decreases (the sacrificing partner), via a direct capital account transfer, with no goodwill account used. **(B)**.

Bài tập luyện tập

Partners W and X currently share profits 7:3. They change to sharing equally from 1 January 2026. Goodwill is valued at $20,000 and is not to be recorded in the books. Capitals before adjustment: W $32,000, X $28,000. Calculate the capital account adjustment and the balances after adjustment.

Lời giải chi tiết

W's share falls from $\frac{7}{10}$ to $\frac{1}{2}$ (sacrifices $\frac{1}{5}$); X's share rises from $\frac{3}{10}$ to $\frac{1}{2}$ (gains $\frac{1}{5}$).
Adjustment $= \frac{1}{5} \times 20{,}000 = \$4{,}000$: Debit X, Credit W.
W after: $32{,}000 + 4{,}000 = \boxed{\$36{,}000}$. X after: $28{,}000 - 4{,}000 = \boxed{\$24{,}000}$. Total unchanged at $60,000.

Bài tập luyện tập

Which of the following is typically specified in a written partnership agreement but does *not* apply automatically under the default legal position?

(A) Unlimited liability of partners

(B) Equal sharing of losses

(C) Interest on capital at an agreed rate

(D) Partners' right to inspect the firm's books

Lời giải chi tiết

Interest on capital only applies if the partnership agreement specifically provides for it; the default position has no interest on capital at all. **(C)**.

Bài tập luyện tập

Partners Y, Z and AA have fixed capitals of $50,000, $30,000 and $20,000, sharing profits 5:3:2. Interest on capital is 4% p.a. Z receives a salary of $5,000. Net profit for the year (for appropriation) is $37,000. Drawings: Y $9,000, Z $7,500, AA $4,000. All current accounts start at nil. Prepare the appropriation account and each partner's current account.

Lời giải chi tiết

Interest on capital: Y $= 2{,}000$; Z $= 1{,}200$; AA $= 800$ (total 4,000). Residual $= 37{,}000 - 4{,}000 - 5{,}000 = 28{,}000$.
Shares 5:3:2: Y $= 14{,}000$; Z $= 8{,}400$; AA $= 5{,}600$.
Totals: Y $= 2{,}000 + 14{,}000 = 16{,}000$; Z $= 1{,}200 + 5{,}000 + 8{,}400 = 14{,}600$; AA $= 800 + 5{,}600 = 6{,}400$ (sum $= \$37{,}000$).
Current accounts (Cr less drawings): Y $= 16{,}000 - 9{,}000 = \boxed{\$7{,}000}$; Z $= 14{,}600 - 7{,}500 = \boxed{\$7{,}100}$; AA $= 6{,}400 - 4{,}000 = \boxed{\$2{,}400}$.

Bài tập luyện tập

In a partnership statement of financial position, the partners' capital and current accounts are shown:

(A) Combined into a single figure per partner only

(B) Separately – fixed capital accounts and fluctuating current accounts, side by side

(C) Only current accounts are shown; capital accounts appear in the income statement

(D) Netted against drawings

Lời giải chi tiết

Both accounts are shown, separately, for each partner, then totalled to give the combined partners' equity. **(B)**.

Bài tập luyện tập

Using the capital and current account balances from the Y, Z, AA question above, prepare the capital section of the statement of financial position.

Lời giải chi tiết

Capital accounts: $50{,}000+30{,}000+20{,}000 = 100{,}000$. Current accounts: $7{,}000+7{,}100+2{,}400 = 16{,}500$.
Total partners' equity $= 100{,}000 + 16{,}500 = \boxed{\$116{,}500}$.

Bài tập luyện tập

Partners share profits and losses 3:1, with no interest on capital or salaries. In a year with a *loss* of $8,000, how is the loss shared?

(A) Both partners bear $4,000 each, regardless of the ratio

(B) $\frac{3}{4}$ and $\frac{1}{4}$ of the loss, as with a profit

(C) Only the partner who caused the loss bears it

(D) Losses cannot be shared under IGCSE rules

Lời giải chi tiết

The profit-sharing ratio applies equally to losses – a loss is simply a negative profit shared in the same ratio. **(B)**.

Bài tập luyện tập

Using the ratio in the previous question (3:1), calculate each partner's share of an $8,000 loss.

Lời giải chi tiết

$\frac{3}{4} \times 8{,}000 = \boxed{\$6{,}000}$ and $\frac{1}{4} \times 8{,}000 = \boxed{\$2{,}000}$. Each partner's current account is debited with their share of the loss.

Bài tập luyện tập

Which statement is true of a partner's **loan** account, separate from their capital account?

(A) It always carries the same rate of interest as interest on capital

(B) Loan interest is charged as a business expense, unlike interest on capital which is an appropriation

(C) It cannot be repaid until the partnership is dissolved

(D) It is shown as part of the partner's current account

Lời giải chi tiết

Loan interest is an expense deducted before profit for the year; interest on capital is only decided afterwards, in the appropriation account. **(B)**.

Bài tập luyện tập

Partners BB and CC share profits equally. Capitals: BB $28,000, CC $28,000. BB made a loan of $12,000 to the firm on 1 January 2025 at 6% p.a., unpaid and accrued at the year end. Interest on capital is 5% p.a. Profit from operations (before loan interest) was $24,720. Calculate profit for the year, prepare the appropriation account, and state the current liability for accrued loan interest.

Lời giải chi tiết

Loan interest (accrued) $= 6\% \times 12{,}000 = 720$. Profit for the year $= 24{,}720 - 720 = 24{,}000$. Interest on capital: BB $= 5\% \times 28{,}000 = 1{,}400$; CC $= 1{,}400$ (total 2,800). Residual $= 24{,}000 - 2{,}800 = 21{,}200$, shared equally: $10{,}600$ each.
Totals: BB $= 1{,}400 + 10{,}600 = \boxed{\$12{,}000}$; CC $= \boxed{\$12{,}000}$ (sum $= \$24{,}000$, matches profit for the year).
Accrued loan interest (current liability) $= \boxed{\$720}$, separate from BB's capital/current account.

Bài tập luyện tập

Which of the following would *not* appear in a partnership appropriation account?

(A) Interest on capital

(B) Partners' salaries

(C) Interest on a partner's loan to the firm

(D) Share of residual profit

Lời giải chi tiết

Loan interest is a business expense in the income statement, before profit for the year is arrived at – it never appears in the appropriation account. **(C)**.

Bài tập luyện tập

Explain why interest on a partner's loan to the firm is treated differently from interest on a partner's capital, referring to where each appears in the financial statements.

Lời giải chi tiết

A loan is a debt owed by the firm to the partner, exactly like a bank loan – so the interest on it is a cost of borrowing, charged as an expense in the income statement *before* profit for the year is calculated. Interest on capital, by contrast, rewards the partner for the equity they have invested in the business; it is only decided *after* profit for the year is known, as an appropriation of that profit shared out in the appropriation account, alongside salaries and the residual profit share.

Bài tập luyện tập

A partner's fixed capital account balance stays the same from year to year unless:

(A) The partner draws cash during the year

(B) Profit is shared out at the year end

(C) Additional capital is permanently introduced or withdrawn, or there is a goodwill adjustment

(D) Interest on capital is credited

Lời giải chi tiết

Ordinary drawings, profit shares and interest on capital all pass through the fluctuating current account, not the fixed capital account. **(C)**.

Bài tập luyện tập

A partner's fixed capital account shows $25,000, and their current account shows a credit balance of $6,200. Interest on capital is 5% p.a. Calculate the correct interest on capital, and explain the error a student would make by using $31,200 (capital plus current account) instead.

Lời giải chi tiết

Correct interest on capital $= 5\% \times 25{,}000 = \boxed{\$1{,}250}$, based on the fixed capital account balance only.
Using $31,200 gives $5\% \times 31{,}200 = \$1{,}560$, overstating interest on capital by $310. This is wrong because the current account balance is fluctuating (accumulated undrawn profit, salary and interest already credited), not additional capital invested; only the fixed capital account balance is ever used for this calculation.

Bài tập luyện tập

Partners DD and EE have capitals of $22,000 and $28,000 respectively, share profits 2:3, and interest on capital is 6% p.a. Calculate the correct interest on capital for each partner.

(A) $1,320 and $1,680
(B) $1,200 and $1,800
(C) $1,500 and $1,500
(D) $1,680 and $1,320

Lời giải chi tiết

Interest on capital is calculated on each partner's own capital balance, *not* in the profit-sharing ratio: DD $= 6\% \times 22{,}000 = 1{,}320$; EE $= 6\% \times 28{,}000 = 1{,}680$. **(A)**. (Note that the profit-sharing ratio, 2:3, is irrelevant here and would give the wrong answer, option B, if wrongly applied.)

Bài tập luyện tập

Partners FF and GG share profits 3:2. Capitals: FF $34,000, GG $26,000. Interest on capital 5% p.a. FF's salary is $4,500. Interest on drawings: FF $180, GG $140. Net profit for appropriation is $29,020. Drawings: FF $6,000, GG $5,200. Opening current accounts: FF $900 credit, GG $200 credit. Prepare the appropriation account, both current accounts, and the capital section of the statement of financial position.

Lời giải chi tiết

Pool $= 29{,}020 + 180 + 140 = 29{,}340$. Interest on capital: FF $= 1{,}700$; GG $= 1{,}300$. Less salary FF $4,500.
Residual $= 29{,}340 - 1{,}700 - 1{,}300 - 4{,}500 = 21{,}840$. Shares 3:2: FF $= 13{,}104$; GG $= 8{,}736$.
Current account FF (Cr: b/d 900, interest 1,700, salary 4,500, share 13,104 = 20,204; Dr: interest on drawings 180, drawings 6,000 = 6,180): **balance c/d** $= \boxed{\$14{,}024}$ **Cr**.
Current account GG (Cr: b/d 200, interest 1,300, share 8,736 = 10,236; Dr: interest on drawings 140, drawings 5,200 = 5,340): **balance c/d** $= \boxed{\$4{,}896}$ **Cr**.
Capital section: capital accounts $34{,}000 + 26{,}000 = 60{,}000$; current accounts $14{,}024 + 4{,}896 =$

$18{,}920$; **total** $= \boxed{\$78{,}920}$.

CAMBRIDGE IGCSE • Unit 7

Limited Company Accounts

Mục tiêu Unit: Hiểu bản chất pháp lý của công ty cổ phần (limited company); phân biệt vốn cổ phần được phép phát hành, đã phát hành, đã gọi và đã góp (authorised/issued/called-up/paid-up share capital); hạch toán phát hành cổ phần có thặng dư vốn (share premium) và phát hành cổ phần thưởng (bonus issue); phân biệt trái phiếu công ty (debentures) với cổ phần; lập báo cáo biến động lợi nhuận giữ lại (retained earnings) và phần vốn chủ sở hữu đầy đủ trên bảng cân đối kế toán của công ty cổ phần.

7.1 What is a limited company?

A **limited company** is a form of business organisation whose capital is divided into **shares**, owned by **shareholders**. Unlike a sole trader or a partnership, a limited company is a **separate legal entity** from the people who own it: the company itself (not the individual shareholders) owns its assets, owes its liabilities, enters into contracts, and can sue or be sued in its own name.

Separate legal entity and limited liability

Separate legal entity. A company continues to exist even if its shareholders change (this is called *perpetual succession*) – shares can be bought and sold without affecting the company's operations. The company's assets and liabilities belong to the company, not to any individual shareholder.

Limited liability. If the company fails, a shareholder can lose no more than the amount they agreed to pay for their shares; personal assets beyond that are protected. This contrasts sharply with the *unlimited* liability of a sole trader or an ordinary partner, whose personal assets can be seized to pay business debts.

Ownership versus management. Shareholders *own* the company and elect a board of **directors** to *manage* it on their behalf day to day. A shareholder need not be a director, and a director need not hold shares (although many do). Profit belongs to the shareholders and is distributed to them as **dividends**, but only when directors declare a dividend and it is paid – shareholders cannot simply withdraw profit as a sole trader takes drawings.

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Công ty cổ phần (limited company) là một **pháp nhân độc lập** (separate legal entity) với cổ đông – công ty tự đứng tên tài sản, nợ phải trả và hợp đồng. Cổ đông chịu **trách nhiệm hữu hạn** (limited liability): chỉ mất tối đa số vốn đã cam kết góp, tài sản cá nhân được bảo vệ – khác với trách nhiệm vô hạn của chủ doanh nghiệp tư nhân/thành viên hợp danh. Cổ đông (owners) bầu ra **hội đồng giám đốc** (directors) để điều hành; lợi nhuận chỉ được chia cho cổ đông dưới dạng **cổ tức (dividends)** khi giám đốc công bố và thực trả, không giống việc chủ doanh nghiệp tư nhân tự do rút vốn.

7.2 Why form a limited company? Advantages and disadvantages

A business may start as a sole trader or partnership and later **convert** to a limited company as it grows, in order to raise larger amounts of capital and to give its owners the protection of limited liability. This step brings real advantages, but also real costs and obligations that a sole trader or partnership does not face.

Limited company compared with a sole trader or partnership

	Advantages of a limited company	Disadvantages of a limited company
Liability	Shareholders risk only what they invested (limited liability)	–
Raising capital	Can raise large sums by issuing shares/debentures to many investors	Formation and running costs (legal, administrative) are higher
Continuity	Continues even if a shareholder dies or sells their shares (perpetual succession)	–
Control	–	Original owners may lose some control to new shareholders/directors; profit is shared among potentially many shareholders as dividends
Disclosure	–	Must prepare and often publish detailed accounts, complying with company law – far less privacy than a sole trader

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So với doanh nghiệp tư nhân/hợp danh, chuyển sang công ty cổ phần giúp: cổ đông chỉ chịu trách nhiệm hữu hạn; huy động vốn lớn hơn từ nhiều nhà đầu tư (phát hành cổ phần/trái phiếu); công ty tồn tại liên tục dù cổ đông thay đổi. Đổi lại: chi phí thành lập/vận hành cao hơn; chủ sở hữu ban đầu có thể mất một phần quyền kiểm soát; phải công bố báo cáo tài chính chi tiết theo luật doanh nghiệp, ít riêng tư hơn nhiều so với doanh nghiệp tư nhân.

7.3 Share capital: authorised, issued, called-up and paid-up

A company's capital is divided into shares of a fixed **nominal value** (also called **par value**), e.g. shares of $0.50 or $1 each. Four related but distinct terms describe how much of that share capital exists at any stage.

Four levels of share capital

Term	Meaning
Authorised (nominal) share capital	The *maximum* amount of share capital a company is permitted, by its constitution, to issue. Not all of it need be issued at once, or ever.
Issued share capital	The nominal value of the shares that have actually been issued (allotted) to shareholders so far. Issued share capital can never exceed authorised share capital.
Called-up share capital	The part of the issued share capital that shareholders have so far been asked ("called") to pay; relevant only where shares are not required to be paid for in full immediately on issue.
Paid-up share capital	The part of the called-up share capital that has actually been received in cash. Called-up amounts not yet received are **calls in arrears**.

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Bốn mức vốn cổ phần: **Vốn được phép phát hành (authorised)** – mức tối đa công ty được phép phát hành theo điều lệ; **vốn đã phát hành (issued)** – phần thực tế đã bán cho cổ đông, luôn $\leq$ authorised; **vốn đã gọi (called-up)** – phần cổ đông đã được yêu cầu thanh toán (nếu cổ phần không phải trả đủ ngay); **vốn đã góp (paid-up)** – phần đã gọi và đã thực nhận tiền; phần đã gọi nhưng chưa thu được gọi là **calls in arrears**.

7.3.1 Ordinary shares and preference shares

Two main classes of shares

Ordinary shares ("equity shares") carry *no fixed rate* of dividend – the amount, if any, depends each year on the profit available and the decision of the directors. Ordinary shareholders normally carry voting rights at general meetings and are paid last, after preference shareholders, but they share fully in the growth of a successful company.

Preference shares carry a *fixed rate* of dividend (e.g. "6% preference shares"), which is paid before any ordinary dividend. They usually carry no voting rights. **Cumulative** preference shares carry forward any year's unpaid dividend as *arrears*, to be paid (together with the current year's dividend) before any ordinary dividend can be paid in a later, profitable year. **Non-cumulative** preference shares simply lose the right to that year's dividend if it is not paid.

Redeemable preference shares are shares that the company has the right (or obligation) to buy back from shareholders at a fixed future date – economically closer to a loan than to a permanent share of ownership. **Irredeemable** preference shares, like ordinary shares, remain in issue permanently.

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Cổ phần thường (ordinary shares): không có tỷ lệ cổ tức cố định, phụ thuộc lợi nhuận và quyết định của giám đốc; có quyền biểu quyết; được chia sau cùng nhưng hưởng trọn tăng trưởng. **Cổ phần ưu đãi (preference shares)**: tỷ lệ cổ tức cố định, trả trước cổ phần thường; thường không có quyền biểu quyết. Loại **tích luỹ (cumulative)** được cộng dồn cổ tức chưa trả sang năm sau; loại **không tích luỹ (non-cumulative)** thì mất quyền nhận cổ tức năm đó nếu không được trả. **Cổ phần ưu đãi có thể mua lại (redeemable)**: công ty có quyền/nghĩa vụ mua lại vào một ngày trong tương lai – về bản chất kinh tế gần giống một khoản vay.

Bài tập luyện tập

A company has authorised share capital of 1,000,000 ordinary shares of $0.50 each. It has issued 600,000 of these shares, on which $0.40 per share has so far been called. Shareholders have paid everything called except for calls in arrears of $15,000. Calculate (a) the issued share capital, (b) the called-up share capital, and (c) the paid-up share capital.

Lời giải chi tiết

(a) Issued share capital $= 600{,}000 \times \$0.50 = \boxed{\$300{,}000}$.
(b) Called-up share capital $= 600{,}000 \times \$0.40 = \boxed{\$240{,}000}$.
(c) Paid-up share capital $= 240{,}000 - 15{,}000 = \boxed{\$225{,}000}$.

Bài tập luyện tập

A company has 6% cumulative preference shares of $40,000 in issue. Last year, no preference dividend was paid because profit was insufficient. This year sufficient profit is available. Calculate the total preference dividend (including arrears) that must be paid before any ordinary dividend can be declared.

Lời giải chi tiết

Annual preference dividend $= 6\% \times 40{,}000 = \$2{,}400$.
Arrears from last year $= \$2{,}400$; this year's dividend $= \$2{,}400$.
Total to be paid before any ordinary dividend $= 2{,}400 + 2{,}400 = \boxed{\$4{,}800}$.

7.4 Share premium

Why shares are issued above nominal value

The nominal (par) value of a share is simply a fixed legal figure printed on the share certificate; it is not the same as the share's *market value*. Once a company is established and profitable, its shares are usually worth more than their nominal value, reflecting the underlying net assets and earning power of the business. When such a company issues *new* shares for cash, it will normally charge more than nominal value, so as not to sell new shares to new investors more cheaply than the shares already in issue are worth.

The excess received over nominal value is credited to a **share premium account** – a **capital reserve**. Share premium is *not* profit: it cannot be distributed as a cash dividend to shareholders. It can, however, be used for specific purposes permitted by law, such as issuing bonus shares (see below) or writing off the formation (preliminary) expenses of the company.

Ví dụ mẫu · Issuing shares for cash at a premium

Delta Ltd has authorised share capital of 1,000,000 ordinary shares of $0.50 each. It now issues 200,000 of these shares for cash at $0.80 per share (a premium of $0.30 per share over nominal value).

Journal entry

	Dr \$	Cr \$
Bank $(200{,}000 \times \$0.80)$	160,000	
Ordinary share capital $(200{,}000 \times \$0.50)$		100,000
Share premium $(200{,}000 \times \$0.30)$		60,000

Cash received \$160,000 $=$ increase in ordinary share capital \$100,000 $+$ increase in share premium \$60,000.

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Thặng dư vốn cổ phần (share premium) phát sinh khi công ty phát hành cổ phần MỚI với giá cao hơn mệnh giá (nominal/par value) – vì giá trị thị trường của cổ phần công ty đang hoạt động có lãi thường cao hơn mệnh giá. Phần chênh lệch được ghi vào tài khoản Share premium – đây là một **quỹ dự trữ vốn (capital reserve)**, KHÔNG PHẢI lợi nhuận, và KHÔNG được dùng để trả cổ tức bằng tiền mặt cho cổ đông.

Bài tập luyện tập

A company issues 80,000 ordinary shares of \$0.25 nominal value at \$0.60 each, for cash. Calculate (a) the cash received, (b) the increase in ordinary share capital, and (c) the increase in the share premium account.

Lời giải chi tiết

(a) Cash received $= 80{,}000 \times 0.60 = \boxed{\$48{,}000}$.

(b) Ordinary share capital $= 80{,}000 \times 0.25 = \boxed{\$20{,}000}$.

(c) Share premium $= 80{,}000 \times (0.60 - 0.25) = 80{,}000 \times 0.35 = \boxed{\$28{,}000}$.
Check: $20{,}000 + 28{,}000 = 48{,}000$, which equals the cash received.

7.5 Bonus (capitalisation) issues of shares

Capitalising reserves

A **bonus issue** (also called a **capitalisation issue**) converts part of a company's reserves – share premium, general reserve, or retained earnings – into share capital, by issuing new shares free of charge to existing shareholders, in proportion to their existing holding. **No cash is received or paid.** Its purposes are to make the issued share capital better reflect the size of the reserves built up behind it, and to reduce the market price per share (making shares more affordable/marketable) – without changing any shareholder's proportionate ownership of the company, and without changing *total* equity at all.

Ví dụ mẫu · A bonus issue from reserves

Continuing with Delta Ltd: after the share issue above and several years of retained profit, its equity section stands as follows.

	Before $	After $
Ordinary share capital (200,000 shares of $0.50)	100,000	
Share premium	60,000	60,000
General reserve	40,000	
Retained earnings	50,000	50,000
Total equity	**250,000**	

Delta Ltd makes a bonus issue of 1 new share for every 4 shares held, capitalising the **general reserve**.

Bonus shares $= 200{,}000 \div 4 = 50{,}000$ shares of $0.50 nominal value $= \$25{,}000$.

Journal entry

	Dr $	Cr $
General reserve	25,000	
Ordinary share capital		25,000

Equity section after the bonus issue

	$
Ordinary share capital (250,000 shares of $0.50)	125,000
Share premium	60,000
General reserve (40,000 − 25,000)	15,000
Retained earnings	50,000
Total equity	**250,000**

Total equity is exactly $250,000 both before and after – a bonus issue simply reclassifies reserves as share capital; it never changes total equity, and no cash moves at all.

VN GIẢI THÍCH TIẾNG VIỆT

Phát hành cổ phần thưởng (bonus/capitalisation issue) chuyển một phần quỹ dự trữ (share premium, general reserve, hoặc retained earnings) thành vốn cổ phần, phát hành cổ phần MỚI miễn phí cho cổ đông hiện hữu theo tỷ lệ sở hữu – KHÔNG có dòng tiền phát sinh. Mục đích: phản ánh đúng hơn quy mô quỹ dự trữ bằng vốn cổ phần và giảm giá mỗi cổ phần trên thị trường, nhưng KHÔNG làm thay đổi tỷ lệ sở hữu của từng cổ đông, cũng KHÔNG làm thay đổi tổng vốn chủ sở hữu.

(!) Lỗi thường gặp: A bonus issue is often confused with a real inflow of cash or profit. In fact a bonus issue involves **no cash at all** – it merely moves an amount from one part of equity (a reserve) to another (share capital). Total equity, and the company's net assets, are completely unchanged; only the split between share capital and reserves, and the number of shares in issue, changes.

Bài tập luyện tập

A company has 400,000 ordinary shares of $0.50 each in issue (ordinary share capital $200,000) and a general reserve of $70,000. It makes a bonus issue of 1 new share for every 4 held, using the general reserve. Calculate the ordinary share capital and the general reserve after the bonus issue.

Lời giải chi tiết

Bonus shares $= 400{,}000 \div 4 = 100{,}000$ shares of $0.50 $= \$50{,}000$.
Ordinary share capital after $= 200{,}000 + 50{,}000 = \boxed{\$250{,}000}$.
General reserve after $= 70{,}000 - 50{,}000 = \boxed{\$20{,}000}$.

Bài tập luyện tập

Which of the following is *increased* by a bonus issue of shares?

(A) The company's bank balance
(B) Total equity
(C) Issued share capital
(D) The company's net assets

Lời giải chi tiết

A bonus issue converts reserves into share capital, so issued share capital rises. No cash moves, so the bank balance and net assets are unaffected, and total equity (the sum of all its parts) is unchanged. **(C)**.

7.6 Rights issues: a further way to raise share capital

Rights issue versus bonus issue

A **rights issue** offers *existing* shareholders the right to buy new shares, in proportion to their current holding, usually at a price below the shares' current market value (though normally still at or above nominal value) – unlike a bonus issue, the shareholder must actually **pay** for the new shares, so real cash flows into the company. This is a genuine way of raising new finance from shareholders who already know the business, at a lower cost than a fresh public share issue, while still letting each shareholder keep the same proportionate share of the company if they take up their rights in full.

Ví dụ mẫu · A rights issue for cash

Fern Ltd has 300,000 ordinary shares of $0.50 nominal value in issue. It makes a rights issue of 1 new share for every 3 shares held, at $0.90 per share.

New shares $= 300{,}000 \div 3 = 100{,}000$ shares.
Cash received $= 100{,}000 \times 0.90 = \$90{,}000$.
Increase in ordinary share capital $= 100{,}000 \times 0.50 = \$50{,}000$.
Increase in share premium $= 100{,}000 \times (0.90 - 0.50) = 100{,}000 \times 0.40 = \$40{,}000$.
Check: $50{,}000 + 40{,}000 = 90{,}000$, the cash received – exactly the same mechanics as any other issue of shares at a premium for cash, the only difference being that the new shares are offered specifically to existing shareholders in proportion to their current holding.

Bonus issue versus rights issue

	Bonus (capitalisation) issue	Rights issue
Cash paid by shareholder	None – shares are free	Shareholder pays a price per share (often below market value)
Source	Capitalises existing reserves	Raises genuinely new cash finance
Effect on total equity	No change – just reclassifies reserves as share capital	Increases total equity by the cash received

VN GIẢI THÍCH TIẾNG VIỆT

Phát hành quyền mua cổ phần (rights issue): cổ đông HIỆN HỮU được quyền mua cổ phần MỚI theo tỷ lệ sở hữu, với giá thường THẤP HƠN giá thị trường nhưng vẫn từ mệnh giá trở lên – và họ PHẢI TRẢ TIỀN, khác hoàn toàn với phát hành cổ phần thưởng (bonus issue, miễn phí, không có dòng tiền). Rights issue làm TĂNG THẬT tổng vốn chủ sở hữu vì công ty nhận được tiền mới; bonus issue chỉ chuyển đổi nội bộ giữa các khoản mục vốn chủ sở hữu.

Bài tập luyện tập

A company has 400,000 ordinary shares of $0.25 each in issue. It makes a rights issue of 1 new share for every 4 held, at $0.55 per share. Calculate the number of new shares issued, the cash raised, and the increase in share premium.

Lời giải chi tiết

New shares $= 400{,}000 \div 4 = \boxed{100{,}000 \text{ shares}}$.

Cash raised $= 100{,}000 \times 0.55 = \boxed{\$55{,}000}$.

Increase in share premium $= 100{,}000 \times (0.55 - 0.25) = 100{,}000 \times 0.30 = \boxed{\$30{,}000}$.

Bài tập luyện tập

State *two* differences between a bonus issue and a rights issue of shares.

Lời giải chi tiết

(i) In a bonus issue shareholders pay nothing for the new shares; in a rights issue shareholders must pay a price per share.
(ii) A bonus issue simply reclassifies existing reserves as share capital, leaving total equity unchanged; a rights issue brings in genuinely new cash, increasing total equity by the amount received.

7.7 Debentures and loan capital

Not all long-term finance raised by a company comes from shareholders. A **debenture** is a formal, usually long-term, **loan** to the company, generally carrying a fixed rate of interest and often secured on the company's assets. Debenture holders are **creditors** of the company, not owners.

Shares versus debentures

	Shares	Debentures
Nature	Part of the owners' equity	A liability (a loan to the company)
Return	Dividend – not guaranteed; ordinary dividend varies, preference dividend is fixed but paid only if the company chooses/can afford to	Interest – a fixed rate, and a legal obligation to pay it whether or not a profit is made
Where shown	Equity section of the statement of financial position	Non-current liability; interest is a finance cost in the income statement, deducted before profit for the year
Repayment	Not normally repaid (except redeemable shares, or on liquidation)	Repaid ("redeemed") at a fixed future date

Debenture interest is a finance cost, not an appropriation

Debenture interest (like loan interest for a sole trader) is always charged as an **expense** in the income statement in arriving at profit for the year. It is a **finance cost**, deducted *before* profit for the year is struck – exactly like any other expense – and must be paid whether or not the company earns enough profit, and whether or not any dividend is paid. It is never treated as an **appropriation** of profit (like a dividend or a transfer to reserves), which only happens *after* profit for the year has already been calculated.

VN GIẢI THÍCH TIẾNG VIỆT

Trái phiếu công ty (debentures) là một khoản VAY dài hạn, không phải vốn cổ phần – người nắm giữ trái phiếu là CHỦ NỢ, không phải chủ sở hữu. Lãi trái phiếu (debenture interest) LUÔN được ghi nhận là **chi phí tài chính (finance cost)** trong Báo cáo thu nhập, trừ TRƯỚC khi tính ra Profit for the year – giống hệt lãi vay của doanh nghiệp tư nhân – và phải trả bất kể công ty có lãi hay không. Đây KHÔNG PHẢI là khoản phân phối lợi nhuận (appropriation) như cổ tức hay chuyển quỹ dự trữ, vốn chỉ xảy ra SAU khi đã tính ra Profit for the year.

(!) Lỗi thường gặp: A very common error is to treat debenture interest as if it were a dividend, deducting it in the appropriation section *after* profit for the year. This is wrong: debenture interest is a **finance cost**, deducted in the income statement *before* profit for the year is calculated, in exactly the same way as loan interest. Only dividends and transfers to reserves belong in the appropriation of profit.

Bài tập luyện tập

A company has 5% debentures of $80,000 in issue. Calculate the annual debenture interest, and state where it is shown in the financial statements.

Lời giải chi tiết

Debenture interest $= 5\% \times 80{,}000 = \boxed{\$4{,}000}$ per year.
It is shown as a **finance cost** in the income statement, deducted in arriving at profit for the year – it is never an appropriation of profit.

Bài tập luyện tập

Which of the following is a **finance cost** rather than an appropriation of profit?

(A) Ordinary dividend paid
(B) Transfer to general reserve
(C) Debenture interest
(D) Preference dividend paid

Lời giải chi tiết

Debenture interest is an expense charged in arriving at profit for the year, like any other finance cost. Dividends and transfers to reserves are all appropriations, made *after* profit for the year has already been calculated. **(C)**.

7.8 Retained earnings and the appropriation of profit

Below "profit for the year", a limited company's accounts continue with an **appropriation**, showing how that profit (together with any retained earnings brought forward) is transferred to reserves and/or distributed as dividends. What remains is carried forward as **retained earnings** (also called retained profit).

Ví dụ mẫu · Movement in retained earnings

XYZ Ltd – movement in retained earnings for the year ended 31 December 2025. Retained earnings b/d $25,000; profit for the year $40,000; transfer to general reserve $10,000; dividends paid: ordinary $8,000, preference $2,000.

	$
Retained earnings at 1 January 2025	25,000
Add: profit for the year	40,000
	65,000
Less: transfer to general reserve	(10,000)
Less: dividends paid (8,000 + 2,000)	(10,000)
Retained earnings at 31 December 2025	**45,000**

Equity section of the statement of financial position

	$
Ordinary share capital (100,000 shares of $0.50)	50,000
5% Preference share capital (20,000 shares of $1)	20,000
Share premium	15,000
General reserve	20,000
Retained earnings	45,000
Total equity	**150,000**

Ví dụ mẫu · Deducting a finance cost before profit for the year

KL Ltd has profit from operations of $96,000, and loan interest (a finance cost) of $6,000. Tax is ignored at this level. Retained earnings b/d $40,000. During the year: transfer to general reserve $15,000; interim ordinary dividend paid $8,000; the final ordinary dividend proposed is *not* recorded (only paid dividends are recognised); preference dividend paid $4,000.

	$
Profit from operations	96,000
Less: finance cost (loan interest)	(6,000)
Profit for the year	**90,000**
Retained earnings brought forward	40,000
Add: profit for the year	90,000
	130,000
Less: transfer to general reserve	(15,000)
Less: dividends paid (8,000 + 4,000)	(12,000)
Retained earnings carried forward	**103,000**

VN GIẢI THÍCH TIẾNG VIỆT

Với công ty cổ phần: sau "Profit for the year" là phần phân phối (appropriation): chuyển vào quỹ dự trữ (reserves) và trả cổ tức (dividends). Chỉ ghi nhận cổ tức ĐÃ TRẢ; cổ tức đề xuất (proposed) chưa được ghi cho tới khi được công bố/trả. Lợi nhuận giữ lại cuối kỳ = đầu kỳ + lợi nhuận trong kỳ − chuyển quỹ − cổ tức đã trả.

Bài tập luyện tập

A limited company's retained earnings brought forward were $30,000. Profit for the year was $52,000. Transfer to general reserve $10,000; dividends paid $18,000. Calculate the retained earnings carried forward.

Lời giải chi tiết

$30{,}000 + 52{,}000 - 10{,}000 - 18{,}000 = \boxed{\$54{,}000}$.

7.9 Dividends: interim and final

Interim versus final dividends

An **interim dividend** is paid part-way through the financial year, based on the results for the first part of the year; directors can normally declare and pay it without shareholder approval. A **final dividend** is *proposed* by the directors after the year end, based on the full year's results, but it must be formally approved ("declared") by shareholders at the Annual General Meeting before it can be paid – so a final dividend proposed at the year end is typically paid only in the *following* accounting period.

Only dividends **actually paid** during the accounting period are deducted from retained earnings in that period's accounts. A final dividend that has merely been *proposed*, but not yet approved and paid, at the reporting date is disclosed as a note only – it is *not* recognised as a liability or deducted from retained earnings until it is paid.

Ví dụ mẫu · Only paid dividends are recognised

Nova Ltd paid an interim ordinary dividend of $6,000 during the year. After the year end, the directors proposed a final ordinary dividend of $14,000, subject to shareholder approval at the Annual General Meeting.

Only the $6,000 interim dividend, which has actually been paid, is deducted in this year's retained earnings statement. The proposed final dividend of $14,000 is not yet a liability of the company and is disclosed only as a note; it will be recognised, and deducted from retained earnings, once it is approved and paid in the following year.

VN **GIẢI THÍCH TIẾNG VIỆT**

Cổ tức **tạm ứng (interim dividend)** được trả giữa năm tài chính, giám đốc có thể tự quyết định. Cổ tức **cuối kỳ (final dividend)** do giám đốc ĐỀ XUẤT sau khi kết thúc năm tài chính, nhưng phải được cổ đông THÔNG QUA tại Đại hội cổ đông thường niên mới được trả – do đó thường được trả vào năm sau. CHỈ cổ tức ĐÃ THỰC TRẢ trong kỳ mới được trừ vào lợi nhuận giữ lại của kỳ đó; cổ tức mới đề xuất, chưa thông qua/chưa trả, chỉ được thuyết minh (note), không ghi giảm lợi nhuận giữ lại.

Bài tập luyện tập

A company paid an interim dividend of $9,000 during the year and, after the year end, proposed a final dividend of $15,000 which had not been approved or paid by the reporting date. How much dividend is deducted in this year's retained earnings statement?

Lời giải chi tiết

Only the interim dividend *actually paid* is recognised: $\boxed{\$9,000}$. The proposed final dividend of $15,000 is disclosed as a note only, since it has not yet been approved or paid.

7.10 A full worked example: from profit for the year to the equity section

The following example combines every element covered so far: profit from operations, a finance cost on debentures, a transfer to reserves, and both an ordinary and a preference dividend, ending in a complete equity section.

Ví dụ mẫu · Meridian Ltd

At the start of the year, Meridian Ltd's equity and long-term liabilities were:

	$
Ordinary share capital (500,000 shares of $0.25)	125,000
6% Preference share capital (100,000 shares of $1)	100,000
Share premium	30,000
General reserve	18,000
Retained earnings	34,000
8% Debentures (non-current liability)	50,000

During the year: profit from operations was $85,000; debenture interest for the year has not yet been charged; the directors transferred $12,000 to general reserve; the preference dividend was paid in full; an interim ordinary dividend of $10,000 was paid; a final ordinary dividend of $20,000 was proposed after the year end but had not been approved or paid.

Income statement extract and retained earnings movement

	$
Profit from operations	85,000
Less: finance cost (debenture interest, 8%×50,000)	(4,000)
Profit for the year	**81,000**
Retained earnings brought forward	34,000
Add: profit for the year	81,000
	115,000
Less: transfer to general reserve	(12,000)
Less: preference dividend paid (6%×100,000)	(6,000)
Less: ordinary dividend paid (interim)	(10,000)
Retained earnings carried forward	**87,000**

The proposed final ordinary dividend of $20,000 is *not* deducted above, since it had not been approved or paid by the year end; it is disclosed as a note only.

Equity section of the statement of financial position at the year end

	$
Ordinary share capital (500,000 shares of $0.25)	125,000
6% Preference share capital (100,000 shares of $1)	100,000
Share premium	30,000
General reserve (18,000 + 12,000)	30,000
Retained earnings	87,000
Total equity	**372,000**

The 8% debentures of $50,000 are *not* part of equity – they remain a non-current liability, separate from the shareholders' funds shown above.

VN **GIẢI THÍCH TIẾNG VIỆT**

Ví dụ Meridian Ltd minh hoạ trọn quy trình: Profit from operations trừ chi phí tài chính (lãi trái phiếu) → Profit for the year → cộng lợi nhuận giữ lại đầu kỳ, trừ chuyển quỹ dự trữ và cổ tức ĐÃ TRẢ (ưu đãi và thường) → Lợi nhuận giữ lại cuối kỳ → trình bày đầy đủ phần vốn chủ sở hữu. Lưu ý: trái phiếu (debentures) KHÔNG nằm trong vốn chủ sở hữu, vẫn là nợ dài hạn riêng biệt.

7.11 More practice

Bài tập luyện tập

Which of the following best describes a limited company?

(A) A business owned by one person with unlimited liability

(B) A business whose capital is divided into shares and which is a separate legal entity from its owners

(C) Two or more people trading together and sharing profits equally

(D) An organisation run for the benefit of its members rather than for profit

Lời giải chi tiết

A limited company's capital is divided into shares, and the company is a separate legal entity from its shareholders. **(B)**.

Bài tập luyện tập

A company has 8% preference shares of $50,000 in issue. Calculate the preference dividend for the year.

Lời giải chi tiết

$8\% \times 50{,}000 = \boxed{\$4{,}000}$.

Bài tập luyện tập

Which item would *not* appear in the equity section of a limited company's statement of financial position?

(A) Ordinary share capital

(B) Share premium

(C) 8% Debentures

(D) Retained earnings

Lời giải chi tiết

Debentures are a loan (a non-current liability), not part of shareholders' equity. **(C)**.

Bài tập luyện tập

Explain why share premium cannot be used to pay a cash dividend to shareholders.

Lời giải chi tiết

Share premium is a **capital reserve**, representing amounts contributed by shareholders in excess of the nominal value of their shares – it is not trading profit. Company law restricts capital reserves to specified uses (such as issuing bonus shares or writing off formation expenses); it is not **distributable profit** and therefore cannot be paid out as a dividend.

Bài tập luyện tập

A company's ordinary share capital is 300,000 shares of $0.20 each ($60,000). It has 5% preference share capital of 10,000 shares of $1 each ($10,000), share premium $12,000, general reserve brought forward $8,000 and retained earnings brought forward $16,000. During the year, profit for the year (after all finance costs) was $40,000; $9,000 was transferred to general reserve; ordinary dividends paid were $6,000; the preference dividend was paid in full.

Prepare the retained earnings movement and the full equity section at the year end.

Lời giải chi tiết

Preference dividend paid $= 5\% \times 10{,}000 = \$500$.

Retained earnings: $16{,}000 + 40{,}000 - 9{,}000 - 6{,}000 - 500 = \boxed{\$40{,}500}$.
General reserve c/d $= 8{,}000 + 9{,}000 = \$17{,}000$.

Equity section:

	$
Ordinary share capital	60,000
5% Preference share capital	10,000
Share premium	12,000
General reserve	17,000
Retained earnings	40,500
Total equity	**139,500**

Bài tập luyện tập

A company issues 500,000 ordinary shares of $1 nominal value at $1.15 each for cash. Calculate the cash received and the amount credited to the share premium account.

Lời giải chi tiết

Cash received $= 500{,}000 \times 1.15 = \boxed{\$575{,}000}$.

Share premium $= 500{,}000 \times (1.15 - 1.00) = 500{,}000 \times 0.15 = \boxed{\$75{,}000}$.

Bài tập luyện tập

State *two* reasons a company might make a bonus issue of shares.

Lời giải chi tiết

(i) To make issued share capital better reflect the reserves built up behind it (i.e. to bring the permanent capital base into line with the size of the business).
(ii) To reduce the market price of each share by increasing the number of shares in issue, making the shares more affordable and marketable to a wider range of investors – without changing any shareholder's proportionate ownership or the company's total equity.

Bài tập luyện tập

A company's non-current liabilities include 6% debentures of $120,000. Calculate the annual debenture interest and state whether it is deducted before or after "profit for the year" is calculated.

Lời giải chi tiết

Debenture interest $= 6\% \times 120{,}000 = \boxed{\$7{,}200}$. It is a finance cost, deducted **before** profit for the year is calculated – it is never an appropriation.

Bài tập luyện tập

A company has profit from operations of $120,000. It has 6% debentures of $100,000 and 8% preference shares of $100,000. Retained earnings brought forward were $25,000; $20,000 was transferred to general reserve; ordinary dividends paid were $30,000; the preference dividend was paid in full. Calculate the retained earnings carried forward.

Lời giải chi tiết

Debenture interest $= 6\% \times 100{,}000 = 6{,}000$. Profit for the year $= 120{,}000 - 6{,}000 = 114{,}000$.
Preference dividend $= 8\% \times 100{,}000 = 8{,}000$.
Retained earnings c/d $= 25{,}000 + 114{,}000 - 20{,}000 - 30{,}000 - 8{,}000 = \boxed{\$81{,}000}$.

Bài tập luyện tập

Which shareholders normally receive a *fixed* rate of dividend, paid before ordinary shareholders?

(A) Ordinary shareholders

(B) Preference shareholders

(C) Debenture holders

(D) Directors

Lời giải chi tiết

Preference shareholders receive a fixed percentage dividend, paid ahead of any ordinary dividend. Debenture holders are creditors and receive interest, not a dividend at all. **(B)**.

Bài tập luyện tập

Explain briefly what is meant by a **redeemable** preference share, and how it differs economically from an ordinary share.

Lời giải chi tiết

A redeemable preference share is one that the company has the right, or the obligation, to buy back from the holder at a fixed future date, usually at a stated price. This makes it economically similar to a loan repayable at a future date, rather than a permanent share of ownership. An ordinary share, by contrast, is not normally repaid by the company at all – an ordinary shareholder can only recover their investment by selling the shares to another investor.

Bài tập luyện tập

A company has authorised share capital of 2,000,000 ordinary shares of $0.10 each. It has issued 1,200,000 of these shares, fully called and fully paid. Calculate the authorised share capital and the issued share capital.

Lời giải chi tiết

Authorised share capital $= 2{,}000{,}000 \times 0.10 = \boxed{\$200{,}000}$.

Issued share capital $= 1{,}200{,}000 \times 0.10 = \boxed{\$120{,}000}$.

Bài tập luyện tập

Debenture holders are best described as:

(A) Owners of the company, sharing in its profit

(B) Creditors of the company, entitled to a fixed rate of interest regardless of profit

(C) Preference shareholders

(D) Directors of the company

Lời giải chi tiết

Debenture holders have lent money to the company; they are creditors entitled to interest at a fixed rate, whether or not the company makes a profit, and rank ahead of all shareholders for payment. **(B)**.

Bài tập luyện tập

A company's retained earnings brought forward were \$45,000. During the year it made a loss for the year of \$8,000 (finance costs exceeded profit from operations). No transfer to reserves or dividend was paid. Calculate the retained earnings carried forward.

Lời giải chi tiết

$45{,}000 - 8{,}000 = \boxed{\$37{,}000}$. A loss reduces retained earnings in exactly the same way that a loss reduces a sole trader's capital.

Bài tập luyện tập

A company has 500,000 ordinary shares of \$0.20 each in issue (ordinary share capital \$100,000) and retained earnings of \$90,000. It makes a bonus issue of 1 new share for every 5 held, capitalising retained earnings. Calculate the ordinary share capital and retained earnings after the bonus issue, and confirm that total equity is unchanged.

Lời giải chi tiết

Bonus shares $= 500{,}000 \div 5 = 100{,}000$ shares of \$0.20 $= \$20{,}000$.
Ordinary share capital after $= 100{,}000 + 20{,}000 = \boxed{\$120{,}000}$.
Retained earnings after $= 90{,}000 - 20{,}000 = \boxed{\$70{,}000}$.
Total equity before and after $= 100{,}000 + 90{,}000 = 120{,}000 + 70{,}000 = \$190{,}000$ – unchanged, as expected.

Bài tập luyện tập

State *two* differences between a debenture holder and a preference shareholder.

Lời giải chi tiết

(i) A debenture holder is a **creditor** of the company (a liability); a preference shareholder is an **owner** (part of equity).
(ii) Debenture interest **must** be paid, whether or not the company makes a profit, and is charged as a finance cost before profit for the year; a preference dividend is only paid if the directors declare it and the company has sufficient distributable profit, and it is an appropriation *after* profit for the year.

Bài tập luyện tập

A company's profit from operations was $60,000 and it had no debentures or loans. Retained earnings brought forward were $12,000. During the year $5,000 was transferred to general reserve and an interim ordinary dividend of $18,000 was paid; a final dividend of $25,000 was proposed but not paid by the year end. Calculate the retained earnings carried forward.

Lời giải chi tiết

Profit for the year $= \$60{,}000$ (no finance costs).
Retained earnings c/d $= 12{,}000 + 60{,}000 - 5{,}000 - 18{,}000 = \boxed{\$49{,}000}$.
The proposed final dividend of $25,000 is not deducted, since it has not been paid.

Bài tập luyện tập

A company's authorised share capital is 800,000 ordinary shares of $0.25 each, of which 500,000 shares have been issued. All issued shares have been called for $0.20 per share, of which $0.18 per share has been received. Calculate (a) issued share capital, (b) called-up share capital, (c) paid-up share capital, and (d) calls in arrears.

Lời giải chi tiết

(a) Issued share capital $= 500{,}000 \times 0.25 = \boxed{\$125{,}000}$.

(b) Called-up share capital $= 500{,}000 \times 0.20 = \boxed{\$100{,}000}$.

(c) Paid-up share capital $= 500{,}000 \times 0.18 = \boxed{\$90{,}000}$.

(d) Calls in arrears $= 100{,}000 - 90{,}000 = \boxed{\$10{,}000}$.

Bài tập luyện tập

Which of the following correctly describes the share premium account?

(A) It is distributable profit that can be paid out as a dividend

(B) It records the excess of issue price over nominal value received on a share issue, and is a capital reserve

(C) It records the fixed annual dividend on preference shares

(D) It is another name for retained earnings

Lời giải chi tiết

Share premium is a capital reserve recording the excess received over nominal value when shares are issued above par; it is not distributable profit. **(B)**.

Bài tập luyện tập

A company's equity at the start of the year was: ordinary share capital $200,000; share premium $40,000; general reserve $25,000; retained earnings $30,000. During the year, profit from operations was $110,000; 7% debentures of $60,000 were in issue all year; $15,000 was transferred to general reserve; an interim ordinary dividend of $12,000 was paid; a 5% preference dividend on $50,000 preference shares was paid in full. Prepare the full equity section at the year end.

Lời giải chi tiết

Debenture interest $= 7\% \times 60{,}000 = 4{,}200$. Profit for the year $= 110{,}000 - 4{,}200 = 105{,}800$.
Preference dividend $= 5\% \times 50{,}000 = 2{,}500$.
Retained earnings c/d $= 30{,}000 + 105{,}800 - 15{,}000 - 12{,}000 - 2{,}500 = \boxed{\$106{,}300}$.
General reserve c/d $= 25{,}000 + 15{,}000 = \$40{,}000$.

Equity section:

	$
Ordinary share capital	200,000
5% Preference share capital	50,000
Share premium	40,000
General reserve	40,000
Retained earnings	106,300
Total equity	**436,300**

Bài tập luyện tập

Explain why a director of a company is not automatically entitled to a share of the company's profit in the way that a sole trader is.

Lời giải chi tiết

A director is an employee appointed to manage the company, and is normally paid a salary (directors' remuneration) as an expense of the business, regardless of whether the company pays a dividend. Profit belongs to the **shareholders**, not to the directors as such; a director only receives a share of profit as a dividend if they *also* happen to be a shareholder, and even then only once a dividend is declared and paid – unlike a sole trader, who is automatically entitled to all of the business's profit.

Bài tập luyện tập

A company's retained earnings brought forward were $60,000. Profit from operations was $95,000; there were no debentures. The directors transferred $25,000 to general reserve and paid an ordinary dividend of $20,000 and a preference dividend of $5,000. Calculate the retained earnings carried forward, and the total appropriated (transferred and paid out) during the year.

Lời giải chi tiết

Profit for the year $= \$95{,}000$. Total appropriated $= 25{,}000 + 20{,}000 + 5{,}000 = \$50{,}000$.
Retained earnings c/d $= 60{,}000 + 95{,}000 - 50{,}000 = \boxed{\$105{,}000}$.

Bài tập luyện tập

A shareholder owns 10,000 ordinary shares of $0.50 each in a company that declares an ordinary dividend of 8 cents per share. Calculate the total dividend the shareholder will receive.

Lời giải chi tiết

Dividend $= 10{,}000 \times \$0.08 = \boxed{\$800}$. (The dividend rate is applied per share, not as a percentage of the nominal value in this case, since it is quoted in cents per share.)

Bài tập luyện tập

A company makes a rights issue of 200,000 ordinary shares of $0.20 nominal value at $0.45 per share, and separately makes a bonus issue of 50,000 ordinary shares of $0.20, capitalising retained earnings. Calculate (a) the total cash raised, and (b) the total increase in ordinary share capital from both issues combined.

Lời giải chi tiết

(a) Only the rights issue raises cash (a bonus issue raises none): cash raised $= 200{,}000 \times 0.45 = \boxed{\$90{,}000}$.
(b) Increase in ordinary share capital: rights issue $= 200{,}000 \times 0.20 = 40{,}000$; bonus issue $= 50{,}000 \times 0.20 = 10{,}000$.
Total increase in ordinary share capital $= 40{,}000 + 10{,}000 = \boxed{\$50{,}000}$.

Bài tập luyện tập

A company's profit from operations was $150,000. It has 5% debentures of $200,000 and no preference shares. Retained earnings brought forward were $70,000; the directors transferred $30,000 to general reserve and paid an ordinary dividend of $45,000. Calculate the profit for the year and the retained earnings carried forward.

Lời giải chi tiết

Debenture interest $= 5\% \times 200{,}000 = 10{,}000$. Profit for the year $= 150{,}000 - 10{,}000 = \boxed{\$140{,}000}$.
Retained earnings c/d $= 70{,}000 + 140{,}000 - 30{,}000 - 45{,}000 = \boxed{\$135{,}000}$.

Clubs, Societies and Manufacturing Accounts

Mục tiêu Unit: Lập Sổ Thu Chi (receipts and payments account) và Báo cáo Thu nhập–Chi tiêu (income and expenditure account) cho câu lạc bộ/hội (club/society), tính quỹ tích luỹ (accumulated fund), xử lý phí gia nhập (entrance fees), hội viên trọn đời (life membership), hoạt động kinh doanh trong câu lạc bộ và quỹ đặc biệt (special fund); lập Tài khoản sản xuất (manufacturing account) cho doanh nghiệp sản xuất, phân bổ chi phí dùng chung giữa xưởng và văn phòng, và tính dự phòng lợi nhuận chưa thực hiện (provision for unrealised profit) trên hàng tồn kho thành phẩm chuyển giao có phụ trội.

Part A: Clubs and Societies

8.1 Non-profit organisations: key ideas

A club or society is run for the benefit of its members, not to earn profit for owners – there are no shareholders and no owner's capital. Instead of a cash book kept purely for interest, most clubs keep a **Receipts and Payments account**, a simple summary of cash and bank receipts and payments during the year (like a cash book total). To measure performance properly, on the same accruals basis used by trading businesses, the treasurer then prepares an **Income and Expenditure account**, the club's equivalent of an income statement, to arrive at a **surplus** or **deficit** for the year. Instead of capital, a club has an **accumulated fund** – the accumulated excess of the club's assets over its liabilities, built up over the years from surpluses (less any deficits).

Club terminology compared with a trading business

Trading business	Club or society
Cash book	Receipts and payments account
Income statement	Income and expenditure account
Profit / loss for the year	Surplus / deficit of income over expenditure
Capital	Accumulated fund
Drawings	(No equivalent – members do not withdraw the fund)

VN GIẢI THÍCH TIẾNG VIỆT

Câu lạc bộ/hội hoạt động phi lợi nhuận, không có cổ đông hay vốn chủ sở hữu theo nghĩa thông thường. **Sổ Thu Chi (Receipts and Payments account)** chỉ ghi tiền mặt/ngân hàng thực tế thu-chi, giống sổ quỹ. **Báo cáo Thu nhập–Chi tiêu (Income and Expenditure account)** áp dụng nguyên tắc dồn tích (giống Báo cáo thu nhập của doanh nghiệp) để tính **thặng dư/thâm hụt (surplus/deficit)**, thay vì "lợi nhuận". **Quỹ tích luỹ (accumulated fund)** đóng vai trò như Vốn chủ sở hữu.

8.2 Subscription income and the Sunrise Sports Club example

Members' annual subscriptions are the main source of club income. Because members pay late (arrears) or in advance, the cash actually received in the year is adjusted, on the accruals basis, to find the true subscription **income** of the year.

Ví dụ mẫu · Sunrise Sports Club

Receipts and Payments Account for the year ended 31 December 2025

Receipts		Payments	
Balance b/d	1,200	Rent	3,000
Subscriptions	8,600	Refreshments purchases	1,800
Refreshments sales	2,300	Wages	2,400
Donations	500	Repairs to equipment	600
		New equipment	2,000
		Balance c/d	2,800
Total	**12,600**	**Total**	**12,600**

Subscriptions in arrears: 1 Jan $300, 31 Dec $250. Subscriptions in advance: 1 Jan $150, 31 Dec $200. Depreciation of equipment for the year: $500.

Subscription income for the year

	$
Subscriptions received during the year	8,600
Add: arrears at 31 Dec 2025	250
Less: arrears at 1 Jan 2025	(300)
Less: advance at 31 Dec 2025	(200)
Add: advance at 1 Jan 2025	150
Subscription income	**8,500**

Income and Expenditure Account for the year ended 31 December 2025

	$	$
Subscription income		8,500
Profit on refreshments (2,300 − 1,800)		500
Donations		500
Total income		**9,500**
Rent	3,000	
Wages	2,400	
Repairs to equipment	600	
Depreciation of equipment	500	
Total expenditure		(6,500)
Surplus of income over expenditure		**3,000**

Accumulated fund at 1 Jan 2025 $6,000 + surplus $3,000 = **Accumulated fund at 31 Dec 2025: $9,000**.

GIẢI THÍCH TIẾNG VIỆT

VN

Thu nhập từ phí hội viên (subscription income) theo dồn tích = tiền thực thu trong năm + nợ phí cuối kỳ (arrears c/d) − nợ phí đầu kỳ (arrears b/d) − phí nhận trước cuối kỳ (advance c/d) + phí nhận trước đầu kỳ (advance b/d). "Lợi nhuận trên hoạt động giải khát" (profit on refreshments) và các khoản thu khác được cộng vào tổng thu nhập trước khi trừ chi phí để ra thặng dư (surplus).

8.3 Calculating the opening accumulated fund

The accumulated fund brought forward at the start of the year is not usually given directly – like a sole trader's opening capital, it must be calculated from an **opening statement of affairs**: a list of the club's assets and liabilities at that date. This uses exactly the technique met for a sole trader (Assets − Liabilities = Capital/Fund).

Ví dụ mẫu · Finding the opening accumulated fund

Before preparing the income and expenditure account above, Sunrise Sports Club calculated its accumulated fund at 1 January 2025 from the following assets and liabilities: equipment (at valuation) $4,650; subscriptions in arrears $300; bank balance $1,200; subscriptions received in advance $150 (a liability, since the club owes the coming year's benefit to those members).

	$
Equipment (at valuation)	4,650
Subscriptions in arrears	300
Bank balance	1,200
Total assets	**6,150**
Less: subscriptions received in advance	(150)
Accumulated fund at 1 January 2025	**6,000**

This is exactly the $6,000 figure used as the opening accumulated fund in the Sunrise Sports Club example above.

GIẢI THÍCH TIẾNG VIỆT

VN

Cũng như tính vốn đầu kỳ của doanh nghiệp tư nhân, quỹ tích luỹ đầu kỳ của câu lạc bộ được tính từ bảng liệt kê tài sản và nợ phải trả tại thời điểm đó: **Quỹ tích luỹ** = **Tổng tài sản** − **Tổng nợ phải trả**. Phí hội viên nhận trước (subscriptions in advance) là một khoản NỢ PHẢI TRẢ vì câu lạc bộ còn "nợ" hội viên đó quyền lợi của năm sau.

8.4 Entrance fees and life membership

Entrance fees

An **entrance (admission) fee** is a one-off payment made by a member when first joining the club, separate from the annual subscription. Unless the amount is very significant, entrance fees are usually treated simply as **revenue income** of the year in which they are received, credited in full to the income and expenditure account – like an extra source of subscription income. Only if the fee is unusually large would a club instead treat it as capital, crediting it directly to the accumulated fund, or spreading it over several years.

Life membership

A **life membership** subscription is a single lump sum paid once, instead of an annual subscription, entitling the member to belong to the club for the rest of their life (or a very long period). Because the member will benefit over *many* future years, it would overstate this year's surplus to credit the whole amount to income and expenditure immediately. The usual simplified treatment is to **spread** the life membership fee equally over an estimated number of years of membership: a fraction is credited to income and expenditure each year, and the remaining balance is carried forward (often as a "life membership fund") to be released gradually in future years.

Ví dụ mẫu · Greenfield Club

During the year, Greenfield Club received entrance fees of $500 each from 10 new members ($5,000 in total), treated as revenue income of the year. It also received a single life membership payment of $1,200 from one member, under a scheme where life membership is spread over an estimated 6 years.

Entrance fees credited to income and expenditure this year: $\boxed{\$5{,}000}$.

Life membership credited to income and expenditure this year $= 1{,}200 \div 6 = \boxed{\$200}$.
Remaining life membership fund carried forward $= 1{,}200 - 200 = \$1{,}000$, to be released as $200 of income in each of the next 5 years, shown as a separate fund in the statement of financial position until fully released.

VN **GIẢI THÍCH TIẾNG VIỆT**

Phí gia nhập (entrance fees): thường ghi thẳng vào thu nhập năm nhận được, trừ khi số tiền lớn thì mới vốn hoá vào quỹ tích luỹ hoặc phân bổ dần. **Phí hội viên trọn đời (life membership)**: một khoản trả một lần cho quyền lợi nhiều năm sau, nên KHÔNG ghi hết vào thu nhập năm nhận – phải PHÂN BỔ ĐỀU theo số năm ước tính, mỗi năm ghi nhận một phần vào thu nhập, phần còn lại giữ trong một quỹ riêng (life membership fund) và giải phóng dần.

(!) Lỗi thường gặp: A common error is to treat every large receipt from a member as ordinary subscription income of the year received. An entrance fee is only credited in full immediately if it is a normal, modest amount; a life membership payment must be spread over the member's estimated years of membership rather than credited entirely to the year it is received, otherwise this year's surplus is overstated and future years understated.

8.5 A trading activity within a club

Many clubs run a small trading activity – a shop, bar or refreshment stall – alongside their main membership activities. A simple **trading account** is prepared for this activity in exactly the same way as for a trading business, and only the *profit* (or loss) on the activity is carried into the income and expenditure account as a single line of income (or expenditure, if a loss).

Ví dụ mẫu · Meadowview Club shop

Meadowview Club runs a small shop selling refreshments and equipment to members. For the year: sales $18,000; opening inventory $1,500; purchases $11,000; closing inventory $1,800; wages of the shop attendant $2,200.

	$
Sales	18,000
Opening inventory	1,500
Purchases	11,000
	12,500
Less: closing inventory	(1,800)
Cost of goods sold	**(10,700)**
Gross profit	**7,300**
Less: wages of shop attendant	(2,200)
Profit on club shop	**5,100**

The $5,100 profit on the shop is carried into the Income and Expenditure account as a single line of income, alongside subscription income, donations and any other receipts; the detailed sales, purchases and wages figures are *not* repeated there.

GIẢI THÍCH TIẾNG VIỆT

VN

Khi câu lạc bộ có hoạt động kinh doanh phụ (ví dụ quầy giải khát, cửa hàng nhỏ), lập một tài khoản thương mại (trading account) riêng y hệt doanh nghiệp bán lẻ để tính lợi nhuận/lỗ của hoạt động đó. CHỈ con số lợi nhuận/lỗ cuối cùng (ví dụ $5,100) được chuyển vào Báo cáo Thu nhập–Chi tiêu như MỘT dòng thu nhập duy nhất – không liệt kê lại doanh thu, giá vốn, tiền lương chi tiết trong báo cáo chính.

8.6 Special funds

A special fund kept separate from the general accumulated fund

A club may keep a **special fund** – for example a **building fund** being saved towards a future clubhouse extension – entirely separate from its **general accumulated fund**. Donations, investment income and expenditure relating specifically to the special fund do *not* pass through the main income and expenditure account at all; they are recorded only within the special fund's own account, and shown as a separate item (not merged with the general accumulated fund) in the statement of financial position.

Ví dụ mẫu · Oakwood Club building fund

Oakwood Club has a general accumulated fund and a separate building fund set up to save for a clubhouse extension. At 1 January the building fund stood at $8,000. During the year: donations received specifically for the building fund $3,000; interest earned on the building fund's separate investment $200; architect's fees relating to the extension, paid out of the building fund, $1,500.

Building fund account	$
Balance b/d	8,000
Add: donations for building fund	3,000
Add: interest on building fund investment	200
Less: architect's fees paid	(1,500)
Building fund balance c/d	**9,700**

Meanwhile, the club's *general* accumulated fund of $12,000 brought forward simply increases by the ordinary surplus for the year (say $2,500) to $14,500 – entirely unaffected by the building fund transactions above, which are kept completely separate.

VN GIẢI THÍCH TIẾNG VIỆT

Quỹ đặc biệt (special fund, ví dụ building fund) được tách riêng hoàn toàn khỏi quỹ tích luỹ chung (general accumulated fund). Các khoản quyên góp, lãi đầu tư và chi tiêu liên quan quỹ đặc biệt KHÔNG đi qua Báo cáo Thu nhập–Chi tiêu chính, mà chỉ ghi trong tài khoản quỹ riêng đó, và trình bày TÁCH BIỆT trên Bảng cân đối kế toán – không được gộp chung với quỹ tích luỹ thông thường.

8.7 Practice: clubs and societies

Bài tập luyện tập

Explain why a club prepares an income and expenditure account rather than an income statement, and state the club equivalents of "profit", "capital" and "cash book".

Lời giải chi tiết

A club is a non-profit organisation, so it does not seek profit; it prepares an **income and expenditure account** on the accruals basis to show whether income exceeded expenditure. Equivalents: "profit" → **surplus** (of income over expenditure); "capital" → **accumulated fund**; "cash book" → **receipts and payments account**.

Bài tập luyện tập

A club received $6,200 in subscriptions during the year. Subscriptions in arrears: $180 at the start of the year, $220 at the end. Subscriptions in advance: $90 at the start, $140 at the end. Calculate the subscription income for the Income and Expenditure account.

Lời giải chi tiết

$6{,}200 + 220 - 180 - 140 + 90 = \boxed{\$6{,}190}$.

Bài tập luyện tập

A club runs a refreshment bar. Bar sales $14,000; bar purchases $9,200; opening bar inventory $1,000; closing bar inventory $1,400; bar staff wages $1,600. Calculate the profit or loss on the bar to be shown in the income and expenditure account.

Lời giải chi tiết

Cost of bar goods sold $= 1{,}000 + 9{,}200 - 1{,}400 = \$8{,}800$. Bar gross profit $= 14{,}000 - 8{,}800 = \$5{,}200$.
Less bar wages $1,600: bar profit $= 5{,}200 - 1{,}600 = \boxed{\$3{,}600}$.

Bài tập luyện tập

A club's accumulated fund at 1 January was $18,000. During the year it made a deficit of $1,200 and members donated $2,000 towards a building fund (kept separate from the general fund). Calculate the general accumulated fund at 31 December.

Lời giải chi tiết

The building fund donation is kept separate, so it does not affect the general accumulated fund. General accumulated fund $= 18{,}000 - 1{,}200 = \boxed{\$16{,}800}$.

Bài tập luyện tập

Which of the following is *not* normally credited directly to the income and expenditure account?

(A) Subscription income for the year
(B) Profit on a club shop
(C) Donations received specifically for a separate building fund
(D) Donations of a general nature, with no restriction

Lời giải chi tiết

Donations restricted to a specific separate fund (e.g. a building fund) bypass the income and expenditure account entirely and are recorded only in that fund's own account. General, unrestricted donations, subscription income and the profit on a club shop are all credited to the income and expenditure account. **(C)**.

Bài tập luyện tập

At 1 January, a club's assets and liabilities were: clubhouse fittings $9,500; subscriptions in arrears $400; bank $2,100; subscriptions in advance $180; nothing else owed. Calculate the accumulated fund at 1 January.

Lời giải chi tiết

Total assets $= 9{,}500 + 400 + 2{,}100 = \$12{,}000$. Less liability (subscriptions in advance) $180.
Accumulated fund $= 12{,}000 - 180 = \boxed{\$11{,}820}$.

Bài tập luyện tập

A club received a life membership payment of $1,800, to be spread over an estimated 9 years. How much is credited to income and expenditure in the year of receipt, and what balance is carried forward?

Lời giải chi tiết

Credited to income and expenditure this year $= 1{,}800 \div 9 = \boxed{\$200}$.
Balance carried forward (life membership fund) $= 1{,}800 - 200 = \boxed{\$1{,}600}$, to be released over the remaining 8 years.

Bài tập luyện tập

A club's income and expenditure account shows total income of $11,400 and total expenditure of $9,850. The accumulated fund brought forward was $7,200, and there is also a separate building fund of $4,000 (unaffected this year). Calculate the accumulated fund carried forward.

Lời giải chi tiết

Surplus $= 11{,}400 - 9{,}850 = \$1{,}550$.
Accumulated fund c/d $= 7{,}200 + 1{,}550 = \boxed{\$8{,}750}$. The building fund of $4,000 is shown as a separate item, unaffected by this calculation.

Bài tập luyện tập

Explain why subscriptions received in advance are treated as a *liability* of the club, not as income of the year received.

Lời giải chi tiết

A subscription paid in advance relates to the *following* year's membership, which the club has not yet provided. Under the accruals (matching) concept, income must be recognised in the period it is earned, not simply when cash is received; until the club provides that year's benefit, it owes the member the value of the membership, which is why the amount is carried forward as a liability (subscriptions in advance) rather than credited to this year's income and expenditure account.

Bài tập luyện tập

A new club member pays a $150 entrance fee and a $60 annual subscription in the same transaction. State how each amount would normally be treated in the club's accounts.

Lời giải chi tiết

The **entrance fee** of $150 is a one-off payment on joining and, being a normal-sized amount, is credited in full to income and expenditure as revenue income of the year. The **annual subscription** of $60 is ordinary subscription income for the current year, also credited to income and expenditure (subject to the usual arrears/advance adjustment at the year end if it relates to a different membership year).

Bài tập luyện tập

A club's shop had opening inventory $2,200, purchases $15,600, closing inventory $2,900 and sales $24,000. Shop wages were $3,000. Calculate the profit on the club shop to be included in the income and expenditure account.

Lời giải chi tiết

Cost of goods sold $= 2{,}200+15{,}600-2{,}900 = \$14{,}900$. Gross profit $= 24{,}000-14{,}900 = \$9{,}100$. Profit on shop $= 9{,}100 - 3{,}000 = \boxed{\$6{,}100}$.

Bài tập luyện tập

Distinguish between a *deficit* and a *surplus* in a club's income and expenditure account, and state the effect of each on the accumulated fund.

Lời giải chi tiết

A **surplus** arises when total income exceeds total expenditure for the year – it *increases* the accumulated fund, just as profit increases a sole trader's capital. A **deficit** arises when expenditure exceeds income – it *decreases* the accumulated fund, just as a loss decreases capital.

Bài tập luyện tập

A club's receipts and payments account shows subscriptions received of \$9,300. At the start of the year, \$260 was owing by members and \$110 had been paid in advance; at the end of the year, \$310 was owing and \$95 had been paid in advance. Calculate the subscription income for the year.

Lời giải chi tiết

Subscription income $= 9{,}300 + 310 - 260 - 95 + 110 = \boxed{\$9{,}365}$.

Part B: Manufacturing Accounts

8.8 Manufacturing accounts: cost of production

A manufacturing business makes the goods it sells, rather than buying them ready for resale. It prepares a **manufacturing account** to calculate the **cost of production** of goods completed in the period – this cost of production then replaces "purchases" in the trading account.

Building up the manufacturing account

Stage	Contents
Cost of raw materials consumed	Opening inventory of raw materials + purchases − closing inventory of raw materials
Prime cost	Cost of raw materials consumed + direct (factory) labour + direct expenses (e.g. royalties)
Total production cost	Prime cost + factory overheads (indirect factory costs)
Cost of production	Total production cost + opening work in progress − closing work in progress

Ví dụ mẫu · ABC Manufacturing

Manufacturing Account for the year ended 31 December 2025

	$	$
Opening inventory of raw materials	2,000	
Purchases of raw materials	18,000	
	20,000	
Less: closing inventory of raw materials	(2,500)	
Cost of raw materials consumed		17,500
Direct (factory) wages		12,000
Royalties (direct expense)		800
Prime cost		**30,300**
Factory overheads:		
Indirect factory wages	3,000	
Factory rent and rates	2,400	
Depreciation of factory machinery	1,600	
Factory power	1,200	
Total factory overheads		8,200
Total production cost		**38,500**
Add: opening work in progress		1,000
Less: closing work in progress		(1,300)
Cost of production		**38,200**

Trading account extract (Sales $60,000; opening finished goods inventory $3,000; closing finished goods inventory $4,200)

	$
Sales	60,000
Opening inventory of finished goods	3,000
Add: cost of production	38,200
Less: closing inventory of finished goods	(4,200)
Cost of sales	**(37,000)**
Gross profit	**23,000**

VN GIẢI THÍCH TIẾNG VIỆT

Doanh nghiệp sản xuất lập thêm Tài khoản sản xuất (manufacturing account) để tính **Giá thành sản xuất** (cost of production), gồm: chi phí nguyên vật liệu trực tiếp + nhân công trực tiếp + chi phí trực tiếp khác = **Giá thành cơ bản (prime cost)**, cộng chi phí sản xuất chung (factory overheads) và điều chỉnh sản phẩm dở dang (work in progress). Giá thành sản xuất thay thế "Purchases" trong tài khoản thương mại.

(!) Lỗi thường gặp: Only *factory*-related costs belong in the manufacturing account. Office rent, office salaries, and administrative/selling expenses belong in the income statement (profit and loss section), not the manufacturing account.

8.9 Apportionment of shared expenses

Splitting costs between factory and office

Some expenses – rent, rates, insurance and depreciation of premises – often relate to a building shared by *both* the factory and the office. Such shared expenses must be **apportioned** (split) between the manufacturing account (the factory's share, as a factory overhead) and the income statement (the office's share, as an administrative expense), on a fair basis such as floor area occupied, unless a more specific basis is given.

Ví dụ mẫu · Apportioning rent, insurance and depreciation

Bright Toys Manufacturing occupies a single building: the factory occupies 7,500 m^2 and the office occupies 2,500 m^2, a total of 10,000 m^2. For the year: rent $12,000; insurance of premises $2,000; depreciation of premises $4,000.

Factory share of floor area $= 7{,}500/10{,}000 = 75\%$; office share $= 2{,}500/10{,}000 = 25\%$.

Expense	Total $	Factory (75%) $	Office (25%) $
Rent	12,000	9,000	3,000
Insurance	2,000	1,500	500
Depreciation of premises	4,000	3,000	1,000
Total	**18,000**	**13,500**	**4,500**

The $13,500 factory share is included as a factory overhead in the manufacturing account; the $4,500 office share is included as an administrative expense in the income statement.

GIẢI THÍCH TIẾNG VIỆT

VN

Chi phí dùng chung cho cả xưởng và văn phòng (tiền thuê, bảo hiểm, khấu hao nhà xưởng) phải được **PHÂN BỔ (apportioned)** theo một cơ sở hợp lý – thường theo diện tích sử dụng (floor area) nếu đề bài không cho cơ sở khác. Phần phân bổ cho xưởng đưa vào Tài khoản sản xuất (chi phí sản xuất chung); phần phân bổ cho văn phòng đưa vào Báo cáo thu nhập (chi phí quản lý).

8.10 Provision for unrealised profit on finished goods

Transferring finished goods at cost plus a mark-up

Many manufacturing businesses transfer completed goods from the factory to the trading account not at cost of production, but at cost of production **plus a mark-up** (a "transfer price"), so that the factory's own performance (its "manufacturing profit") can be measured, alongside the separate trading margin earned on selling. The manufacturing account therefore ends with:

$$\text{Cost of production} + \text{Manufacturing profit (mark-up)} = \text{Transfer price of goods produced.}$$

The trading account then uses this transfer price for both the goods transferred in and any opening/closing inventory of finished goods.

The difficulty is that any finished goods still **unsold** at the year end are only in inventory at this inflated transfer price – they contain a mark-up that has not actually been earned by a sale to an outside customer. A **provision for unrealised profit** must therefore be created to remove this unearned element:

$$\text{Provision for unrealised profit} = \frac{\text{mark-up}}{100\% + \text{mark-up}} \times \text{closing inventory of finished goods (at transfer price).}$$

This provision is (1) deducted from the finished goods inventory figure used in the **statement of financial position**, restating it back down to true cost, and (2) deducted (together with the total manufacturing profit added back) in the **income statement**, so that only the profit relating to goods actually *sold* is recognised for the year.

VN **GIẢI THÍCH TIẾNG VIỆT**

Khi thành phẩm được chuyển từ xưởng sang bộ phận thương mại với giá CAO HƠN giá thành sản xuất (cộng phụ trội, ví dụ "giá thành cộng 20%"), phần phụ trội đó là "lợi nhuận sản xuất" (manufacturing profit). Nhưng nếu thành phẩm đó CHƯA BÁN được cho khách hàng bên ngoài vào cuối kỳ, phần lợi nhuận phụ trội nằm trong hàng tồn kho đó CHƯA THỰC SỰ được tạo ra – gọi là **lợi nhuận chưa thực hiện (unrealised profit)**. Phải lập một khoản **dự phòng (provision)** để loại trừ phần này ra khỏi giá trị hàng tồn kho thành phẩm khi trình bày trên Bảng cân đối kế toán, và ra khỏi lợi nhuận của kỳ trên Báo cáo thu nhập.

(!) Lỗi thường gặp: It is easy to forget to eliminate unrealised profit and simply show closing finished goods inventory at its transfer price in the statement of financial position. This **overstates** inventory (and profit) by the mark-up element on unsold goods. The provision for unrealised profit must always be deducted from the transfer-price value of closing finished goods inventory to arrive at its true (cost) value for the statement of financial position.

8.11 A full worked example: Bright Toys Manufacturing

The following example combines apportionment of shared expenses with a transfer price and a provision for unrealised profit, from the manufacturing account through to the statement of financial position. This is the first year in which finished goods have been transferred at a mark-up, so there is no opening inventory of finished goods and no opening provision for unrealised profit.

Ví dụ mẫu · Bright Toys Manufacturing

Data for the year: raw materials – opening inventory $4,000, purchases $46,000, closing inventory $5,000; direct factory wages $30,000; direct expenses (royalties) $1,000; indirect factory wages $8,000; depreciation of factory machinery $6,500; factory share of rent, insurance and depreciation of premises $13,500 (from the apportionment above); opening work in progress $2,000; closing work in progress $6,000. Finished goods are transferred to the trading account at cost of production plus 20%. Sales for the year $150,000; closing inventory of finished goods (at transfer price) $18,000. Administrative expenses (including the office's $4,500 apportioned share of premises costs, plus office salaries $15,000) total $19,500; selling and distribution expenses $4,000.

Manufacturing Account for the year

	$	$
Opening inventory of raw materials	4,000	
Purchases of raw materials	46,000	
	50,000	
Less: closing inventory of raw materials	(5,000)	
Cost of raw materials consumed		45,000
Direct factory wages		30,000
Royalties (direct expense)		1,000
Prime cost		**76,000**
Factory overheads:		
Indirect factory wages	8,000	
Factory share of rent, insurance, depreciation of premises	13,500	
Depreciation of factory machinery	6,500	
Total factory overheads		28,000
Total production cost		**104,000**
Add: opening work in progress		2,000
Less: closing work in progress		(6,000)
Cost of production		**100,000**
Add: manufacturing profit (20% mark-up)		20,000
Transfer price of goods produced		**120,000**

Trading account (using transfer price)

	$
Sales	150,000
Opening inventory of finished goods (at transfer price)	–
Add: transfer price of goods produced	120,000
Less: closing inventory of finished goods (at transfer price)	(18,000)
Cost of sales	**(102,000)**
Gross profit	**48,000**

Provision for unrealised profit

$$\text{Provision} = \frac{20\%}{120\%} \times 18{,}000 = \frac{1}{6} \times 18{,}000 = \boxed{\$3{,}000}$$

(There is no opening provision, since this is the first year of the scheme, so the full $3,000 is a new charge this year.)

Income statement extract

	$
Gross profit (per trading account, at transfer price)	48,000
Add: manufacturing profit for the year	20,000
Less: provision for unrealised profit (closing)	(3,000)
Combined gross profit (true cost basis)	**65,000**
Less: administrative expenses	(19,500)
Less: selling and distribution expenses	(4,000)
Profit from operations	**41,500**

Check: true cost of goods sold = cost of production transferred less the cost equivalent of unsold inventory $= 100{,}000 - (18{,}000 - 3{,}000) = 100{,}000 - 15{,}000 = 85{,}000$. True gross profit $= 150{,}000 - 85{,}000 = \$65{,}000$, exactly matching the combined gross profit above.

Statement of financial position extract

Current assets	$
Inventory of finished goods (at transfer price)	18,000
Less: provision for unrealised profit	(3,000)
Inventory of finished goods (at true cost)	**15,000**

Finished goods inventory is shown in the statement of financial position at $15,000 – its true cost – not at the $18,000 transfer price, which would overstate both inventory and profit by the unrealised mark-up.

VN GIẢI THÍCH TIẾNG VIỆT

Ví dụ Bright Toys minh hoạ trọn quy trình: Tài khoản sản xuất tính Giá thành sản xuất, cộng phụ trội (mark-up) ra Giá chuyển giao (transfer price) → Tài khoản thương mại dùng giá chuyển giao → tính **dự phòng lợi nhuận chưa thực hiện** trên hàng tồn kho thành phẩm CHƯA BÁN (theo giá chuyển giao) → cộng lợi nhuận sản xuất, trừ dự phòng để ra lợi nhuận gộp "thực" → trên Bảng cân đối kế toán, hàng tồn kho thành phẩm trình bày theo giá gốc thực (đã trừ dự phòng), KHÔNG theo giá chuyển giao.

8.12 Practice: manufacturing accounts

Bài tập luyện tập

Which of the following would appear in a **manufacturing account** rather than the income statement of a manufacturing business?

(A) Office salaries
(B) Factory supervisor's wages
(C) Carriage outwards
(D) Directors' remuneration

Lời giải chi tiết

Factory supervisor's wages are a factory overhead, included in the manufacturing account. The other three are office/selling/administrative items, charged in the income statement. **(B)**.

Bài tập luyện tập

A manufacturing business has: raw materials consumed $40,000; direct wages $28,000; direct expenses $2,000; factory overheads $18,000; opening WIP $3,000; closing WIP $4,000. Calculate the prime cost and the cost of production.

Lời giải chi tiết

Prime cost $= 40{,}000 + 28{,}000 + 2{,}000 = \$70{,}000$.
Cost of production $= 70{,}000 + 18{,}000 + 3{,}000 - 4{,}000 = \boxed{\$87{,}000}$.

Bài tập luyện tập

A factory occupies 60% of a shared building and the office occupies the remaining 40%. Total rent and rates for the building are $25,000. Calculate the amount to be charged to the manufacturing account and the amount to be charged to the income statement.

Lời giải chi tiết

Factory share $= 60\% \times 25{,}000 = \boxed{\$15{,}000}$ (manufacturing account).
Office share $= 40\% \times 25{,}000 = \boxed{\$10{,}000}$ (income statement).

Bài tập luyện tập

A manufacturing business transfers finished goods to the trading account at cost of production plus 25%. Closing inventory of finished goods, at transfer price, is $15,000. Calculate the provision for unrealised profit required.

Lời giải chi tiết

Unrealised profit fraction $= \dfrac{25\%}{125\%} = \dfrac{1}{5}$.
Provision $= \frac{1}{5} \times 15{,}000 = \boxed{\$3{,}000}$.

Bài tập luyện tập

In its second year of trading, Bright Toys Manufacturing (see the worked example above) had a closing inventory of finished goods, at transfer price (cost plus 20%), of $24,000. The provision for unrealised profit brought forward from the first year was $3,000. Calculate the provision required at the end of the second year, and state whether this represents an increase or a decrease to be adjusted in the second year's income statement.

Lời giải chi tiết

Provision required $= \dfrac{20\%}{120\%} \times 24{,}000 = \frac{1}{6} \times 24{,}000 = \boxed{\$4{,}000}$.
Increase in provision $= 4{,}000 - 3{,}000 = \boxed{\$1{,}000}$, which is charged (deducted) as an additional amount in the second year's income statement, since more unsold, marked-up inventory is now held than at the start of the year.

Bài tập luyện tập

A manufacturing business's cost of production for the year was $80,000. Goods are transferred to the trading account at cost of production plus 10%. Calculate the transfer price of goods produced and the manufacturing profit for the year.

Lời giải chi tiết

Transfer price $= 80{,}000 \times 1.10 = \boxed{\$88{,}000}$.

Manufacturing profit $= 88{,}000 - 80{,}000 = \boxed{\$8{,}000}$.

Bài tập luyện tập

Explain, in your own words, why a provision for unrealised profit is needed when finished goods are transferred from a factory to a trading account at a marked-up transfer price.

Lời giải chi tiết

The mark-up added to the cost of production represents "manufacturing profit" that the factory has notionally earned by completing the goods. However, this profit is only genuinely **realised**, from the business as a whole's point of view, once the goods are actually **sold** to an outside customer. Any finished goods still unsold at the year end are recorded in inventory at the inflated transfer price, which would overstate both inventory and the year's profit if left unadjusted. The provision for unrealised profit removes this unearned element, restating unsold inventory at its true cost and ensuring only profit on goods actually sold is recognised for the year.

Bài tập luyện tập

A factory and office share a building of 8,000 m^2 total floor area; the factory occupies 6,000 m^2. Depreciation of the premises for the year is $16,000. Calculate the factory's and the office's share of the depreciation charge.

Lời giải chi tiết

Factory share $= \frac{6{,}000}{8{,}000} \times 16{,}000 = 75\% \times 16{,}000 = \boxed{\$12{,}000}$.

Office share $= \frac{2{,}000}{8{,}000} \times 16{,}000 = 25\% \times 16{,}000 = \boxed{\$4{,}000}$.

Bài tập luyện tập

A manufacturing business has raw materials consumed $52,000; direct labour $34,000; royalties $3,000; factory overheads (after apportionment) $21,000; opening work in progress $5,500; closing work in progress $4,800. Calculate the prime cost and the cost of production.

Lời giải chi tiết

Prime cost $= 52{,}000 + 34{,}000 + 3{,}000 = \boxed{\$89{,}000}$.

Total production cost $= 89{,}000 + 21{,}000 = 110{,}000$.

Cost of production $= 110{,}000 + 5{,}500 - 4{,}800 = \boxed{\$110{,}700}$.

Bài tập luyện tập

A manufacturing business's closing inventory of finished goods is valued at $36,000 at transfer price, calculated on a cost-plus-50% basis. Calculate (a) the provision for unrealised profit, and (b) the true cost value of the closing inventory of finished goods for the statement of financial position.

Lời giải chi tiết

(a) Unrealised profit fraction $= \frac{50\%}{150\%} = \frac{1}{3}$. Provision $= \frac{1}{3} \times 36{,}000 = \boxed{\$12{,}000}$.

(b) True cost value $= 36{,}000 - 12{,}000 = \boxed{\$24{,}000}$.

Bài tập luyện tập

Sales for a manufacturing business were $95,000. Finished goods were transferred to the trading account at a transfer price (cost plus mark-up) of $70,000; there was no opening inventory of finished goods and closing inventory of finished goods (at transfer price) was $10,000. Calculate the gross profit shown by the trading account, using the transfer price.

Lời giải chi tiết

Cost of sales $= 0 + 70{,}000 - 10{,}000 = \$60{,}000$.
Gross profit $= 95{,}000 - 60{,}000 = \boxed{\$35{,}000}$.

Bài tập luyện tập

State *two* reasons a manufacturing business might choose to transfer finished goods from its factory to its trading account at a marked-up transfer price, rather than at cost of production.

Lời giải chi tiết

(i) It allows the factory's own performance and efficiency (its "manufacturing profit") to be measured and evaluated separately from the profit earned on trading/selling activities.
(ii) It provides a more realistic, arm's-length transfer value between the two parts of the business, similar to comparing the factory's cost of production against what it would cost to buy the goods from an outside supplier.

Bài tập luyện tập

A manufacturing business's cost of raw materials consumed was $60,000, direct wages $25,000 and there were no other direct expenses. Total factory overheads (after apportioning shared premises costs) were $30,000. There was no work in progress at either the start or end of the year. Calculate the prime cost and the cost of production.

Lời giải chi tiết

Prime cost $= 60{,}000 + 25{,}000 = \boxed{\$85{,}000}$.

Cost of production $= 85{,}000 + 30{,}000 = \boxed{\$115{,}000}$ (unaffected by work in progress, as there is none).

Incomplete Records

Mục tiêu Unit: Hiểu vì sao một số doanh nghiệp nhỏ chỉ ghi sổ đơn (single entry) thay vì ghi sổ kép đầy đủ; biết dùng phương pháp statement of affairs để tính vốn đầu kỳ, vốn cuối kỳ và lợi nhuận trong kỳ; nắm vững mối quan hệ giữa mark-up và margin; biết dùng tài khoản tổng hợp phải thu/phải trả (control accounts) và bảng tổng hợp thu-chi tiền để tìm các số liệu còn thiếu (doanh thu bán chịu, hàng mua chịu, rút vốn, mất mát tiền/hàng); lập được báo cáo thu nhập và bảng cân đối kế toán đầy đủ từ sổ sách không đầy đủ.

9.1 Single entry and incomplete records

Not every business keeps a full double-entry system. Many small sole traders record only a cash book (or not even that in an organised way), together with unpaid invoices and till receipts kept in a drawer. This is called **single entry** or **incomplete records**.

Why records are sometimes incomplete

A small trader may keep incomplete records because: (1) employing a book-keeper or accountant is not cost-effective for a very small business; (2) the owner may lack accounting training; (3) with many small cash transactions each day, recording a full double entry for each one is impractical. Whatever the reason, at the end of the year the trader (or accountant) must still produce an income statement and a statement of financial position – so the missing figures must be **reconstructed** using whatever information is available: opening and closing assets/liabilities, a rough cash and bank summary, and relationships such as mark-up and margin.

VN GIẢI THÍCH TIẾNG VIỆT

Sổ sách không đầy đủ (incomplete records): nhiều doanh nghiệp nhỏ không ghi sổ kép (double entry) đầy đủ vì chi phí thuê kế toán không hiệu quả, chủ doanh nghiệp thiếu kiến thức kế toán, hoặc khối lượng giao dịch tiền mặt nhỏ lẻ quá nhiều. Cuối năm vẫn phải lập báo cáo tài chính đầy đủ, nên kế toán viên phải **tái dựng** (reconstruct) các con số còn thiếu từ tài sản/nợ phải trả đầu kỳ và cuối kỳ, bảng tổng hợp thu chi tiền, và quan hệ mark-up/margin.

Double entry records every transaction twice (a debit and a credit), so a trial balance can be extracted directly and the financial statements follow mechanically. **Single entry** keeps, at best, only a cash book and lists of receivables/payables – there are no ledger accounts for sales, purchases, expenses or capital, so these must all be found indirectly.

9.2 The statement of affairs method

A **statement of affairs** is simply a list of all the assets and liabilities of the business on a given date, used to calculate capital when no capital account exists. It has exactly the same layout as a statement of financial position, but the term "statement of affairs" is used because the figures come from an incomplete-records reconstruction rather than a full double-entry system.

9.2.1 Finding opening and closing capital

On any date:

$$\textbf{Capital} = \textbf{Total assets} - \textbf{Total liabilities}$$

Applying this at the start and end of the year gives the **opening capital** and the **closing capital**. Remember that a bank overdraft is a liability, and that drawings of goods are valued at cost, not selling price.

9.2.2 Finding profit for the year

$$\text{Closing capital} = \text{Opening capital} + \text{Capital introduced} + \text{Profit} - \text{Drawings}$$

Rearranged to find the missing profit (or loss):

$$\text{Profit} = \text{Closing capital} - \text{Opening capital} - \text{Capital introduced} + \text{Drawings}$$

A negative answer is a **loss** for the year.

VN GIẢI THÍCH TIẾNG VIỆT

Statement of affairs là bảng liệt kê tài sản và nợ phải trả tại một ngày, dùng để tính Vốn = Tài sản − Nợ phải trả khi doanh nghiệp không có tài khoản vốn đầy đủ. Công thức tính lợi nhuận: **Lợi nhuận** = **Vốn cuối kỳ** − **Vốn đầu kỳ** − **Vốn góp thêm** + **Rút vốn**. Kết quả âm nghĩa là LỖ.

Ví dụ mẫu · Profit from opening and closing statements of affairs

A. Boateng keeps no double-entry records. At 1 January his assets and liabilities were: shop fittings $8,000; inventory $6,500; trade receivables $2,800; cash $600; trade payables $3,200. At 31 December: shop fittings (after depreciation) $7,200; inventory $7,800; trade receivables $3,500; bank $1,900; cash $450; trade payables $2,900; and a 3-year loan of $5,000 taken out during the year. Drawings for the year were $10,500; no capital was introduced. Calculate the profit for the year.

	1 Jan $	31 Dec $
Shop fittings	8,000	7,200
Inventory	6,500	7,800
Trade receivables	2,800	3,500
Bank	–	1,900
Cash	600	450
Total assets	17,900	20,850
Less: trade payables	(3,200)	(2,900)
Less: loan	–	(5,000)
Net assets (capital)	**14,700**	**12,950**

$$\text{Profit} = 12{,}950 - 14{,}700 - 0 + 10{,}500 = \boxed{\$8{,}750}.$$

Although net assets *fell* over the year, the business still made a profit of $8,750 – the fall in net assets was caused by drawings ($10,500) exceeding that profit.

Ví dụ mẫu · Capital introduced and a loss for the year

K. Sarfo's assets and liabilities were, at 1 January: premises $30,000; equipment $9,000; inventory $5,200; trade receivables $3,100; bank $2,400; trade payables $4,600; short-term loan $2,000. At 31 December: premises $30,000; equipment (after depreciation) $8,100; inventory $6,700; trade receivables $3,900; bank *overdraft* $1,200; trade payables $5,300; the short-term loan was fully repaid; a new long-term loan of $10,000 was taken out. During the year the owner introduced $6,000 of additional capital and made drawings of $8,000 cash plus $900 of goods. Calculate the profit or loss for the year.

	1 Jan $	31 Dec $
Premises	30,000	30,000
Equipment	9,000	8,100
Inventory	5,200	6,700
Trade receivables	3,100	3,900
Bank	2,400	–
Total assets	49,700	48,700
Less: trade payables	(4,600)	(5,300)
Less: short-term loan	(2,000)	–
Less: bank overdraft	–	(1,200)
Less: long-term loan	–	(10,000)
Net assets (capital)	**43,100**	**32,200**

Drawings $= 8{,}000 + 900 = 8{,}900$.

$$\text{Profit} = 32{,}200 - 43{,}100 - 6{,}000 + 8{,}900 = -\$8{,}000,$$ i.e. a **loss of $8,000**.

Even though the owner introduced $6,000 of fresh capital, net assets fell by $10,900 – far more than drawings of $8,900 can explain – so the business must have made a loss.

(!) Lỗi thường gặp: **Drawings of goods** (not just cash drawings) must always be included in the profit formula above. A common error is to use only cash drawings from the bank summary and forget that goods taken for personal use, valued at cost, are also drawings that must be added back.

9.3 Mark-up and margin

When sales or purchases figures are missing, they can often be found from the trader's known pricing policy.

Mark-up is gross profit expressed as a percentage (or fraction) of **cost of sales**: mark-up $= \dfrac{\text{gross profit}}{\text{cost of sales}}$.

Margin is gross profit expressed as a percentage (or fraction) of **sales revenue**: margin $= \dfrac{\text{gross profit}}{\text{sales}}$.

If cost of sales $= C$ and mark-up $= m$, then gross profit $= mC$ and sales $= C + mC = C(1+m)$, so

$$\text{margin} = \frac{mC}{C(1+m)} = \frac{m}{1+m}, \qquad \text{and inverting: mark-up} = \frac{\text{margin}}{1-\text{margin}}.$$

VN GIẢI THÍCH TIẾNG VIỆT

Mark-up: lợi nhuận gộp tính theo % của GIÁ VỐN (cost of sales). **Margin**: lợi nhuận gộp tính theo % của GIÁ BÁN (sales). Công thức chuyển đổi: margin $=$ mark-up$/(1+$mark-up$)$; mark-up $=$ margin$/(1-$margin$)$. Đây là hai đại lượng khác nhau và HAY BỊ NHẦM LẪN trong đề thi.

Common mark-up / margin pairs (each mark-up of $\frac{1}{n}$ gives a margin of $\frac{1}{n+1}$):

Mark-up (on cost)	20%	25%	33.33% ($\frac{1}{3}$)	50%	100%
Margin (on sales)	16.67%	20%	25%	33.33%	50%

Ví dụ mẫu · Mark-up: finding sales

A trader marks up all goods by 50% on cost. Opening inventory \$4,000; closing inventory \$5,000; purchases during the year \$31,000. Calculate the cost of sales, the gross profit, and the sales revenue.

Cost of sales $= 4{,}000 + 31{,}000 - 5{,}000 = \$30{,}000$.
Mark-up 50% on cost, so gross profit $= 50\% \times 30{,}000 = \$15{,}000$.
Sales $=$ cost of sales $+$ gross profit $= 30{,}000 + 15{,}000 = \boxed{\$45{,}000}$.
Check (margin): $15{,}000/45{,}000 = 33.3\%$, consistent with the table above ($\frac{0.5}{1.5} = \frac{1}{3}$).

Ví dụ mẫu · Margin: finding purchases

A trader's margin is 25% on all sales. Sales for the year were \$96,000. Opening inventory \$8,000; closing inventory \$6,000. Calculate the cost of sales, the gross profit, and the purchases for the year.

Gross profit $= 25\% \times 96{,}000 = \$24{,}000$. Cost of sales $= 96{,}000 - 24{,}000 = \$72{,}000$.
Purchases $=$ Cost of sales $-$ Opening inventory $+$ Closing inventory $= 72{,}000 - 8{,}000 + 6{,}000 = \boxed{\$70{,}000}$.
Check: $8{,}000 + 70{,}000 - 6{,}000 = 72{,}000$, which equals the cost of sales above.

Ví dụ mẫu · Mark-up with returns and carriage: finding closing inventory

A trader marks up cost by $\frac{1}{3}$ (33.33%). Sales for the year were \$88,000. Opening inventory \$10,000; purchases \$61,000; purchases returns \$2,000; carriage inwards \$1,000. Calculate the closing inventory.

Mark-up $\frac{1}{3}$ gives a margin of 25% (from the table). Gross profit $= 25\% \times 88{,}000 = \$22{,}000$.
Cost of sales $= 88{,}000 - 22{,}000 = \$66{,}000$.
Net purchases $= 61{,}000 - 2{,}000 = 59{,}000$; plus carriage inwards $= 60{,}000$.
Cost of sales $=$ Opening inventory $+$ Net purchases (incl. carriage) $-$ Closing inventory:

$$66{,}000 = 10{,}000 + 60{,}000 - \text{Closing inventory} \Rightarrow \text{Closing inventory} = \boxed{\$4{,}000}.$$

(!) Lỗi thường gặp: Mark-up and margin use **different denominators** – cost of sales for mark-up, sales revenue for margin – and are numerically different for the same transaction. Applying a margin percentage directly to cost of sales (or a mark-up percentage directly to sales) is one of the most frequent errors in incomplete records questions; always check which one the question states before calculating.

9.4 Using control accounts to find missing figures

When opening and closing balances of trade receivables and trade payables are known, together with the cash/cheque movements during the year, a **total (control) account** can be reconstructed to find the missing credit sales or credit purchases figure.

9.4.1 Total trade receivables account

Ví dụ mẫu · Finding credit sales

A business's trade receivables were $4,200 at 1 January and $5,600 at 31 December. During the year, $52,000 was received from credit customers by cheque and cash, discounts allowed were $800, sales returns from credit customers were $1,500, and irrecoverable debts of $300 were written off. Calculate the credit sales for the year.

Total Trade Receivables Account (Dr)		(Cr)	
Balance b/d	4,200	Bank/cash received	52,000
Credit sales (balancing figure)	56,000	Discounts allowed	800
		Sales returns	1,500
		Irrecoverable debts written off	300
		Balance c/d	5,600
Total	**60,200**	**Total**	**60,200**

Credit side total $= 52{,}000 + 800 + 1{,}500 + 300 + 5{,}600 = \$60{,}200$. Since debits must equal credits, credit sales $= 60{,}200 - 4{,}200 = \boxed{\$56{,}000}$.

9.4.2 Total trade payables account

Ví dụ mẫu · Finding credit purchases

A business's trade payables were $3,800 at 1 January and $4,700 at 31 December. During the year, $38,000 was paid to credit suppliers, discounts received were $600, and purchases returns were $900. Calculate the credit purchases for the year.

Total Trade Payables Account (Dr)		(Cr)	
Bank (payments)	38,000	Balance b/d	3,800
Discounts received	600	Credit purchases (balancing figure)	40,400
Purchases returns	900		
Balance c/d	4,700		
Total	**44,200**	**Total**	**44,200**

Debit side total $= 38{,}000 + 600 + 900 + 4{,}700 = \$44{,}200$. Credit purchases $= 44{,}200 - 3{,}800 = \boxed{\$40{,}400}$.

VN GIẢI THÍCH TIẾNG VIỆT

Tài khoản tổng hợp phải thu (total trade receivables account) và phải trả (total trade payables account) hoạt động như một tài khoản chữ T bình thường: đưa các số liệu ĐÃ BIẾT vào đúng bên Nợ/Có, sau đó số liệu CÒN THIẾU (doanh thu bán chịu hoặc mua hàng chịu) chính là số dư cân bằng (balancing figure) để tổng Nợ = tổng Có.

9.5 Cash and bank summaries: drawings and cash shortages

Where a trader banks takings irregularly and pays some expenses directly out of cash in hand, a summary of cash movements can reveal missing drawings or a shortage caused by theft.

Ví dụ mẫu · Finding drawings from a cash summary

A trader does not bank all takings immediately. For the year: cash takings (per till rolls) \$66,000; cash expenses paid out of takings before banking \$1,800; cash banked during the year \$60,000. Cash in hand was unchanged over the year and none was stolen. Calculate the owner's cash drawings.

$$\text{Drawings} = \text{Takings} - \text{Cash expenses} - \text{Cash banked} = 66{,}000 - 1{,}800 - 60{,}000 = \boxed{\$4{,}200}.$$

Ví dụ mẫu · Finding cash stolen

A trader's cash records for the year show: cash takings \$72,000; cash expenses paid from the till, wages \$6,000 and sundry expenses \$1,200; cash drawings \$8,000; cash banked \$54,000. Cash in hand was unchanged over the year. It is suspected that some cash has gone missing. Calculate the amount of cash stolen.

Cash accounted for $= 6{,}000 + 1{,}200 + 8{,}000 + 54{,}000 = \$69{,}200$.

$$\text{Cash stolen} = \text{Takings} - \text{Cash accounted for} = 72{,}000 - 69{,}200 = \boxed{\$2{,}800}.$$

VN GIẢI THÍCH TIẾNG VIỆT

Khi doanh nghiệp không nộp hết tiền mặt thu được vào ngân hàng ngay, ta lập bảng tổng hợp: Tiền thu − Chi phí trả bằng tiền mặt − Rút vốn − Tiền đã nộp ngân hàng = phần còn thiếu (mất mát/bị đánh cắp), với điều kiện tồn quỹ tiền mặt đầu kỳ và cuối kỳ không đổi.

9.6 Losses of cash or inventory by theft or fire

Cash or inventory can be lost through theft, fire or other disaster. The accounting treatment depends on whether the loss is covered by insurance.

Treatment of losses

If the business is **not insured** (or insurance does not cover the full amount), the whole loss is charged as an **expense** in the income statement, reducing profit. If the loss **is insured**, the amount the insurer has agreed to pay is recognised as **other receivables** (an asset – "insurance claim receivable") in the statement of financial position; only the part of the loss *not* recovered from the insurer (if any) is charged as an expense. The value of inventory destroyed, when no physical count was possible, is usually found using a memorandum trading account: opening inventory plus purchases up to the date of the loss, less the cost of sales (found from the known margin or mark-up), gives the inventory that should have existed just before the loss;

deducting any inventory salvaged gives the value lost.

VN GIẢI THÍCH TIẾNG VIỆT

Nếu KHÔNG có bảo hiểm, toàn bộ giá trị mất mát được ghi là CHI PHÍ trong báo cáo thu nhập, làm giảm lợi nhuận. Nếu CÓ bảo hiểm, số tiền công ty bảo hiểm đồng ý bồi thường được ghi là TÀI SẢN (khoản phải thu bảo hiểm); phần KHÔNG được bồi thường mới được ghi là chi phí. Giá trị hàng tồn kho bị mất (khi không thể kiểm kê) tính bằng: Tồn đầu kỳ + Mua hàng đến ngày xảy ra sự cố − Giá vốn hàng bán (suy ra từ margin/mark-up) − Hàng tồn kho còn lại (cứu được).

Ví dụ mẫu · Inventory destroyed by fire

A fire destroyed part of Q. Darko's inventory on 30 June. From 1 January to 30 June: opening inventory $12,000; purchases $40,000; sales $60,000. The business trades at a uniform margin of 25%. Inventory salvaged from the fire, undamaged, was valued at $900. The insurance company agreed to pay $4,000 towards the claim. Calculate the value of inventory destroyed and the amount to be charged as an expense in the income statement.

Cost of sales $= 60{,}000 \times (1 - 0.25) = \$45{,}000$. Goods available for sale $= 12{,}000 + 40{,}000 = \$52{,}000$.
Inventory just before the fire $= 52{,}000 - 45{,}000 = \$7{,}000$.

$$\text{Inventory destroyed} = 7{,}000 - 900 = \boxed{\$6{,}100}.$$

Insurance recovers $4,000, so the amount **not** recovered, charged as an expense, is $6{,}100 - 4{,}000 = \boxed{\$2{,}100}$; the $4,000 is shown as an insurance claim receivable (a current asset) until it is paid.

9.7 A complete incomplete-records question

The following example combines every technique in this chapter: reconstructing opening capital, using control accounts to find credit sales and credit purchases, using a bank summary to find the closing bank balance, and then preparing the full income statement and statement of financial position.

Ví dụ mẫu · N. Owusu – full reconstruction

N. Owusu keeps incomplete records. The following information relates to the year ended 31 December 2025.

Assets and liabilities, 1 January 2025: trade payables $3,600; trade receivables $3,200; inventory $5,400; equipment (net book value) $9,000; bank $2,150; cash in hand $250.
Assets and liabilities, 31 December 2025: trade receivables $4,100; trade payables $4,700; inventory $6,300; cash in hand $250 (unchanged).

Summary of bank transactions for the year: received from credit customers $58,000; cash sales banked directly $12,000; paid to credit suppliers $46,000; general expenses paid $8,500; rent paid $4,000; drawings by cheque $6,000; new equipment bought $2,000.
Other information: discounts allowed to customers $700; discounts received from suppliers $500; depreciation on equipment for the year $900 (equipment: opening $9,000, plus additions $2,000, less depreciation $900).

Step 1 – Opening capital. Assets $= 3{,}200 + 5{,}400 + 9{,}000 + 2{,}150 + 250 = \$20{,}000$. Liabilities $= \$3{,}600$.

$$\text{Opening capital} = 20{,}000 - 3{,}600 = \boxed{\$16{,}400}.$$

Step 2 – Credit sales (total trade receivables account).

Total Trade Receivables Account (Dr)		(Cr)	
Balance b/d	3,200	Bank	58,000
Credit sales (balancing figure)	59,600	Discounts allowed	700
		Balance c/d	4,100
Total	**62,800**	**Total**	**62,800**

Credit sales $= 62{,}800 - 3{,}200 = \boxed{\$59{,}600}$.

Step 3 – Credit purchases (total trade payables account).

Total Trade Payables Account (Dr)		(Cr)	
Bank	46,000	Balance b/d	3,600
Discounts received	500	Credit purchases (balancing figure)	47,600
Balance c/d	4,700		
Total	**51,200**	**Total**	**51,200**

Credit purchases $= 51{,}200 - 3{,}600 = \boxed{\$47{,}600}$.

Step 4 – Closing bank balance.

Bank Account (Dr – receipts)		(Cr – payments)	
Balance b/d	2,150	Trade payables	46,000
Trade receivables	58,000	General expenses	8,500
Cash sales	12,000	Rent	4,000
		Drawings	6,000
		New equipment	2,000
		Balance c/d (balancing figure)	5,650
Total	**72,150**	**Total**	**72,150**

Closing bank balance $= 72{,}150 - 66{,}500 = \boxed{\$5{,}650}$.

Step 5 – Income statement for the year ended 31 December 2025.

	$	$
Revenue (59,600 credit + 12,000 cash)		71,600
Opening inventory	5,400	
Purchases	47,600	
	53,000	
Less: closing inventory	(6,300)	
Cost of sales		**(46,700)**
Gross profit		**24,900**
Add: discount received		500
		25,400
General expenses	8,500	
Rent	4,000	
Discount allowed	700	
Depreciation of equipment	900	
Total expenses		**(14,100)**
Profit for the year		**11,300**

Step 6 – Statement of financial position at 31 December 2025.

	$	$
Non-current assets		
Equipment (9,000 + 2,000 − 900)		10,100
Current assets		
Inventory	6,300	
Trade receivables	4,100	
Bank	5,650	
Cash	250	
	16,300	
Less current liabilities		
Trade payables	(4,700)	
Net current assets		11,600
Net assets		**21,700**

Financed by:	$
Opening capital	16,400
Add: profit for the year	11,300
	27,700
Less: drawings	(6,000)
Closing capital	**21,700**

Net assets $21,700 = closing capital $21,700 – the statement balances.

VN **GIẢI THÍCH TIẾNG VIỆT**

Bài toán tổng hợp trên đi qua đầy đủ quy trình: (1) tính vốn đầu kỳ từ tài sản/nợ đầu kỳ; (2) dùng tài khoản tổng hợp phải thu để tìm doanh thu bán chịu; (3) dùng tài khoản tổng hợp phải trả để tìm mua hàng chịu; (4) dùng tài khoản ngân hàng để tìm số dư cuối kỳ; (5) lập Báo cáo thu nhập; (6) lập Bảng cân đối kế toán và kiểm tra Tài sản thuần = Vốn cuối kỳ.

Ví dụ mẫu · Adjusting purchases for goods drawings

A trader's purchases for the year, per supplier invoices, were $58,000. During the year the owner took goods costing $1,200 for personal use, in addition to cash drawings of $9,000. Opening inventory was $7,000; closing inventory was $8,500. Calculate the cost of sales for the trading account and state the total drawings figure to be used in the capital reconciliation.

Goods taken by the owner were never sold to a customer, so they must be removed from purchases before cost of sales is calculated:

$$\text{Purchases for trading account} = 58{,}000 - 1{,}200 = \$56{,}800.$$

$$\text{Cost of sales} = 7{,}000 + 56{,}800 - 8{,}500 = \boxed{\$55{,}300}.$$

Separately, the goods taken (at cost) are also drawings, so total drawings for the capital reconciliation are $9{,}000 + 1{,}200 = \boxed{\$10{,}200}$ – the $1,200 is used *twice*: once to reduce purchases (and so cost of sales) in the trading account, and once as part of total drawings in the statement of affairs.

Summary of incomplete-records techniques:

- **Statement of affairs method** – finds profit from the change in net assets (capital) between two dates, adjusted for capital introduced and drawings.
- **Mark-up / margin** – finds a missing sales, cost of sales, purchases or closing inventory figure from the trader's known pricing policy.
- **Total trade receivables / payables accounts** – find missing credit sales or credit purchases from opening/closing balances and cash movements.
- **Cash and bank summaries** – find missing drawings, banking, or cash stolen, by comparing total takings with all recorded cash movements.
- **Memorandum trading account** – estimates the inventory (and hence the loss) destroyed by fire or other disaster, using the margin or mark-up to find cost of sales up to the date of the loss.

VN GIẢI THÍCH TIẾNG VIỆT

Khi mua hàng có bao gồm hàng hoá chủ doanh nghiệp lấy dùng riêng (goods drawings), phải TRỪ giá trị hàng đó (tính theo giá vốn) khỏi Purchases trước khi tính giá vốn hàng bán, đồng thời VẪN cộng giá trị đó vào tổng Rút vốn (drawings) khi tính lợi nhuận theo phương pháp statement of affairs – đây là một điểm rất dễ bị bỏ sót.

9.8 More practice

Bài tập luyện tập

Explain two reasons why a small sole trader might keep incomplete (single-entry) accounting records rather than a full double-entry system.

Lời giải chi tiết

Any two of: (i) the cost and time of employing a book-keeper or accountant is not justified for a very small business; (ii) the owner may lack accounting training or knowledge; (iii) with many small, frequent cash transactions, recording a full double entry for each one as it occurs is impractical.

Bài tập luyện tập

At 1 January, K. Amissah's assets were: equipment $6,000; inventory $4,500; trade receivables $2,100; cash $400; and liabilities: trade payables $1,900. At 31 December: equipment (after depreciation) $5,400; inventory $5,200; trade receivables $2,600; bank $1,100; trade payables $2,300. Drawings during the year were $7,200; capital introduced was $2,000. Calculate the profit for the year.

Lời giải chi tiết

Opening assets $= 6{,}000 + 4{,}500 + 2{,}100 + 400 = 13{,}000$; opening capital $= 13{,}000 - 1{,}900 = 11{,}100$.
Closing assets $= 5{,}400 + 5{,}200 + 2{,}600 + 1{,}100 = 14{,}300$; closing capital $= 14{,}300 - 2{,}300 = 12{,}000$.
Profit $= 12{,}000 - 11{,}100 - 2{,}000 + 7{,}200 = \boxed{\$6{,}100}$.

Bài tập luyện tập

Margin is profit expressed as a percentage of:

(A) Cost of sales
(B) Selling price
(C) Gross profit
(D) Purchases

Lời giải chi tiết

Margin is gross profit as a percentage of **sales revenue** (selling price). Mark-up is gross profit as a percentage of cost of sales. **(B)**.

Bài tập luyện tập

A trader's mark-up is 25%. What is the equivalent margin?

(A) 25%
(B) 20%
(C) 33.33%
(D) 16.67%

Lời giải chi tiết

Margin = mark-up$/($1+mark-up$) = 0.25/1.25 = 0.20 = 20\%$. **(B)**.

Bài tập luyện tập

A trader's margin is 20%. Sales for the year were $120,000. Opening inventory $9,000; closing inventory $7,500. Calculate the cost of sales, gross profit, and purchases.

Lời giải chi tiết

Gross profit $= 20\% \times 120{,}000 = 24{,}000$. Cost of sales $= 120{,}000 - 24{,}000 = \boxed{\$96{,}000}$.
Purchases = Cost of sales − Opening inventory + Closing inventory $= 96{,}000 - 9{,}000 + 7{,}500 = \boxed{\$94{,}500}$.

Bài tập luyện tập

A trader marks up cost by 100%. Purchases for the year were $54,000; opening inventory $6,000; closing inventory $8,000. Calculate the cost of sales, gross profit, and sales revenue.

Lời giải chi tiết

Cost of sales $= 6{,}000 + 54{,}000 - 8{,}000 = \boxed{\$52{,}000}$. Mark-up 100%, so gross profit $= 100\% \times 52{,}000 = 52{,}000$.
Sales $= 52{,}000 + 52{,}000 = \boxed{\$104{,}000}$.

Bài tập luyện tập

In a total trade receivables account, which of the following appears on the **credit** side?

(A) Balance b/d

(B) Credit sales

(C) Cash and cheques received from customers

(D) A dishonoured cheque

Lời giải chi tiết

Receipts reduce the amount owed by customers, so they are credited to the account. Balance b/d and credit sales are debit-side entries (they increase the receivable); a dishonoured cheque re-establishes the debt and is also debited. **(C)**.

Bài tập luyện tập

A business's trade receivables were $5,000 at 1 January. During the year: receipts from customers $61,000; discounts allowed $900; irrecoverable debts written off $400; trade receivables at 31 December $6,200. Calculate the credit sales for the year.

Lời giải chi tiết

Credit side total $= 61{,}000 + 900 + 400 + 6{,}200 = 68{,}500$. Credit sales $= 68{,}500 - 5{,}000 = \boxed{\$63{,}500}$.

Bài tập luyện tập

A business's trade payables were $4,000 at 1 January. During the year: payments to suppliers $39,500; discounts received $700; purchases returns $1,100; trade payables at 31 December $5,300. Calculate the credit purchases for the year.

Lời giải chi tiết

Debit side total $= 39{,}500 + 700 + 1{,}100 + 5{,}300 = 46{,}600$. Credit purchases $= 46{,}600 - 4{,}000 = \boxed{\$42{,}600}$.

Bài tập luyện tập

A trader's cash takings for the year were $50,000, of which $3,000 was used to pay sundry cash expenses and $42,000 was banked. Assuming no cash was stolen and cash in hand was unchanged, calculate the owner's cash drawings.

(A) $3,000
(B) $5,000
(C) $8,000
(D) $42,000

Lời giải chi tiết

Drawings $= 50{,}000 - 3{,}000 - 42{,}000 = \boxed{\$5{,}000}$. **(B).**

Bài tập luyện tập

A trader's cash records for the year: cash takings $84,000; cash expenses paid from takings $4,500; cash banked $70,000; cash drawings $6,000. Cash in hand was unchanged over the year. Calculate the value of any cash missing.

Lời giải chi tiết

Cash accounted for $= 4{,}500 + 70{,}000 + 6{,}000 = 80{,}500$. Cash missing $= 84{,}000 - 80{,}500 = \boxed{\$3{,}500}$.

Bài tập luyện tập

Distinguish between mark-up and margin, and state the formula linking the two.

Lời giải chi tiết

Mark-up is gross profit expressed as a percentage of **cost of sales**; margin is gross profit expressed as a percentage of **sales revenue**. Margin = mark-up/(1+mark-up); mark-up = margin/(1−margin).

Bài tập luyện tập

A margin of 50% is equivalent to a mark-up of:

(A) 50%
(B) 33.33%
(C) 100%
(D) 25%

Lời giải chi tiết

Mark-up = margin/(1−margin) $= 0.5/0.5 = 1 = 100\%$. **(C).**

Bài tập luyện tập

A trader's opening capital was \$36,000. The closing statement of affairs shows: assets \$52,000, liabilities \$9,000. Drawings were \$14,000; capital introduced \$5,000. Calculate the profit or loss for the year.

Lời giải chi tiết

Closing capital $= 52{,}000 - 9{,}000 = 43{,}000$.
Profit $= 43{,}000 - 36{,}000 + 14{,}000 - 5{,}000 = \boxed{\$16{,}000}$.

Bài tập luyện tập

A fire destroyed inventory at Q. Darko's shop on 30 June (this is a separate incident from the earlier worked example). From 1 January to 30 June: opening inventory \$5,000; purchases \$38,000; sales \$54,000, at a uniform margin of 30%. Inventory salvaged, undamaged, was valued at \$1,200. The insurance company agreed to pay \$3,000. Calculate the value of inventory destroyed and the amount to be charged as an expense.

Lời giải chi tiết

Cost of sales $= 54{,}000 \times (1 - 0.30) = 37{,}800$. Goods available $= 5{,}000 + 38{,}000 = 43{,}000$. Inventory before the fire $= 43{,}000 - 37{,}800 = 5{,}200$. Inventory destroyed $= 5{,}200 - 1{,}200 = \boxed{\$4{,}000}$.
Amount charged as an expense (not recovered from insurer) $= 4{,}000 - 3{,}000 = \boxed{\$1{,}000}$.

Bài tập luyện tập

When inventory is destroyed by fire and the insurance claim has been agreed but not yet received, the claim should be shown in the statement of financial position as:

(A) A current liability
(B) A non-current asset
(C) A current asset (other receivable)
(D) Not shown at all

Lời giải chi tiết

An agreed but unpaid insurance claim is money owed *to* the business, expected within the next 12 months – a current asset (other receivable). **(C)**.

Bài tập luyện tập

T. Owusu keeps incomplete records. Trade receivables were \$4,500 at 1 January and \$5,100 at 31 December. Receipts from credit customers during the year were \$67,000; discounts allowed \$650; sales returns from credit customers \$1,200. Calculate the credit sales for the year.

Lời giải chi tiết

Credit side total $= 67{,}000 + 650 + 1{,}200 + 5{,}100 = 74{,}450$. Balance b/d $= 4{,}500$.
Credit sales $= 74{,}450 - 4{,}500 = \boxed{\$69{,}950}$.

Bài tập luyện tập

Trade payables were \$5,200 at 1 January and \$4,600 at 31 December. Payments to suppliers during the year were \$48,000; purchases returns \$1,400; discounts received \$550. Calculate the credit purchases for the year.

Lời giải chi tiết

Debit side total $= 48{,}000 + 1{,}400 + 550 + 4{,}600 = 54{,}550$. Balance b/d $= 5{,}200$.
Credit purchases $= 54{,}550 - 5{,}200 = \boxed{\$49{,}350}$.

Bài tập luyện tập

Which of the following would be charged as an expense in the income statement following the theft of cash?

(A) The full amount stolen, if the business is uninsured

(B) The full amount stolen, if fully covered by insurance

(C) The amount recoverable from an insurance company

(D) None of the cash stolen

Lời giải chi tiết

If uninsured, the whole loss reduces profit as an expense. If insured, only the amount recoverable is treated as an asset – and any *irrecoverable* balance (not this option) would be the expense; a fully insured loss with full recovery means no expense at all. **(A)**.

Bài tập luyện tập

A sole trader's assets and liabilities were: 1 January – premises \$40,000, inventory \$6,000, trade receivables \$3,000, bank \$1,500, trade payables \$2,800; 31 December – premises \$40,000, inventory \$7,200, trade receivables \$3,800, bank overdraft \$900, trade payables \$3,400, and a new long-term loan of \$10,000 taken out during the year. Drawings for the year totalled \$9,500 (cash \$8,000 plus goods \$1,500). Capital introduced was \$4,000. Calculate the profit or loss for the year.

Lời giải chi tiết

Opening assets $= 40{,}000 + 6{,}000 + 3{,}000 + 1{,}500 = 50{,}500$; opening liabilities $= 2{,}800$; opening capital $= 47{,}700$.
Closing assets $= 40{,}000 + 7{,}200 + 3{,}800 = 51{,}000$ (a bank overdraft is a liability, not an asset).
Closing liabilities $= 3{,}400 + 10{,}000 + 900 = 14{,}300$; closing capital $= 51{,}000 - 14{,}300 = 36{,}700$.
Profit $= 36{,}700 - 47{,}700 - 4{,}000 + 9{,}500 = -\boxed{\$5{,}500}$, i.e. a **loss of \$5,500**.

Bài tập luyện tập

A trader's mark-up is $\frac{1}{3}$ (33.33%) on cost. If the cost of sales for the year is \$60,000, the sales revenue is:

(A) \$80,000

(B) \$90,000

(C) \$20,000

(D) \$45,000

Lời giải chi tiết

Gross profit $= \frac{1}{3} \times 60{,}000 = 20{,}000$. Sales $= 60{,}000 + 20{,}000 = \boxed{\$80{,}000}$. **(A)**.

Bài tập luyện tập

Explain why, when reconstructing purchases or sales from incomplete records, drawings of goods (goods taken by the owner for personal use) must be adjusted for separately, and state where the adjustment is made.

Lời giải chi tiết

Goods taken by the owner are not sold to customers, so they must not remain within "purchases" when cost of sales is calculated – the value of the goods drawings, at cost, is deducted from purchases (or equivalently excluded from cost of sales) before gross profit is found. Separately, the *same* amount is also included as drawings, reducing capital, in the statement of affairs / capital reconciliation formula. Omitting this adjustment would overstate cost of sales and understate gross profit.

Bài tập luyện tập

A business's trade receivables account shows: balance b/d \$3,900; receipts from customers \$45,000; discounts allowed \$500; sales returns \$800; balance c/d \$4,600. Calculate the credit sales for the year.

Lời giải chi tiết

Credit side total $= 45{,}000 + 500 + 800 + 4{,}600 = 50{,}900$. Credit sales $= 50{,}900 - 3{,}900 = \boxed{\$47{,}000}$.

Bài tập luyện tập

A trader's margin is 30%. Cost of sales for the year was \$77,000. Calculate the sales revenue and the gross profit, and state the equivalent mark-up.

Lời giải chi tiết

If margin is 30%, cost of sales represents 70% of sales, so sales $= 77{,}000/0.70 = \boxed{\$110{,}000}$.

Gross profit $= 110{,}000 - 77{,}000 = \boxed{\$33{,}000}$.

Mark-up $=$ margin$/(1-$margin$) = 0.30/0.70 = 0.4286 = \boxed{42.9\%}$ (check: $77{,}000 \times 0.4286 \approx 33{,}000$).

Bài tập luyện tập

State the accounting equation used to prepare a statement of affairs, and explain how a statement of affairs differs, in substance, from a statement of financial position.

Lời giải chi tiết

The same equation is used: Capital = Assets − Liabilities, and the layout is identical to a statement of financial position. The only difference is in how the figures are obtained: a statement of affairs is built by listing and valuing assets and liabilities from incomplete records (physical counts, invoices, bank statements), whereas a statement of financial position is extracted directly from a complete double-entry trial balance. Once the double entry is complete, the same statement is simply renamed.

Bài tập luyện tập

A business had opening capital of $50,000 and closing capital of $54,000. Drawings for the year were $12,000 and no capital was introduced. What was the profit or loss for the year?

(A) $4,000 profit
(B) $16,000 profit
(C) $8,000 loss
(D) $4,000 loss

Lời giải chi tiết

Profit $= 54{,}000 - 50{,}000 + 12{,}000 - 0 = \boxed{\$16{,}000 \text{ profit}}$. **(B)**.

Bài tập luyện tập

A trader's trade payables were $6,000 at 1 January and $7,400 at 31 December. Payments to suppliers during the year were $52,000; discounts received $800; purchases returns $1,600. Calculate the credit purchases for the year.

Lời giải chi tiết

Debit side total $= 52{,}000 + 800 + 1{,}600 + 7{,}400 = 61{,}800$. Credit purchases $= 61{,}800 - 6{,}000 = \boxed{\$55{,}800}$.

Bài tập luyện tập

A trader's total sales (cash and credit combined) for the year were $90,000, of which $65,000 was credit sales (found from the total trade receivables account) and the remainder was cash sales. The trader marks up cost by 20%. Opening inventory was $9,000 and closing inventory was $10,500. Calculate the cost of sales and the purchases for the year.

Lời giải chi tiết

Mark-up 20% means sales $= 1.20\times$ cost of sales, so cost of sales $= 90{,}000/1.20 = \boxed{\$75{,}000}$. Purchases = Cost of sales − Opening inventory + Closing inventory $= 75{,}000 - 9{,}000 + 10{,}500 = \boxed{\$76{,}500}$.

Analysis and Interpretation of Accounts

Mục tiêu Unit: Tổng hợp và vận dụng số liệu tài chính của doanh nghiệp tư nhân, hợp danh và công ty cổ phần đã học trong suốt cuốn sách để: tính và diễn giải đầy đủ 9 tỉ số sinh lời (profitability), thanh khoản (liquidity) và hiệu quả sử dụng tài sản; so sánh kết quả giữa hai năm và giữa hai doanh nghiệp khác nhau; nhận biết giới hạn của phân tích tỉ số cùng các chỉ số phi tài chính bổ trợ; tính và đề xuất cải thiện chu kỳ vốn lưu động (working capital cycle).

10.1 Why analyse financial statements?

An income statement and a statement of financial position are only the starting point. Turning them into useful information requires calculating **ratios** – figures expressed as a percentage, a fraction, a number of times, or a number of days – and then **interpreting** what they mean. The same ratio toolkit applies whether the underlying business is a sole trader, a partnership or a limited company; only the calculation of capital employed changes slightly for a company, as this unit will show.

Users compare ratios: over **time** (this year vs. last year), against **similar businesses** or industry averages, and against a **budget/target**. A single ratio in isolation tells us very little – $50,000 of profit sounds impressive until we ask how much capital was needed to earn it, and what a similar business earns on the same capital.

VN GIẢI THÍCH TIẾNG VIỆT

Phân tích tỉ số tài chính có ý nghĩa khi SO SÁNH: với năm trước, với doanh nghiệp cùng ngành, hoặc với mục tiêu/ngân sách đề ra. Một tỉ số đơn lẻ không nói lên nhiều điều nếu không có đối chiếu. Bộ công cụ tỉ số tài chính áp dụng được cho MỌI loại hình doanh nghiệp (tư nhân, hợp danh, công ty cổ phần) – chỉ có cách tính vốn sử dụng (capital employed) của công ty cổ phần là hơi khác, sẽ học ở phần sau.

10.2 Profitability and liquidity ratios

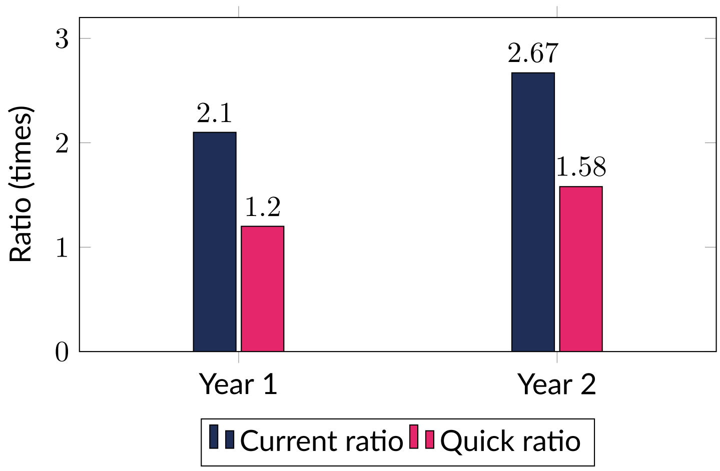
Ratio	Formula
Gross margin	Gross profit / Revenue × 100
Net (profit) margin	Profit for the year / Revenue × 100
Return on capital employed (ROCE)	Profit for the year / Capital employed × 100, where Capital employed = Capital + Non-current liabilities
Current ratio	Current assets : Current liabilities
Quick (acid test) ratio	(Current assets − Inventory) : Current liabilities
Rate of inventory turnover	Cost of sales / Average inventory (times per year)
Inventory turnover period	Average inventory / Cost of sales × 365 (days)
Trade receivables collection period	Trade receivables / Credit sales (Revenue) × 365 (days)
Trade payables payment period	Trade payables / Credit purchases × 365 (days)

Ví dụ mẫu · Worked example

Using M. Nguyen's figures (Net sales \$67,200; Cost of sales \$40,600; Gross profit \$26,600; Profit for the year \$9,210; Current assets \$15,230; Current liabilities \$5,700; Closing inventory \$6,200; Trade receivables (net) \$5,700; Trade payables \$4,800; Closing capital \$16,210; 10% Loan \$5,000). Average inventory $= (5{,}000 + 6{,}200)/2 = \$5{,}600$. Capital employed $= 16{,}210 + 5{,}000 = \$21{,}210$. Net purchases $= \$41{,}400$.

Ratio	Calculation	Result
Gross margin	$26{,}600/67{,}200 \times 100$	39.58%
Net margin	$9{,}210/67{,}200 \times 100$	13.71%
ROCE	$9{,}210/21{,}210 \times 100$	43.42%
Current ratio	$15{,}230 : 5{,}700$	2.67:1
Quick ratio	$(15{,}230 - 6{,}200)/5{,}700$	1.58:1
Rate of inventory turnover	$40{,}600/5{,}600$	7.25 times
Inventory turnover period	$5{,}600/40{,}600 \times 365$	50.3 days
Trade receivables collection period	$5{,}700/67{,}200 \times 365$	31.0 days
Trade payables payment period	$4{,}800/41{,}400 \times 365$	42.3 days

Interpretation: liquidity is comfortable (current ratio 2.67:1, quick ratio 1.58:1, both above the common benchmarks of 2:1 and 1:1). The business collects from customers (31 days) faster than it pays suppliers (42 days) – favourable for cash flow. Inventory turns over about 7.25 times a year (roughly every 50 days).



Liquidity ratios (assumed prior-year comparison): both ratios improved from Year 1 to Year 2.

VN **GIẢI THÍCH TIẾNG VIỆT**

Current ratio và Quick ratio đo khả năng thanh toán ngắn hạn: Quick ratio loại bỏ hàng tồn kho (kém thanh khoản nhất trong tài sản ngắn hạn). ROCE đo hiệu quả sử dụng vốn dài hạn (vốn chủ sở hữu + nợ dài hạn). Kỳ thu tiền ngắn hơn kỳ trả nợ là dấu hiệu tốt cho dòng tiền.

Bài tập luyện tập

Revenue is \$84,000 and cost of sales is \$54,600. Calculate the gross margin.

Lời giải chi tiết

Gross profit $= 84{,}000 - 54{,}600 = 29{,}400$. Gross margin $= 29{,}400/84{,}000 \times 100 = \boxed{35\%}$.

Bài tập luyện tập

Current assets are $32,000 (of which inventory is $12,000); current liabilities are $16,000. Calculate the current ratio and the quick ratio.

Lời giải chi tiết

Current ratio $= 32{,}000 : 16{,}000 = \boxed{2:1}$.
Quick ratio $= (32{,}000 - 12{,}000)/16{,}000 = 20{,}000/16{,}000 = \boxed{1.25:1}$.

Bài tập luyện tập

Net profit is $18,480 and capital employed is $88,000. Calculate the return on capital employed (ROCE).

Lời giải chi tiết

ROCE $= 18{,}480/88{,}000 \times 100 = \boxed{21\%}$.

Bài tập luyện tập

A business's rate of inventory turnover fell from 8 times per year to 5 times per year. What is the most likely explanation?

(A) Inventory is selling more quickly than before

(B) More inventory is being held relative to sales – possibly slower-moving stock

(C) Gross margin has definitely increased

(D) The trade payables payment period has shortened

Lời giải chi tiết

A *falling* turnover rate means inventory is being sold (or held) more slowly relative to cost of sales, often due to overstocking or slower-moving goods. **(B)**.

Bài tập luyện tập

Trade receivables are $9,000 and credit sales (revenue) are $73,000. Calculate the trade receivables collection period in days.

Lời giải chi tiết

$9{,}000/73{,}000 \times 365 = \boxed{45.0 \text{ days}}$.

10.3 Interpreting profitability

Profitability ratios measure how effectively a business turns sales and capital into profit.

Reading the profitability ratios

- A falling **gross margin** suggests selling prices were cut, cost of goods rose (without a matching price rise), theft/wastage of inventory, or a change in sales mix towards lower-margin goods.
- A **net margin** that falls while gross margin is steady points to rising *expenses* (overheads) rather than trading problems.
- **ROCE** links profit to the long-term capital used; a higher ROCE means capital is being used more efficiently. Compare it with the return available on a risk-free investment – if ROCE is below what a bank deposit pays, the owner is being poorly rewarded for the risk.

Ví dụ mẫu · Explaining a change in margins

A shop's figures for two years:

	Year 1	Year 2
Revenue	200,000	240,000
Gross profit	80,000	84,000
Profit for the year	30,000	24,000

Gross margin: Year 1 $= 80{,}000/200{,}000 = 40\%$; Year 2 $= 84{,}000/240{,}000 = 35\%$. Net margin: Year 1 $= 15\%$; Year 2 $= 10\%$.
Interpretation: although revenue grew, the gross margin fell 5 percentage points – perhaps prices were cut to drive the extra sales, or purchase costs rose. The net margin fell by the same 5 points, so the decline is explained mainly at the trading (gross) level rather than by extra overheads. Profit actually fell in absolute terms despite higher sales.

VN GIẢI THÍCH TIẾNG VIỆT

Biên lợi nhuận gộp giảm: có thể do giảm giá bán, giá vốn tăng, mất mát hàng, hoặc thay đổi cơ cấu hàng bán. **Biên lợi nhuận ròng giảm trong khi biên gộp giữ nguyên**: chi phí hoạt động (overheads) tăng. **ROCE**: đo hiệu quả sử dụng vốn dài hạn; nên so với lãi suất phi rủi ro để đánh giá phần thưởng cho rủi ro của chủ doanh nghiệp.

10.4 Ratio analysis of a complete set of financial statements

So far each ratio has been calculated from figures handed to us directly. In practice, a candidate must first **build** the income statement and statement of financial position from a trial balance or a list of balances, and only then calculate the full set of ratios. The following example works through an entire sole trader's figures from the financial statements to all nine ratios.

Ví dụ mẫu · Full ratio analysis – R. Kimani

R. Kimani's financial statements for the year ended 31 December are summarised below. All sales and purchases are on credit unless stated otherwise.

Income statement	$	$
Revenue		240,000
Opening inventory	20,000	
Purchases	158,000	
	178,000	
Less closing inventory	(22,000)	
Cost of sales		(156,000)
Gross profit		**84,000**
Expenses		(54,000)
Profit for the year		**30,000**

Statement of financial position	$	$
Non-current assets		120,000
Inventory	22,000	
Trade receivables	24,000	
Bank	4,000	
Current assets	50,000	
Less trade payables	(16,000)	
Net current assets		34,000
		154,000
Less 10% loan		(20,000)
Net assets (capital)		**134,000**

Capital employed $= 134{,}000 + 20{,}000 = \$154{,}000$.

Ratio	Calculation	Result
Gross margin	$84{,}000/240{,}000 \times 100$	35%
Net margin	$30{,}000/240{,}000 \times 100$	12.5%
ROCE	$30{,}000/154{,}000 \times 100$	19.48%
Current ratio	$50{,}000 : 16{,}000$	3.13:1
Quick ratio	$(50{,}000 - 22{,}000)/16{,}000$	1.75:1
Rate of inventory turnover	$156{,}000/21{,}000$	7.43 times
Inventory turnover period	$21{,}000/156{,}000 \times 365$	49.1 days
Trade receivables collection period	$24{,}000/240{,}000 \times 365$	36.5 days
Trade payables payment period	$16{,}000/158{,}000 \times 365$	37.0 days

(Average inventory $= (20{,}000 + 22{,}000)/2 = \$21{,}000$.)

Interpretation: liquidity is strong – both the current ratio (3.13:1) and quick ratio (1.75:1) are comfortably above the usual 2:1 and 1:1 benchmarks; the current ratio is high enough that it is worth checking whether cash or receivables are simply piling up unused. The receivables collection period (36.5 days) and payables payment period (37.0 days) are almost exactly matched, so credit given to customers and credit taken from suppliers roughly balance out. ROCE of 19.48% represents a healthy return on the $154,000 of long-term capital invested (owner's capital plus the 10% loan), well above the loan's own interest rate.

(!) Lỗi thường gặp: The receivables collection period and payables payment period must use **credit** sales and **credit** purchases in the denominator, not total revenue or total purchases. Where a question states that some sales or purchases were for cash, only the credit portion should be used; using the total figure understates both ratios and makes the working capital cycle look shorter than it really is.

VN GIẢI THÍCH TIẾNG VIỆT

Trước khi tính tỉ số, phải LẬP báo cáo thu nhập và bảng cân đối kế toán đầy đủ (giá vốn hàng bán = tồn kho đầu kỳ + mua hàng − tồn kho cuối kỳ; vốn sử dụng = vốn chủ sở hữu + nợ dài hạn). Chỉ dùng doanh thu/mua hàng theo TÍN DỤNG (credit) khi tính kỳ thu tiền và kỳ trả nợ, không dùng tổng doanh thu nếu đề cho biết có phần bán/mua bằng tiền mặt.

10.5 Analysing the accounts of a limited company

The same nine ratios apply to a limited company, but **capital employed** must be built from the equity section of the statement of financial position (share capital, share premium, reserves and retained earnings) plus any non-current liabilities such as **debentures** – both are long-term sources of finance on which a return is being earned.

Ví dụ mẫu · A limited company – Kanu Manufacturing Limited

Kanu Manufacturing Limited's financial statements for the year are summarised below.

Income statement	$	$
Revenue		500,000
Cost of sales		(320,000)
Gross profit		**180,000**
Operating expenses	(104,000)	
Debenture interest ($8\% \times \$100{,}000$)	(8,000)	
Total expenses		(112,000)
Profit for the year		**68,000**

Statement of financial position	$	$
Non-current assets		340,000
Inventory	40,000	
Trade receivables	45,000	
Bank	5,000	
Current assets	90,000	
Trade payables	(35,000)	
Other payables (accrued debenture interest)	(5,000)	
Less current liabilities	(40,000)	
Net current assets		50,000
		390,000
8% Debentures (repayable 2032)		(100,000)
Net assets		**290,000**
Equity		
Ordinary share capital		200,000
Share premium		20,000
General reserve		30,000
Retained earnings		40,000
Total equity		**290,000**

Capital employed $= 290{,}000 + 100{,}000 = \$390{,}000$. Opening inventory was \$36,000, so average inventory $= (36{,}000 + 40{,}000)/2 = \$38{,}000$; purchases $= 320{,}000 - 36{,}000 + 40{,}000 = \$324{,}000$.

Ratio	Calculation	Result
Gross margin	$180{,}000/500{,}000 \times 100$	36%
Net margin	$68{,}000/500{,}000 \times 100$	13.6%
ROCE	$68{,}000/390{,}000 \times 100$	17.44%
Current ratio	$90{,}000 : 40{,}000$	2.25:1
Quick ratio	$(90{,}000 - 40{,}000)/40{,}000$	1.25:1
Rate of inventory turnover	$320{,}000/38{,}000$	8.42 times
Inventory turnover period	$38{,}000/320{,}000 \times 365$	43.3 days
Trade receivables collection period	$45{,}000/500{,}000 \times 365$	32.9 days
Trade payables payment period	$35{,}000/324{,}000 \times 365$	39.4 days

Interpretation: ROCE of 17.44% is calculated *after* deducting the $8,000 debenture interest, so it already reflects the cost of servicing that debt; the return earned on shareholders' equity alone would in fact be somewhat higher. Liquidity is sound (2.25:1 and 1.25:1). Note that **dividends** paid or proposed to shareholders are *not* deducted in arriving at profit for the year – a dividend is an appropriation of profit, not an expense, so it never reduces the profit figure used in the margin and ROCE calculations.

(!) Lỗi thường gặp: For a limited company, capital employed is **not** just share capital and reserves. **All** non-current liabilities – debentures, long-term bank loans, mortgages – must be added to equity, because they too are long-term funds invested in the business on which a return is being earned. Leaving debentures out of capital employed overstates ROCE.

VN **GIẢI THÍCH TIẾNG VIỆT**

Với công ty cổ phần: Vốn sử dụng (capital employed) = Vốn chủ sở hữu (cổ phần thường + thặng dư vốn cổ phần + các quỹ dự trữ + lợi nhuận giữ lại) + Nợ dài hạn (bao gồm trái phiếu – debentures). **Cổ tức (dividends)** là phân phối lợi nhuận cho cổ đông, KHÔNG phải chi phí, nên không bị trừ trước khi tính "Profit for the year".

10.6 Comparing two years of the same business

Ratios are most informative when the *same* business is compared across two or more years, because differences in accounting policy and industry are automatically eliminated.

Ví dụ mẫu · Two-year comparison – S. Adeyemi

Income statement	Year 1 $	Year 2 $
Revenue	200,000	260,000
Cost of sales	(130,000)	(182,000)
Gross profit	**70,000**	**78,000**
Expenses	(40,000)	(54,600)
Profit for the year	**30,000**	**23,400**

SOFP extract	Year 1 $	Year 2 $
Non-current assets	100,000	108,000
Inventory	22,000	30,000
Trade receivables	20,000	32,000
Bank	3,000	500
Trade payables	(15,000)	(22,000)
Net current assets	30,000	40,500
Loan (non-current)	(25,000)	(25,000)
Net assets (capital)	**105,000**	**123,500**

Opening inventory Year 1 was $18,000 (so average = $\$20{,}000$; purchases = $\$134{,}000$); opening inventory Year 2 is Year 1's closing figure, $22,000 (so average = $\$26{,}000$; purchases = $\$190{,}000$). Capital employed: Year 1 = $105{,}000 + 25{,}000 = \$130{,}000$; Year 2 $= 123{,}500 + 25{,}000 = \$148{,}500$.

Ratio	Year 1	Year 2
Gross margin	35%	30%
Net margin	15%	9%
ROCE	23.08%	15.76%
Current ratio	3:1	2.84:1
Quick ratio	1.53:1	1.48:1
Rate of inventory turnover	6.5 times	7.0 times
Inventory turnover period	56.2 days	52.1 days
Trade receivables collection period	36.5 days	44.9 days
Trade payables payment period	40.9 days	42.3 days

Interpretation of each change:

- **Gross margin** fell from 35% to 30% – five percentage points – suggesting selling prices were cut or the cost of purchases rose faster than selling prices to drive the extra revenue.
- **Net margin** fell even further, from 15% to 9%. Since expenses rose from 20% of revenue ($40{,}000/200{,}000$) to exactly 21% ($54{,}600/260{,}000$), the profit decline is caused mainly by the weaker trading margin, with a small additional rise in overheads.
- **ROCE** fell from 23.08% to 15.76% – capital employed grew by $18,500 (new non-current assets) while profit fell, so the business is earning a lower return on a larger pool of capital; this is the clearest single warning sign in the whole comparison.
- **Current ratio** fell from 3:1 to 2.84:1 – still comfortably above the 2:1 benchmark, so short-term liquidity remains adequate.
- **Quick ratio** fell slightly from 1.53:1 to 1.48:1 – still well above 1:1; not a cause for concern on its own.
- **Rate of inventory turnover** improved from 6.5 to 7.0 times a year, and the inventory turnover period shortened from 56.2 to 52.1 days – inventory is moving faster, a genuine efficiency gain.
- **Trade receivables collection period** lengthened sharply from 36.5 to 44.9 days – credit control has weakened, slowing the return of cash from customers.
- **Trade payables payment period** lengthened slightly from 40.9 to 42.3 days – the business is taking a little longer to pay suppliers, which helps cash flow but risks strained supplier relations if it continues.
- Overall, the business is **less profitable** and **very slightly less liquid** in Year 2; the main concern is the combination of a lower ROCE and a much slower receivables collection period, both of which point towards tighter credit control and closer scrutiny of pricing and purchasing as priorities for the coming year.

VN GIẢI THÍCH TIẾNG VIỆT

So sánh HAI NĂM của CÙNG một doanh nghiệp loại bỏ được vấn đề khác ngành/khác chính sách kế toán khi so sánh. Luôn viết một câu diễn giải cho MỖI tỉ số thay đổi: tỉ số tăng/giảm bao nhiêu, khả năng nguyên nhân, và mức độ nghiêm trọng (so với benchmark 2:1, 1:1...).

10.7 Inter-firm and inter-industry comparison

Comparing two *different* businesses is more difficult, because a ”normal” ratio in one industry may be alarming in another.

Ví dụ mẫu · Comparing two different businesses

Nairobi Fresh Mart (a supermarket) and Riverside Furniture Co. (a furniture retailer) reported the following ratios for the same year:

Ratio	Nairobi Fresh Mart	Riverside Furniture Co.
Gross margin	22%	42%
Net margin	3%	9%
ROCE	20%	13%
Current ratio	1.1:1	2.6:1
Quick ratio	0.5:1	1.4:1
Rate of inventory turnover	26 times	3 times
Trade receivables collection period	4 days	25 days
Trade payables payment period	35 days	48 days

Judge which business is more efficient, more liquid and more profitable, and comment on whether the comparison is fair.

Model answer. Efficiency: Nairobi Fresh Mart turns over inventory 26 times a year and collects cash from customers in just 4 days, typical of a supermarket selling fast-moving, low-value goods mostly for cash – far more efficient at converting inventory into cash than Riverside, which turns over its (expensive, slow-moving) furniture only 3 times a year. **Profitability:** by margin, Riverside looks more profitable (42% gross, 9% net, against 22% and 3%) – it earns much more profit per item sold. However, by **ROCE**, Nairobi Fresh Mart is superior (20% against 13%): it earns thinner margins on each sale but turns its capital over so many more times a year that the overall return on capital employed is higher. **Liquidity:** judged by the textbook benchmarks alone, Riverside looks safer (2.6:1 and 1.4:1, both above the usual 2:1 and 1:1) while Nairobi Fresh Mart's 1.1:1 and especially 0.5:1 quick ratio look dangerously low. In context, however, this is normal for a supermarket: it sells almost entirely for cash, replaces inventory very quickly, and can rely on daily cash takings to meet its short-term liabilities, so it can safely operate with much lower liquidity ratios than a business holding slow-moving, expensive stock like Riverside. **Conclusion:** neither business is simply ”better” than the other – each ratio must be read in the context of the industry it belongs to, and a supermarket's normal benchmarks are simply different from a furniture retailer's. Direct comparison without this adjustment would be misleading.

GIẢI THÍCH TIẾNG VIỆT

VN So sánh GIỮA hai doanh nghiệp khác ngành phải rất thận trọng: mỗi ngành có ”mức bình thường” khác nhau cho từng tỉ số. Siêu thị (bán nhanh, giá trị thấp, thu tiền mặt ngay) có vòng quay tồn kho rất nhanh và có thể an toàn dù current/quick ratio thấp; cửa hàng nội thất (bán chậm, giá trị cao) cần tỉ số thanh khoản cao hơn để an toàn. Không có tỉ số nào ”tốt hơn” một cách tuyệt đối nếu không đặt trong bối cảnh ngành.

10.8 The working capital cycle

Liquidity depends not just on the current and quick ratios but on how quickly cash flows around the business.

The **working capital (operating) cycle** in days:

$$\text{Inventory days} + \text{Trade receivables days} - \text{Trade payables days} = \text{cycle length (days)}.$$

A shorter cycle means cash returns to the business faster. A business can improve it by holding less inventory, collecting from customers sooner, or (carefully) taking longer to pay suppliers.

Ví dụ mẫu · Working capital cycle

A business has: inventory turnover period 52 days; trade receivables collection period 40 days; trade payables payment period 30 days. Calculate the working capital cycle and interpret it.

Cycle $= 52 + 40 - 30 = 62$ days. On average it takes 62 days from paying for inventory to recovering the cash from customers. Reducing the collection period to 30 days (tighter credit control) would cut the cycle to 52 days, freeing up cash.

Ví dụ mẫu · Working capital cycle – a recommendation

A wholesaler has an inventory turnover period of 70 days, a trade receivables collection period of 45 days, and a trade payables payment period of 25 days.

(a) Working capital cycle $= 70+45-25 = \boxed{90 \text{ days}}$ – cash is tied up for three months between paying for inventory and collecting it back from customers.

(b) The finance manager proposes two changes: negotiate longer supplier credit, extending the payment period from 25 to 35 days, and tighten credit control so the collection period falls from 45 to 30 days; inventory policy is left unchanged at 70 days.
New cycle $= 70 + 30 - 35 = \boxed{65 \text{ days}}$ – a reduction of 25 days from the original 90-day cycle. Neither change required holding less inventory; simply collecting cash faster from customers and taking (reasonably) longer to pay suppliers releases a large amount of cash that was previously tied up in the day-to-day trading cycle.

(!) Lỗi thường gặp: A very high current ratio (e.g. 4:1) is not automatically "good". It may mean the business is holding too much idle inventory, letting receivables build up, or leaving cash uninvested – all of which tie up funds that could earn a return. Ratios must be judged against what is normal for the industry.

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Chu kỳ vốn lưu động = số ngày tồn kho + số ngày thu tiền khách − số ngày trả nợ nhà cung cấp. Chu kỳ ngắn hơn nghĩa là tiền quay về nhanh hơn. Cải thiện bằng cách: giảm tồn kho, thu tiền khách nhanh hơn, hoặc kéo dài (hợp lý) thời gian trả nhà cung cấp – không nhất thiết phải giảm tồn kho mới cải thiện được chu kỳ. Current ratio quá cao chưa chắc tốt – có thể do vốn bị ứ đọng.

10.9 Limitations of ratio analysis

Ratios are based on **historic cost** figures that may be out of date; they ignore **non-financial factors** (staff morale, quality, environmental impact, brand reputation); different businesses may use different **accounting policies** (e.g. depreciation method or inventory valuation), making comparison unreliable; one-off/unusual items can distort a single year's ratios; and ratios alone identify *symptoms*, not *causes* – further investigation is always needed. A ratio also describes only *one moment* *in time* (the year-end date), which may not be typical of the whole year, especially for a seasonal business.

(!) Lỗi thường gặp: Comparing the ratios of two businesses in *different industries* (e.g. a supermarket vs. a shipbuilder) without adjustment is misleading – normal ratio "benchmarks" vary enormously between industries (e.g. supermarkets have very fast inventory turnover; shipbuilders very slow).

VN GIẢI THÍCH TIẾNG VIỆT

Giới hạn của phân tích tỉ số: dựa trên giá gốc lịch sử (có thể lỗi thời); bỏ qua yếu tố phi tài chính; chính sách kế toán khác nhau giữa các doanh nghiệp làm sai lệch so sánh; khoản mục bất thường/một lần có thể làm méo tỉ số của một năm; tỉ số chỉ cho biết TRIỆU CHỨNG chứ không cho biết NGUYÊN NHÂN – cần điều tra thêm; và tỉ số chỉ phản ánh MỘT thời điểm (ngày lập báo cáo), có thể không đại diện cho cả năm, đặc biệt với doanh nghiệp thời vụ.

10.10 Non-financial (qualitative) performance indicators

Because ratios have the limitations above, a full assessment of performance should also consider qualitative measures that do not appear anywhere in the financial statements.

Non-financial performance indicators that supplement ratio analysis include:

- **Staff turnover rate** – a high rate of employees leaving may signal poor management or low morale, threatening future productivity even if current ratios look strong.
- **Customer satisfaction and complaint levels** – rising complaints or falling repeat-purchase rates can warn of a decline in quality or service before it shows up in falling sales.
- **Environmental and ethical performance** – responsible sourcing, waste and emissions record, and treatment of suppliers/workers, which increasingly affect reputation, customer loyalty and access to finance.
- **Market share** – a business can report a rising profit while its market share falls (because the whole market is growing faster), which ratios alone would not reveal.
- **Health and safety record** – accident rates and compliance with regulations, relevant to employees, insurers and regulators.
- **Quality and reject/return rates** – a rising rate of returned or rejected goods can foreshadow reputational and financial damage.

These measures address exactly the "non-financial factors" limitation identified above – they are the evidence a manager or investor gathers *alongside* the ratios, not instead of them.

VN GIẢI THÍCH TIẾNG VIỆT

Vì tỉ số tài chính có giới hạn, cần bổ sung các chỉ số PHI TÀI CHÍNH: tỉ lệ nghỉ việc của nhân viên, mức độ hài lòng/khiếu nại của khách hàng, hiệu quả môi trường và đạo đức kinh doanh, thị phần (market share), hồ sơ an toàn lao động, tỉ lệ hàng lỗi/trả lại. Đây chính là cách khắc phục giới hạn "bỏ qua yếu tố phi tài chính" của phân tích tỉ số.

10.11 Bringing it together: comparing forms of business organisation

The ratio toolkit is identical whatever the legal form of the business – only the make-up of **capital employed** changes.

Form	Capital employed = Capital + Non-current liabilities, where Capital is:
Sole trader	The single owner's capital account balance.
Partnership	The total of *all* partners' capital account balances (fixed capital method); profit is also examined per partner through the appropriation account (interest on capital, salaries, profit-sharing ratio).
Limited company	Total equity – ordinary share capital, share premium, reserves and retained earnings – plus non-current liabilities such as debentures.

Ví dụ mẫu · Three businesses in the same trade

Sole trader T, Partnership U and Company V all operate in the same industry.

Business	Capital employed ($)	Profit for the year ($)
Sole trader T	60,000	10,800
Partnership U	150,000	25,500
Company V	500,000	70,000

ROCE: T $= 10{,}800/60{,}000 \times 100 = \boxed{18\%}$; U $= 25{,}500/150{,}000 \times 100 = \boxed{17\%}$; V $= 70{,}000/500{,}000 \times 100 = \boxed{14\%}$.

Interpretation: Company V earns by far the largest *absolute* profit, but this simply reflects the much larger amount of capital invested in it. Once profit is related to the capital employed, Sole trader T is in fact earning the best return (18%), narrowly ahead of Partnership U (17%), with Company V lowest (14%) despite its scale. ROCE puts businesses of very different sizes onto a comparable footing – though it still says nothing about the risk carried, the effort involved, or the number of people needed to run each business, all of which also matter when judging overall performance.

VN **GIẢI THÍCH TIẾNG VIỆT**

Công thức tỉ số GIỐNG NHAU cho mọi loại hình doanh nghiệp – chỉ cách tính "Capital" trong vốn sử dụng (capital employed) khác nhau: doanh nghiệp tư nhân dùng vốn của một chủ; hợp danh dùng TỔNG vốn của tất cả thành viên hợp danh; công ty cổ phần dùng TỔNG vốn chủ sở hữu (cổ phần, thặng dư, các quỹ, lợi nhuận giữ lại). Lợi nhuận tuyệt đối lớn hơn KHÔNG có nghĩa là hiệu quả hơn – phải quy về ROCE để so sánh công bằng giữa các quy mô vốn khác nhau.

10.12 More practice -- Part 1

Bài tập luyện tập

Revenue $180,000; gross profit $63,000; profit for the year $27,000. Calculate the gross margin and the net margin.

Lời giải chi tiết

Gross margin $= 63{,}000/180{,}000 \times 100 = \boxed{35\%}$. Net margin $= 27{,}000/180{,}000 \times 100 = \boxed{15\%}$.

Bài tập luyện tập

Capital employed $140,000; profit for the year $25,200. Calculate ROCE and comment if a bank deposit would pay 4%.

Lời giải chi tiết

ROCE $= 25{,}200/140{,}000 \times 100 = \boxed{18\%}$. This is well above the 4% risk-free return, so the owner is being reasonably rewarded for the extra risk of running the business.

Bài tập luyện tập

Current assets $45,000 (inventory $18,000); current liabilities $20,000. Calculate the current and quick ratios and comment on liquidity.

Lời giải chi tiết

Current ratio $= 45{,}000 : 20{,}000 = \boxed{2.25 : 1}$. Quick ratio $= (45{,}000 - 18{,}000)/20{,}000 = 27{,}000/20{,}000 = \boxed{1.35 : 1}$.
Both are above the common benchmarks (2:1 and 1:1), so short-term liquidity looks comfortable; the business can meet current liabilities even without selling inventory.

Bài tập luyện tập

Cost of sales $146,000; opening inventory $18,000; closing inventory $22,000. Calculate the rate of inventory turnover and the inventory turnover period in days.

Lời giải chi tiết

Average inventory $= (18{,}000 + 22{,}000)/2 = \$20{,}000$. Rate $= 146{,}000/20{,}000 = \boxed{7.3 \text{ times}}$.
Period $= 20{,}000/146{,}000 \times 365 = \boxed{50.0 \text{ days}}$.

Bài tập luyện tập

Trade receivables $16,000; credit sales $146,000; trade payables $11,000; credit purchases $100,375. Calculate the collection and payment periods and comment.

Lời giải chi tiết

Collection period $= 16{,}000/146{,}000 \times 365 = \boxed{40.0 \text{ days}}$. Payment period $= 11{,}000/100{,}375 \times 365 = \boxed{40.0 \text{ days}}$.
The business collects from customers and pays suppliers over the same period (40 days), so credit given and credit taken are broadly matched.

Bài tập luyện tập

A business's quick ratio is 0.7:1. State two possible consequences and two actions to improve it.

Lời giải chi tiết

Consequences: it may struggle to pay current liabilities as they fall due without selling inventory; suppliers may refuse further credit; the bank may not extend the overdraft.
Actions: collect receivables faster; delay non-essential payments/negotiate longer supplier credit; sell surplus/slow-moving inventory for cash; introduce more capital or arrange a long-term loan to replace short-term liabilities.

Bài tập luyện tập

Inventory days 45; receivables days 38; payables days 41. Calculate the working capital cycle.

Lời giải chi tiết

Cycle $= 45 + 38 - 41 = \boxed{42 \text{ days}}$.

Bài tập luyện tập

Business R and Business S are in the same industry. R has a gross margin of 30% and inventory turnover of 12 times; S has a gross margin of 45% and inventory turnover of 5 times. Which is more likely to be a discount/high-volume retailer, and why?

Lời giải chi tiết

Business R. A lower gross margin combined with much faster inventory turnover is typical of a high-volume, low-price "pile it high, sell it cheap" retailer: it accepts a small profit on each item but sells many times more units. S earns a higher margin per item but sells more slowly, suggesting a higher-priced, lower-volume position.

Bài tập luyện tập

State three limitations of relying on ratio analysis when comparing two businesses.

Lời giải chi tiết

(1) They may use different accounting policies (e.g. depreciation method, inventory valuation), so figures are not directly comparable. (2) Ratios are based on historic-cost figures that may be out of date and ignore inflation. (3) They ignore non-financial factors (quality, staff, location, reputation) and reflect only one point in time, so one-off/seasonal items can distort them.

Bài tập luyện tập

A business increased its trade receivables collection period from 30 to 55 days over one year. Explain why this could be harmful even though sales rose.

Lời giải chi tiết

A longer collection period means cash from customers is coming in more slowly, worsening liquidity and lengthening the working capital cycle. The business may have relaxed credit control to win the extra sales, increasing the risk of irrecoverable debts and possibly forcing it to borrow (incurring interest) to fund day-to-day operations. Higher sales are of little benefit if the cash is not collected.

10.13 More practice -- Part 2

Bài tập luyện tập

K. Otieno's business: Revenue $320,000; Cost of sales $208,000; Profit for the year $38,400; Current assets $54,000 (of which inventory $21,000); Current liabilities $24,000; Capital employed $192,000. Calculate the gross margin, net margin, ROCE, current ratio and quick ratio.

Lời giải chi tiết

Gross profit $= 320{,}000 - 208{,}000 = 112{,}000$. Gross margin $= 112{,}000/320{,}000 \times 100 = \boxed{35\%}$. Net margin $= 38{,}400/320{,}000 \times 100 = \boxed{12\%}$. ROCE $= 38{,}400/192{,}000 \times 100 = \boxed{20\%}$. Current ratio $= 54{,}000 : 24{,}000 = \boxed{2.25 : 1}$. Quick ratio $= (54{,}000 - 21{,}000)/24{,}000 = 33{,}000/24{,}000 = \boxed{1.38 : 1}$.

Bài tập luyện tập

Which ratio best shows whether a business could pay its current liabilities *without* selling any inventory?

(A) Current ratio
(B) Quick (acid test) ratio
(C) Gross margin
(D) Return on capital employed

Lời giải chi tiết

The quick ratio deliberately excludes inventory (the least liquid current asset) from current assets before comparing with current liabilities. **(B)**.

Bài tập luyện tập

Amara Foods Limited has profit for the year of $54,000 (after debenture interest), ordinary share capital $150,000, share premium $10,000, general reserve $20,000, retained earnings $20,000, and 6% debentures of $100,000 (repayable 2030). Calculate the capital employed and ROCE.

Lời giải chi tiết

Equity $= 150{,}000 + 10{,}000 + 20{,}000 + 20{,}000 = \$200{,}000$. Capital employed $= 200{,}000 + 100{,}000 = \boxed{\$300{,}000}$.

ROCE $= 54{,}000/300{,}000 \times 100 = \boxed{18\%}$.

Bài tập luyện tập

A limited company's profit for the year is calculated after deducting debenture interest but *before* deducting:

(A) Cost of sales
(B) Directors' proposed dividends
(C) Operating expenses
(D) Depreciation

Lời giải chi tiết

Dividends are an appropriation of profit to shareholders, not an expense, so they are never deducted in arriving at profit for the year. **(B)**.

Bài tập luyện tập

A business's current ratio was 2.4:1 last year and is 1.6:1 this year, while its quick ratio fell from 1.1:1 to 0.5:1 over the same period. Suggest two possible reasons for this decline and one risk it creates.

Lời giải chi tiết

Possible reasons: a rise in current liabilities (e.g. more owed to suppliers or a larger bank overdraft) without a matching rise in current assets; a fall in cash/bank balances or slower collection from receivables; since the quick ratio fell by proportionally more than the current ratio, inventory is likely making up a growing share of current assets (overstocking or slow-moving stock).
Risk: the business may struggle to meet its short-term liabilities as they fall due without selling inventory, risking supplier credit being withdrawn or the bank refusing further short-term finance.

Bài tập luyện tập

A business's trade receivables collection period rose from 30 days to 52 days while its trade payables payment period stayed at 40 days. Which statement is most accurate?

(A) The business is now collecting cash faster than it pays suppliers

(B) The business is now collecting cash more slowly than it pays suppliers, worsening the working capital cycle

(C) Both figures show improved liquidity

(D) This has no effect on the working capital cycle

Lời giải chi tiết

Cash now comes in more slowly (52 days) than it goes out to suppliers (40 days), lengthening the time cash is tied up in the working capital cycle. **(B)**.

Bài tập luyện tập

Business X, a jeweller, has a gross margin of 55% and an inventory turnover rate of 2 times per year. Business Y, a bakery, has a gross margin of 28% and an inventory turnover rate of 40 times per year. Explain why it would be misleading to conclude that Business Y is the better-run business simply because it turns over inventory faster.

Lời giải chi tiết

The two businesses sell completely different types of goods, so their "normal" inventory turnover rates are naturally very different: a bakery sells perishable, low-value goods that must turn over dozens of times a year, while a jeweller holds high-value items that are expected to sit in stock for months before a sale is made. A slow turnover rate is entirely normal – even desirable – for a jeweller and does not indicate poor management, just as a low gross margin is normal for a bakery. Judging the two against the same benchmark, without allowing for their different industries, would be misleading; each should be judged against what is typical for its own trade.

Bài tập luyện tập

State three non-financial (qualitative) indicators, other than profitability and liquidity ratios, that a user might consider when judging how well a business is performing.

Lời giải chi tiết

Any three of: staff turnover rate; level of customer satisfaction or complaints; environmental and ethical record (e.g. sourcing, emissions); market share; health and safety record; product quality/reject or return rates.

Bài tập luyện tập

Which of the following is *not* a limitation of ratio analysis?

(A) Ratios are based on historic cost figures

(B) Different businesses may use different accounting policies

(C) Ratios provide an internal check that total debits equal total credits

(D) Ratios ignore non-financial factors

Lời giải chi tiết

Checking that debits equal credits is the purpose of a trial balance, not a limitation of ratio analysis – ratios are calculated *after* the trial balance and financial statements have already been prepared. **(C)**.

Bài tập luyện tập

A business has an inventory turnover period of 70 days, a trade receivables collection period of 45 days, and a trade payables payment period of 25 days. **(a)** Calculate the working capital cycle. **(b)** Suggest two specific actions to shorten it, and recalculate the cycle assuming inventory days fall to 50 and receivables days fall to 30, with payables unchanged.

Lời giải chi tiết

(a) Cycle $= 70 + 45 - 25 = \boxed{90 \text{ days}}$.
(b) Actions: tighten stock control (e.g. order more frequently in smaller quantities, identify and clear slow-moving lines) to cut inventory days; tighten credit control (shorter credit terms, faster follow-up of overdue accounts) to cut the collection period.
New cycle $= 50 + 30 - 25 = \boxed{55 \text{ days}}$, an improvement of 35 days.

Bài tập luyện tập

A business deliberately delays paying its suppliers well beyond the agreed credit terms in order to improve its current ratio. Which of the following is a likely consequence?

(A) Suppliers may refuse further credit or withdraw discounts

(B) The quick ratio will fall below the current ratio for the first time

(C) Gross margin will automatically rise

(D) The rate of inventory turnover will automatically increase

Lời giải chi tiết

Delaying payment beyond agreed terms risks damaging the relationship with suppliers, who may withdraw credit facilities, cash discounts, or insist on cash on delivery in future. **(A)**.

Bài tập luyện tập

A sole trader's ROCE is 24% and profit for the year is \$36,000. Calculate the capital employed. If non-current liabilities are \$30,000, calculate the owner's capital.

Lời giải chi tiết

Capital employed = Profit for the year / ROCE $= 36{,}000/0.24 = \boxed{\$150{,}000}$.

Owner's capital $= 150{,}000 - 30{,}000 = \boxed{\$120{,}000}$.

Bài tập luyện tập

A business's gross margin is unchanged from last year, but its net margin has fallen significantly. This most likely indicates:

(A) Selling prices have been cut

(B) Cost of sales has risen faster than revenue

(C) Operating expenses have risen relative to revenue

(D) The rate of inventory turnover has slowed

Lời giải chi tiết

An unchanged gross margin rules out a change in selling prices or cost of sales relative to revenue (both would move the gross margin). The fall must therefore come from below the gross profit line – rising operating expenses relative to revenue. **(C)**.

Bài tập luyện tập

A sole trader earns ROCE of 22% on capital employed of \$80,000. A limited company in the same industry earns ROCE of 16% on capital employed of \$2,000,000. Comment on whether the sole trader is necessarily the better-managed business.

Lời giải chi tiết

ROCE alone suggests the sole trader uses its (much smaller) capital more efficiently. However, the two businesses operate on vastly different scales – the company's capital employed is 25 times larger, so a small percentage-point difference in ROCE represents a very different absolute amount of profit, and the company may face different risks, fixed costs, competitive pressures, or shareholder expectations for a safer but lower return. ROCE for a single year is also only a snapshot; a fair conclusion would require comparing several years' results and industry averages before deciding either business is genuinely "better managed".

Bài tập luyện tập

List three ways that different accounting policies chosen by two otherwise similar, well-managed businesses could distort a direct comparison of their ratios.

Lời giải chi tiết

(1) Different depreciation methods (straight-line vs. reducing balance) give different net book values and profit charges, affecting ROCE and any ratio using non-current assets or profit. (2) Different inventory valuation methods (FIFO vs. AVCO) give different closing inventory values, and therefore different cost of sales, gross margin and inventory turnover figures. (3) Different policies on provisions (e.g. the size of an allowance for doubtful debts) affect both profit and the trade receivables figure used in liquidity ratios.

10.14 More practice -- Part 3

Bài tập luyện tập

A partnership's capital employed (for the ROCE calculation) is the total of:

(A) Only the cash held by the partnership

(B) Partners' capital account balances (per the statement of financial position) plus non-current liabilities

(C) Partners' current account balances only

(D) Revenue for the year

Lời giải chi tiết

Capital employed is built from the long-term funds invested in the business – for a partnership this is the total of all partners' **capital accounts**, plus any non-current liabilities. **(B)**.

Bài tập luyện tập

Sole trader A has capital employed $45,000 and profit for the year $8,100. Sole trader B has capital employed $120,000 and profit for the year $19,200. Which trader is earning the better return on the capital invested, and by how many percentage points?

Lời giải chi tiết

ROCE A $= 8{,}100/45{,}000 \times 100 = 18\%$. ROCE B $= 19{,}200/120{,}000 \times 100 = 16\%$.
Trader A earns the better return, by $18\% - 16\% = \boxed{\text{2 percentage points}}$, even though Trader B earns a much larger profit in absolute dollar terms.

Bài tập luyện tập

Explain why comparing the *absolute* profit figures of a sole trader and a large limited company tells us very little about which is better managed, and state the ratio that overcomes this problem.

Lời giải chi tiết

Absolute profit largely reflects the *scale* of a business – how much capital has been invested – rather than how efficiently that capital is being used. A company with far more capital would normally be expected to earn a far larger profit in money terms even if it were managed less efficiently, dollar for dollar, than a small sole trader. **Return on capital employed (ROCE)** overcomes this by expressing profit as a percentage of the capital employed, putting businesses of very different sizes on a comparable footing.

Bài tập luyện tập

A business's ROCE is higher than its net margin. Which of the following best explains why this can happen?

(A) It is impossible for ROCE to exceed net margin

(B) The business's capital employed is smaller than its revenue for the year

(C) The business has no current liabilities

(D) The business must be loss-making

Lời giải chi tiết

ROCE divides profit by capital employed, while net margin divides the same profit by revenue. If capital employed is smaller than revenue – i.e. the business turns its capital over more than once a year in sales – dividing by the smaller figure gives the larger percentage, so ROCE exceeds net margin. **(B)**.

Bài tập luyện tập

State two limitations that apply specifically when comparing the ROCE of a sole trader with the ROCE of a limited company in a *different* industry.

Lời giải chi tiết

(1) Different industries need very different amounts of capital relative to their sales (e.g. manufacturing requires far more non-current assets than a service business), so a "normal" ROCE varies by industry regardless of how well either business is managed. (2) A company's capital employed includes funds raised from many outside shareholders and possibly debenture holders, with different risk and disclosure expectations from a sole trader's personal capital, so the two figures are not directly comparable without allowing for this difference in context.

Bài tập luyện tập

A company increases its capital employed from \$400,000 to \$480,000 by issuing new debentures, using the funds to buy new machinery. Profit for the year rises from \$64,000 to \$70,400 as a result. Has ROCE improved?

Lời giải chi tiết

ROCE before $= 64{,}000/400{,}000 \times 100 = 16\%$. ROCE after $= 70{,}400/480{,}000 \times 100 = 14.67\%$. Despite a higher profit in absolute terms, **ROCE has fallen** from 16% to 14.67%. The new machinery is earning a lower rate of return than the capital already employed in the business before the expansion, so the investment has diluted overall efficiency even though it increased total profit.

Bài tập luyện tập

A retailer's current ratio is 1.8:1 but its quick ratio is only 0.3:1. State what this combination suggests about the composition of its current assets, and name one type of business where this pattern might be perfectly normal.

Lời giải chi tiết

A wide gap between the current ratio and the quick ratio means that **inventory makes up the great majority** of current assets, with very little cash or receivables held. This can be entirely normal for a business that holds large volumes of fast-moving stock but sells mostly for cash and settles with customers almost immediately – for example a supermarket or a fast-fashion clothing retailer – rather than being a sign of financial distress.

Bài tập luyện tập

Which of the following changes would shorten a business's working capital cycle *without* needing any change to its inventory policy?

(A) Extending the trade payables payment period from 30 to 45 days

(B) Lengthening the trade receivables collection period

(C) Increasing the average inventory held

(D) Reducing sales revenue

Lời giải chi tiết

The working capital cycle = inventory days + receivables days − payables days. Increasing the payables days (taking longer, within reason, to pay suppliers) directly *reduces* the cycle length without touching inventory policy at all. **(A)**.

Accounting Principles and Policies

Mục tiêu Unit: Nắm vững các nguyên tắc/khái niệm kế toán quốc tế: hoạt động liên tục (going concern), dồn tích (accruals), nhất quán (consistency), thận trọng (prudence), thực thể kinh doanh (business entity), trọng yếu (materiality), đơn vị tiền tệ (money measurement), giá gốc (historical cost), ghi sổ kép (duality) và ghi nhận doanh thu (realisation); liên hệ mỗi nguyên tắc với các nghiệp vụ kế toán cụ thể đã học trong suốt cuốn sách; hiểu chính sách kế toán và các đặc điểm định tính của báo cáo tài chính hữu ích.

11.1 The accounting concepts

Concept	Meaning
Going concern	Financial statements are prepared assuming the business will continue trading for the foreseeable future (assets valued at cost/NBV, not forced-sale/break-up value).
Accruals (matching)	Income and expenses are recorded in the period they are *earned/incurred*, not when cash is received/paid.
Consistency	The same accounting methods (e.g. depreciation method, inventory valuation) are used from one period to the next, so results are comparable.
Prudence	Do not overstate assets/income or understate liabilities/expenses; recognise losses as soon as foreseen, but only recognise profit when realised.
Business entity	The business's records include only the business's own transactions, separate from the owner's private affairs.
Materiality	Only items significant enough to influence a user's decision need strict, formal accounting treatment; trivial items may be simplified.
Money measurement	Only transactions/events that can be expressed in monetary terms are recorded (e.g. staff morale is not recorded).
Historical cost	Assets are recorded initially at their original cost, not current market value.
Duality (double entry)	Every transaction has two equal and opposite effects, keeping Assets = Capital + Liabilities.
Realisation	Revenue is recognised when goods/services are provided (and the right to payment arises), not necessarily when cash is received.

Prudence in practice

Prudence means being cautious, *not* pessimistic. Creating a doubtful debts allowance that is deliberately too large (a "secret reserve") is itself a breach of prudence/faithful representation – it deliberately misstates the accounts, even though it looks "safe."

Materiality in practice

A $5 stapler is written off immediately as an expense rather than depreciated over several years, even though it will be used for years – the amount is too small (immaterial) to affect any user's decision, so the simpler treatment is acceptable.

VN GIẢI THÍCH TIẾNG VIỆT

Nguyên tắc hoạt động liên tục (going concern): giả định doanh nghiệp còn tiếp tục hoạt động, tài sản định giá theo giá gốc/còn lại chứ KHÔNG theo giá thanh lý. Nguyên tắc thận trọng (prudence): không phóng đại tài sản/doanh thu, không đánh giá thấp nợ/chi phí – nhưng KHÔNG có nghĩa là cố tình bi quan/tạo quỹ dự trữ bí mật. Nguyên tắc trọng yếu (materiality): khoản mục quá nhỏ, không ảnh hưởng quyết định người dùng, có thể xử lý đơn giản hơn.

11.1.1 Underlying assumption and qualitative characteristics

The ten concepts studied above are traditionally grouped together as the "accounting concepts", but they play two rather different roles within the modern international framework for financial reporting.

Two different roles

Going concern is the single **underlying assumption** beneath the whole of financial reporting: unless there is evidence to the contrary, every other technique in this book – capitalising and depreciating non-current assets, valuing inventory for continued sale rather than break-up, classifying liabilities as current or non-current based on the normal operating cycle – takes for granted that the business will keep trading. **Accruals, consistency, prudence, business entity, materiality, money measurement, historical cost**, **duality** and **realisation** are better described as long-standing **measurement and recognition conventions** that, taken together, help financial statements achieve the two qualities that actually make information useful to a decision-maker: **relevance** and **faithful representation**, revisited later in this unit. For example, prudence and historical cost both serve faithful representation, while accruals and materiality both serve relevance.

VN GIẢI THÍCH TIẾNG VIỆT

Trong 10 khái niệm đã học, **going concern** là GIẢ ĐỊNH NỀN TẢNG (underlying assumption) cho toàn bộ báo cáo tài chính – mọi kỹ thuật khác (khấu hao, phân loại nợ ngắn/dài hạn...) đều mặc định doanh nghiệp còn hoạt động. Các nguyên tắc còn lại (accruals, consistency, prudence, business entity, materiality, money measurement, historical cost, duality, realisation) là các QUY ƯỚC đo lường/ghi nhận giúp báo cáo đạt được hai đặc điểm chính khiến thông tin thực sự hữu ích: thích hợp (relevance) và trình bày trung thực (faithful representation).

11.2 From concept to practice: linking ideas across the book

The ten concepts above are not abstract rules – every adjustment and layout studied earlier in this book exists *because* of one of them.

Concept	Where it drives a technique already studied
Going concern	Non-current assets are shown at cost less accumulated depreciation, not break-up value, in every statement of financial position built in this book.
Accruals (matching)	The reason accrued expenses are added, and prepayments deducted, before an income statement can be finalised.
Consistency	The reason a business keeps the same depreciation method and the same inventory valuation method (FIFO or AVCO) every year.
Prudence	The reason inventory is valued at the *lower of cost and net realisable value*, and the reason an allowance for doubtful debts is created for receivables that may not be collected.
Business entity	The reason drawings are never charged as a business expense, and the reason the owner's private assets never appear in the business's statement of financial position.
Materiality	The reason small-value items are written off in full rather than capitalised and depreciated over several years.
Money measurement	The reason only monetary transactions appear in the accounting equation at all – staff skill or brand reputation is never recorded as an asset.
Historical cost	The reason depreciation calculations always start from the original purchase cost, not current replacement value.
Duality (double entry)	The reason every transaction is entered as a debit *and* a credit, and the reason a trial balance can be extracted at all.
Realisation	The reason credit sales are recognised as revenue in the income statement as soon as goods are delivered, not when cash is eventually received.

Three concrete links worth remembering

The **accruals concept** is precisely why accrued expenses and prepayments exist: an electricity bill unpaid at the year end must still be charged against this year's profit (an accrual), while rent paid in advance for next year must be excluded from this year's expenses (a prepayment) – otherwise profit for the period would not reflect what was actually earned and consumed during it.

The **prudence concept** is why inventory is valued at the lower of cost and net realisable value rather than at cost alone, and why a provision (allowance) for doubtful debts is created even before a specific customer has actually failed to pay – both practices ensure that assets and profit are not overstated by resources that may never actually be realised in full.

The **business entity concept** is why drawings – cash or goods an owner takes for personal use – are never treated as a business expense; they are deducted directly from capital, because a payment for the owner's private benefit is not a cost of running the business, however it is funded.

VN **GIẢI THÍCH TIẾNG VIỆT**

Mỗi nguyên tắc kế toán không phải là lý thuyết suông – mỗi bút toán/điều chỉnh đã học trong sách đều xuất phát từ MỘT nguyên tắc cụ thể: dồn tích (accruals) → chi phí phải trả & chi phí trả trước; thận trọng (prudence) → giá gốc thấp hơn giá trị thuần có thể thực hiện của tồn kho & lập dự phòng nợ khó đòi; thực thể kinh doanh (business entity) → rút vốn (drawings) không bao giờ là chi phí kinh doanh; giá gốc (historical cost) → khấu hao luôn tính từ giá mua ban đầu; ghi sổ kép (duality) → mọi giao dịch đều có Nợ và Có.

11.3 Applying the concepts: scenarios

Ví dụ mẫu · Worked example

Scenario: A business owner takes goods costing $300 from the shop for personal use, but no entry is made in the accounts.
Concept violated: Business entity – the transaction must be recorded (Debit Drawings, Credit Purchases) because the owner and the business are treated as separate for accounting purposes, even though legally a sole trader and their business are the same person.

Ví dụ mẫu · Worked example

Scenario: A business is expected to close down within the next few months due to severe financial difficulty.
Concept affected: Going concern – if the going concern assumption no longer holds, assets should be valued at their likely *net realisable (break-up) value* rather than at cost/NBV, since the business will not use them to generate future revenue in the normal way.

Ví dụ mẫu · Going concern in a growth context

A fast-growing retailer buys new shop fittings for $60,000, expected to last 10 years with no residual value, financing the purchase with a bank loan. Its accountant capitalises the full $60,000 as a non-current asset and depreciates it at $6,000 per year, rather than writing off the entire cost as an expense in the year of purchase.

Concept applied: Going concern, together with accruals (matching). Because the business is assumed to continue trading and to use the fittings over their full ten-year life, it is appropriate to spread (match) their cost against the revenue they help to generate over that whole period, rather than charging the full $60,000 against a single year's profit. Going concern is not only relevant when a business is struggling – it is the normal, everyday assumption that justifies capitalising and depreciating assets in a healthy, expanding business as much as in any other.

Ví dụ mẫu · Money measurement

A company's long-serving sales team is, in the words of its managing director, "worth more to the business than any machine it owns." No monetary value for this loyalty and expertise appears anywhere in the statement of financial position, and it never will unless the business itself is bought by another company (in which case it may be reflected indirectly in purchased *goodwill*).

Concept applied: Money measurement – only items that can be reliably expressed in monetary terms are recorded in the accounts. Staff skill and morale, however valuable, cannot be measured objectively in money, so they are excluded, even though they clearly affect the business's future success.

Ví dụ mẫu · Duality (double entry)

A business buys a delivery van for $18,000, paying immediately by cheque. Explain, using the duality concept, the two effects this transaction has on the accounting equation.

Effects: Motor vehicles (an asset) increases by $18,000; Bank (also an asset) decreases by $18,000. Total assets are unchanged, so the equation Assets = Capital + Liabilities remains in balance. **Concept applied:** duality – every transaction, without exception, has two equal and opposite effects on the accounting equation, which is exactly why every transaction is entered as a debit in one account and a credit in another.

Ví dụ mẫu · Historical cost

A company's freehold land, bought 15 years ago for $120,000, is still shown in the statement of financial position at $120,000, even though similar land in the same area would now sell for approximately $300,000.

Concept applied: Historical cost – assets are recorded at the price actually paid for them, an amount that is objective and verifiable from the original purchase documents, rather than at a current market value that would require a subjective (and constantly changing) estimate. This is not treated as a fault in the accounts; it is a deliberate trade-off in favour of reliability and verifiability over up-to-date relevance.

Ví dụ mẫu · Accruals – a numeric example

A business pays $9,000 rent on 1 October, covering 15 months up to 31 December of *next* year. Its financial year ends on 31 December (this year). Calculate the rent expense to be charged in this year's income statement and the prepayment to be carried forward.

Monthly rent $= 9{,}000/15 = \$600$. Only the 3 months from 1 October to 31 December of *this* year relate to the current accounting period; the remaining 12 months (January to December of *next* year) are paid for in advance.
Rent expense for this year $= 3 \times 600 = \boxed{\$1{,}800}$.

Prepayment carried forward $= 12 \times 600 = \boxed{\$7{,}200}$.
Check: $1{,}800 + 7{,}200 = 9{,}000$, the full amount paid – the accruals concept ensures only the 3 months actually consumed this year are charged against this year's profit, with the rest correctly treated as an asset (a prepayment) at the year end.

(!) Lỗi thường gặp: Do not confuse **prudence** with **conservatism taken too far**. Deliberately understating profit or assets is just as much a misstatement as overstating them – the goal is a fair, realistic figure, not the lowest possible one.

(!) Lỗi thường gặp: Do not confuse **going concern** with **liquidity**. A business can be perfectly liquid (holding plenty of cash) yet fail the going concern test if it has lost its market, its licence to trade, or is being wound up; equally, a business can remain a going concern while temporarily short of cash. Going concern is about the expected *continuity of trading*, not the current cash balance.

Bài tập luyện tập

A business uses the straight-line method of depreciation for its motor vehicles every year without change. Which accounting concept does this illustrate?

(A) Prudence
(B) Consistency
(C) Materiality
(D) Realisation

Lời giải chi tiết

Using the same method every year, so results are comparable across periods, is the consistency concept. **(B)**.

Bài tập luyện tập

A business creates an allowance for doubtful debts even though no specific customer has yet failed to pay, because past experience suggests some debts will not be collected. Which concept justifies this?

(A) Prudence
(B) Money measurement
(C) Historical cost
(D) Business entity

Lời giải chi tiết

Recognising a probable future loss (even before it is certain) rather than waiting until it definitely happens is the prudence concept. **(A)**.

Bài tập luyện tập

An owner's private motor car, used only for family holidays and never for business purposes, is excluded from the business's accounting records. Which concept is being applied?

(A) Business entity
(B) Going concern
(C) Accruals
(D) Duality

Lời giải chi tiết

The business entity concept treats the business and its owner as separate for accounting purposes, so purely private assets are excluded. **(A)**.

Bài tập luyện tập

Explain, using the materiality concept, why a business might write off the full cost of a $15 wastepaper basket as an expense in the year of purchase, even though it is expected to last for 10 years.

Lời giải chi tiết

The materiality concept allows items that are too small to influence any user's decision to be treated in a simplified way. Formally capitalising and depreciating a $15 item over 10 years would add clerical effort without any meaningful improvement in the accuracy or usefulness of the financial statements, so it is written off immediately as an expense.

Bài tập luyện tập

A business sells goods on credit on 20 December 2025 and delivers them the same day, but the customer does not pay until 15 January 2026. In which accounting period should the revenue be recognised, and which concept supports your answer?

Lời giải chi tiết

Revenue should be recognised in the year ended 31 December 2025, because the goods were delivered and the right to receive payment arose in that period – this is the **realisation** concept (supported by the accruals/matching concept), not the date cash is actually received.

Bài tập luyện tập

Explain how the materiality concept would apply differently if a business bought one $40 wastebasket for its office, compared with buying 500 identical wastebaskets for $20,000 to furnish a new head office building.

Lời giải chi tiết

A single $40 wastebasket is clearly immaterial to any user of the accounts, so it can simply be written off as an expense in the year of purchase. However, $20,000 spent in total – even on identical, individually cheap items – is likely to be **material** to most businesses, since it is large enough to affect reported profit and asset values meaningfully. In that case the $20,000 should be capitalised as a non-current asset and depreciated over its useful life, showing that materiality depends on the *total* amount involved in a transaction, not the price of a single unit.

Bài tập luyện tập

Which of the following would *not* be recorded in a business's accounts, according to the money measurement concept?

(A) Purchase of a delivery van for $15,000

(B) The excellent morale and loyalty of the workforce

(C) A trade receivable of $2,000

(D) Rent paid of $3,000

Lời giải chi tiết

Workforce morale and loyalty, however valuable, cannot be reliably expressed in monetary terms, so under the money measurement concept it is never recorded in the accounts. **(B)**.

Bài tập luyện tập

A business buys inventory of $4,000 on credit. State the two effects of this transaction on the accounting equation, and name the concept that guarantees every transaction has exactly two such effects.

Lời giải chi tiết

Inventory (an asset) increases by $4,000; trade payables (a liability) increase by $4,000 – the equation Assets = Capital + Liabilities remains balanced. The concept that guarantees every transaction affects the equation in two equal and opposite ways is **duality** (double entry).

Bài tập luyện tập

Explain why a company's statement of financial position may understate the true current worth of its freehold properties, and why this is not regarded as a fault in the historical cost convention.

Lời giải chi tiết

Under the historical cost concept, properties are shown at the price originally paid for them, which can become far lower than their current market value as prices rise over the years. This is not considered a fault because historical cost is objective and verifiable – it can always be traced to the original purchase invoice or contract – whereas a current market valuation would be a subjective estimate that could vary between valuers and would need to be revised constantly. The convention deliberately favours reliability and verifiability over up-to-date relevance.

Bài tập luyện tập

A fast-growing retailer buys new shop fittings for \$60,000 with an expected 10-year life, and depreciates them at \$6,000 per year rather than writing off the full cost immediately. Which concept most directly justifies spreading the cost over 10 years?

(A) Prudence

(B) Going concern, together with accruals/-matching

(C) Money measurement

(D) Realisation

Lời giải chi tiết

Spreading the cost over the asset's useful life assumes the business will continue trading long enough to use it fully (going concern) and matches the cost against the revenue it helps to earn each year (accruals). **(B)**.

Bài tập luyện tập

A business pays \$9,600 insurance on 1 October, covering the 12 months to 30 September of the following year. Its financial year ends on 31 December. Calculate the insurance expense for the current year and the prepayment carried forward.

Lời giải chi tiết

Monthly insurance $= 9{,}600/12 = \$800$. Only 3 months (October, November, December) of the policy relate to the current year: expense $= 3 \times 800 = \boxed{\$2{,}400}$. The remaining 9 months (January to September of next year) are a **prepayment** carried forward $= 9 \times 800 = \boxed{\$7{,}200}$. Check: $2{,}400 + 7{,}200 = 9{,}600$.

11.4 Accounting policies and international standards

Beyond the underlying concepts, businesses must choose and disclose **accounting policies** – the specific methods used to apply the concepts.

Objectives of financial statements (per the international framework): to provide information that is **useful** for decision-making. The two fundamental qualitative characteristics are:

- **Relevance** – information capable of influencing a user's decision (material, timely).
- **Faithful representation** – complete, neutral (free from bias) and free from error.

Enhancing characteristics: **comparability**, **understandability**, **verifiability** and **timeliness**.

VN GIẢI THÍCH TIẾNG VIỆT

Chính sách kế toán (accounting policies) là các phương pháp cụ thể áp dụng nguyên tắc kế toán (ví dụ chọn FIFO hay AVCO, đường thẳng hay số dư giảm dần). Báo cáo tài chính hữu ích cần: **thích hợp (relevance)** và **trình bày trung thực (faithful representation)**; các đặc điểm bổ trợ: có thể so sánh, dễ hiểu, kiểm chứng được, kịp thời.

Choosing an accounting policy

When a business selects a policy (e.g. a depreciation method or an inventory valuation method), the consistency concept requires it to keep using that policy so results are comparable year to year. A policy should only be changed if the new policy gives a more relevant and reliable picture; the change and its effect must then be disclosed.

Ví dụ mẫu · Effect of an accounting policy change

A company has depreciated machinery on the straight-line basis at $4,000 per year for two years; the machine cost $40,000 with an expected 10-year life and no residual value. At the start of Year 3 the directors switch to the reducing balance method at 25% per year, arguing it better reflects the pattern of the machine's use.

Net book value at the start of Year 3 $= 40{,}000 - (2 \times 4{,}000) = \$32{,}000$.
Year 3 depreciation charge, straight-line (had it continued) $= \$4{,}000$.
Year 3 depreciation charge, reducing balance $= 25\% \times 32{,}000 = \boxed{\$8{,}000}$.

Effect: switching methods increases the Year 3 depreciation charge by $4,000, reducing profit for the year by $4,000 purely because of the policy change, not because of any change in how the machine is actually used. Under the consistency concept, this change is only acceptable if it gives a more relevant and faithful picture of the machine's pattern of use, and both the change itself and its $4,000 effect on profit must be disclosed in the financial statements so that users are not misled when comparing this year's results with previous years.

VN GIẢI THÍCH TIẾNG VIỆT

Nguyên tắc nhất quán (consistency) yêu cầu giữ nguyên chính sách kế toán qua các kỳ để so sánh được; chỉ đổi khi chính sách mới cho bức tranh trung thực và thích hợp hơn, và phải công bố ảnh hưởng của việc thay đổi lên lợi nhuận. Ví dụ trên cho thấy chỉ riêng việc đổi phương pháp khấu hao đã làm giảm lợi nhuận $4,000 mà không liên quan gì đến hoạt động kinh doanh thực tế.

Ví dụ mẫu · Changing the inventory valuation policy

A business's 1,000 identical closing inventory units would be valued at $8,200 using the FIFO method, or at $7,600 using the AVCO method – a difference of $600. The business decides to switch from FIFO to AVCO this year. Explain the effect of the switch on cost of sales and on profit for the year, and state what must be disclosed.

Cost of sales $=$ Opening inventory $+$ Purchases $-$ Closing inventory. Switching to AVCO reduces the recorded closing inventory by $600 (from $8,200 to $7,600), which *increases* cost of sales by $600 and therefore *reduces* gross profit and profit for the year by $600 in the year of the change – purely because of the change of policy, not because of any difference in the physical goods held or sold. Under the consistency concept, this change should only be made if AVCO is judged to give a more relevant and faithful picture of the cost of inventory (for example, because prices fluctuate often); both the change and its $600 effect on profit must then be disclosed so that this year's results are not compared unfairly with a prior year prepared on the old FIFO basis.

11.4.1 Materiality in numbers

Materiality is always a matter of **judgement**, not a single fixed dollar figure, but that judgement is normally made by relating the size of an item to something the user actually cares about – most often profit for the year or total assets.

How large does an item need to be to matter?

An error or a simplified treatment is regarded as **material** if it is large enough, relative to profit or to total assets, that a user's decision could plausibly change once it is corrected or properly disclosed. A business with profit for the year of $60,000 would very likely treat a $50 error in petty cash as immaterial – it could not conceivably change any user's assessment of the business. An error of $6,000 (10% of profit), however, is a different matter: correcting it could change whether profit appears to be rising or falling year on year, so it would normally be treated as material and investigated and corrected before the financial statements are finalised.

VN **GIẢI THÍCH TIẾNG VIỆT**

Trọng yếu (materiality) không phải là một con số cố định – phải xét TƯƠNG ĐỐI so với lợi nhuận hoặc tổng tài sản. Một sai sót $50 gần như không bao giờ ảnh hưởng quyết định người dùng nếu lợi nhuận là $60,000; nhưng sai sót $6,000 (10% lợi nhuận) thì rất có thể làm thay đổi nhận định của người đọc báo cáo về xu hướng lợi nhuận, nên cần được sửa.

11.4.2 Disclosure of accounting policies in practice

Because different, equally acceptable policies exist for the same item (e.g. FIFO or AVCO for inventory; straight-line or reducing balance for depreciation), financial statements normally include a short note stating exactly which policies were used.

A typical **accounting policies note** states, for example: "Inventory is valued at the lower of cost (calculated on the AVCO basis) and net realisable value. Motor vehicles are depreciated on the straight-line basis at 20% per annum; equipment is depreciated on the reducing balance basis at 15% per annum. Revenue is recognised when goods are delivered to the customer." Without this note, two users comparing this business with another could not tell whether a difference in gross margin or profit was caused by genuinely different trading performance, or simply by the two businesses using different policies.

VN **GIẢI THÍCH TIẾNG VIỆT**

Ghi chú chính sách kế toán (accounting policies note) cho biết CHÍNH XÁC phương pháp nào được dùng (FIFO/AVCO, đường thẳng/số dư giảm dần, thời điểm ghi nhận doanh thu...). Nếu không có ghi chú này, người đọc báo cáo không thể biết sự khác biệt về lợi nhuận giữa hai doanh nghiệp là do hoạt động kinh doanh thực sự khác nhau, hay chỉ do khác chính sách kế toán.

11.5 More applied scenarios

Ví dụ mẫu · Which concept?

Identify the concept that applies in each situation:

(a) A business values its closing inventory at the lower of cost and net realisable value.
(b) A machine is recorded at the $40,000 it was bought for, even though it would now cost $55,000 to replace.
(c) The loyalty and skill of the workforce, though valuable, is not shown as an asset.
(d) Wages owed but unpaid at the year end are added to the wages expense.

Answers: (a) prudence; (b) historical cost; (c) money measurement; (d) accruals (matching).

Ví dụ mẫu · Effect of a concept on the accounts

A business is uncertain whether a large customer, owing $3,000, will pay. Applying prudence, it creates a specific allowance of $3,000. Explain the effect on the financial statements.

The $3,000 is charged as an expense (increase in the allowance for doubtful debts) in the income statement, *reducing* profit for the year. In the statement of financial position, trade receivables are shown net of the $3,000 allowance, so net assets fall by $3,000. Prudence ensures the possible loss is recognised now rather than waiting until the debt is proven irrecoverable – profit and assets are not overstated.

VN **GIẢI THÍCH TIẾNG VIỆT**

Nguyên tắc nhất quán (consistency) yêu cầu giữ nguyên chính sách kế toán qua các kỳ để so sánh được; chỉ đổi khi chính sách mới cho bức tranh trung thực và thích hợp hơn, và phải công bố. Áp dụng thận trọng: ghi nhận khoản lỗ có thể xảy ra ngay khi dự đoán được (ví dụ lập dự phòng), làm giảm lợi nhuận và tài sản thuần trong kỳ.

11.6 Objectives and users of financial statements, revisited

Every concept and policy studied in this unit exists to serve the same underlying purpose introduced at the very start of this book: producing financial statements that are genuinely **useful** to the people who rely on them.

Users of accounts and how policies/disclosure serve them:

- **Owners and investors** – rely on *consistent* policies (same depreciation and inventory methods) to judge whether profit is genuinely growing from one year to the next, rather than merely reflecting a change of method.
- **Banks and lenders** – rely on *prudence* (assets and profit not overstated) and *faithful representation* before agreeing to lend, since an overstated set of accounts could lead to a loan that is never repaid.
- **Trade payables (suppliers)** – rely on accurate, up-to-date (*relevant*) figures on liquidity before extending further credit.
- **Tax authorities** – rely on the *realisation* and *accruals* concepts being applied correctly so that taxable profit is calculated on a fair, comparable basis across all businesses.
- **Analysts comparing several businesses** – rely on disclosed accounting policies to know *which* methods were used, so that ratio comparisons (Unit 10) can be adjusted where policies differ.

VN **GIẢI THÍCH TIẾNG VIỆT**

Mục tiêu của báo cáo tài chính (đã học ở đơn vị đầu sách) là cung cấp thông tin HỮU ÍCH cho người sử dụng. Các nguyên tắc và chính sách kế toán học trong chương này chính là công cụ để đạt mục tiêu đó: nhất quán giúp chủ sở hữu/nhà đầu tư so sánh qua các năm; thận trọng và trình bày trung thực bảo vệ ngân hàng/người cho vay; công bố chính sách kế toán giúp người phân tích điều chỉnh khi so sánh tỉ số giữa các doanh nghiệp khác nhau (Unit 10).

Which characteristic does each concept mainly support? (a useful revision heuristic, not a rigid rule)

Concept	Mainly supports
Going concern	Faithful representation – assets are valued on a basis that genuinely reflects how they will be used.
Accruals (matching)	Relevance – profit reflects what was actually earned/incurred in the period, useful for timely decisions.
Consistency	Comparability (an enhancing characteristic) – results can be compared meaningfully across periods.
Prudence	Faithful representation – assets/income are not overstated.
Business entity	Faithful representation – only the business's own resources and obligations are shown.
Materiality	Relevance – effort is focused on the items large enough to affect a decision.
Money measurement	Faithful representation – only reliably, objectively measurable items are recorded.
Historical cost	Faithful representation and verifiability – figures are traceable to actual transactions.
Duality (double entry)	Faithful representation – the double-entry system keeps the accounting equation, and hence the records, internally consistent and checkable.
Realisation	Relevance – revenue is recognised as soon as it is earned, keeping profit information timely.

VN **GIẢI THÍCH TIẾNG VIỆT**

Bảng trên chỉ mang tính gợi ý ôn tập: phần lớn 9 nguyên tắc/khái niệm (ngoại trừ accruals, materiality, realisation nghiêng về relevance, và consistency là một enhancing characteristic hỗ trợ comparability) chủ yếu phục vụ mục tiêu **trình bày trung thực (faithful representation)** – đảm bảo số liệu không bị phóng đại, không thiên vị và không sai sót.

Ví dụ mẫu · Disclosure and a real decision

A bank is deciding whether to lend $100,000 to two furniture retailers, Business M and Business N, both reporting a net margin of 12%. The accounting policies note reveals that Business M values inventory using AVCO and depreciates fittings on a straight-line basis, while Business N values inventory using FIFO and depreciates fittings on a reducing balance basis. Explain why this disclosure matters to the bank's decision.

Without the note, the bank might conclude the two businesses are equally profitable and equally risky. With it, the bank's analyst can recognise that the two 12% margins are not directly comparable: FIFO tends to report a higher closing inventory value (and so a higher profit) than AVCO during a period of rising prices, and reducing balance depreciation charges more in the earlier years of an asset's life than straight-line. The bank can therefore adjust its comparison – or ask each business to restate its figures on a common basis – before deciding which loan carries the lower risk, rather than being misled by policies that happen to differ.

VN GIẢI THÍCH TIẾNG VIỆT

Ví dụ trên minh hoạ vì sao việc công bố chính sách kế toán quan trọng: hai doanh nghiệp có cùng biên lợi nhuận ròng 12% nhưng dùng chính sách khác nhau (AVCO/FIFO, đường thẳng/số dư giảm dần) thì con số không thực sự so sánh được trực tiếp – ngân hàng cần điều chỉnh trước khi ra quyết định cho vay.

11.7 More practice -- Part 1

Bài tập luyện tập

A business changes its depreciation method from straight-line to reducing balance without any good reason, simply to reduce this year's charge. Which concept is breached?

(A) Prudence
(B) Consistency
(C) Materiality
(D) Money measurement

Lời giải chi tiết

Changing methods without justification breaks the **consistency** concept, making year-to-year comparison unreliable. **(B)**.

Bài tập luyện tập

Goods are recorded as sold when they are delivered to the customer and an invoice is issued, even though cash has not yet been received. Which concept governs this timing?

(A) Realisation
(B) Going concern
(C) Business entity
(D) Historical cost

Lời giải chi tiết

Revenue is recognised when the goods are delivered and the right to payment arises – the **realisation** concept. **(A)**.

Bài tập luyện tập

Explain how the going concern concept affects the valuation of a business's non-current assets, and how this would change if the business were about to close.

Lời giải chi tiết

Under going concern, the business is assumed to continue operating, so non-current assets are valued at cost less accumulated depreciation (net book value) – the value from continued *use*. If the business were about to close, going concern no longer applies, and assets would instead be valued at their expected **net realisable (break-up) value**, which is often much lower, because they must be sold quickly rather than used to earn revenue.

Bài tập luyện tập

An owner pays their personal electricity bill from the business bank account and records it as a business expense. Which concept is breached and what is the correct treatment?

Lời giải chi tiết

The **business entity** concept is breached: the payment is private, not a business cost. The correct treatment is to record it as **drawings** (Dr Drawings, Cr Bank), reducing the owner's capital, rather than as a business expense in the income statement.

Bài tập luyện tập

Distinguish between *relevance* and *faithful representation* as qualities of useful financial information, giving one example of each.

Lời giải chi tiết

Relevance means the information can influence a user's decision – e.g. showing up-to-date profit figures so an investor can decide whether to invest. **Faithful representation** means the information is complete, neutral and free from error – e.g. recording all liabilities at their correct amounts rather than understating them to make the business look stronger. Information should be both relevant and faithfully represented to be useful.

Bài tập luyện tập

A $20 desk fan expected to last 5 years is written off in full as an expense in the year of purchase. Which concept allows this, and why is it acceptable?

Lời giải chi tiết

The **materiality** concept. The $20 amount is too small to influence any user's decision, so the extra work of capitalising and depreciating it over 5 years is not justified; writing it off immediately is a simpler treatment that does not mislead users.

Bài tập luyện tập

State the accounting concept that each of the following best illustrates: (a) not recognising a profit on unsold inventory; (b) recording only transactions that can be measured in money; (c) treating each transaction as having two effects; (d) matching December's electricity used but unpaid against December's profit.

Lời giải chi tiết

(a) Prudence (and realisation); (b) money measurement; (c) duality (double entry); (d) accruals (matching).

Bài tập luyện tập

Which characteristic of useful financial information means that a lender should be able to check the figures against source documents such as invoices and bank statements?

(A) Relevance
(B) Verifiability
(C) Timeliness
(D) Understandability

Lời giải chi tiết

Verifiability means that different, knowledgeable and independent observers could reach the same conclusion by checking the figures against underlying evidence such as invoices, receipts and bank statements. **(B)**.

Bài tập luyện tập

State two *enhancing* qualitative characteristics of useful financial information (other than comparability), and explain briefly why each matters to a bank considering a loan application.

Lời giải chi tiết

Verifiability – the bank can have the figures checked against source documents or an independent audit before relying on them to make a lending decision. **Timeliness** – the bank needs reasonably up-to-date financial information to assess the business's *current* position, since stale figures from long ago may no longer reflect its ability to repay a new loan.

Bài tập luyện tập

Explain how the consistency concept, applied to depreciation and inventory valuation methods, helps a bank compare a business's financial statements over several years before approving a loan.

Lời giải chi tiết

If a business uses the same depreciation method and the same inventory valuation method every year, any change in profit or asset values from one year to the next reflects a genuine change in trading performance rather than simply a change of accounting method. This allows the bank to identify a real trend – for example, steadily rising profit – with confidence, rather than being misled by a business that switches methods deliberately to make results look better in the year a loan application is made.

Bài tập luyện tập

A business's accounting policies note states that inventory is valued using the AVCO method and that machinery is depreciated on a straight-line basis over 10 years. Which qualitative characteristic is most directly served by disclosing this information?

(A) Relevance
(B) Comparability
(C) Faithful representation
(D) Materiality

Lời giải chi tiết

Disclosing the specific methods used allows a user to compare the business's figures meaningfully with those of other periods or other businesses, and to make adjustments if a different business uses different policies. **(B)**.

Bài tập luyện tập

A business writes off $1,200 of debts as irrecoverable during the year and also increases its general allowance for doubtful debts by $800. Explain the effect of both entries on profit for the year and on trade receivables in the statement of financial position, and identify the concept that justifies making the allowance.

Lời giải chi tiết

Both the $1,200 irrecoverable debts written off and the $800 increase in the allowance are charged as expenses in the income statement, together reducing profit for the year by $1{,}200 + 800 = \$2{,}000$. In the statement of financial position, trade receivables are reduced by the $1,200 written off directly, and the remaining balance is shown net of the (now larger) allowance, so net trade receivables and net assets both fall. The allowance is created under the **prudence** concept, which requires a probable future loss to be recognised as soon as it can be estimated, rather than only once a specific debt is proven irrecoverable.

Bài tập luyện tập

A business's business entity records are always kept completely separate from the owner's private bank account, and the owner's mortgage on their private home never appears in the business's accounts. Identify the concept and explain one problem that would arise if it were not followed.

Lời giải chi tiết

The concept is **business entity**. If personal and business affairs were mixed together, the financial statements would no longer show the true profitability or financial position of the business alone – a lender or investor would be unable to judge whether the business itself could repay a loan or generate a satisfactory return, since the figures would be distorted by the owner's unrelated personal transactions.

Bài tập luyện tập

A business revalues its closing inventory downward because the expected selling price of some items has fallen below their original cost. Which concept requires this treatment?

(A) Consistency

(B) Prudence

(C) Money measurement

(D) Duality

Lời giải chi tiết

Valuing inventory at the lower of cost and net realisable value, rather than at cost when its value has genuinely fallen, is a direct application of the **prudence** concept – losses are recognised as soon as they can be foreseen. **(B)**.

Bài tập luyện tập

Explain, with an example, why the consistency concept does not mean a business can *never* change an accounting policy.

Lời giải chi tiết

Consistency requires a policy to be applied the *same way every year unless there is good reason to change it* – it does not forbid change altogether. A business may switch, for example, from the straight-line to the reducing balance method of depreciation if the new method genuinely gives a more relevant and faithful picture of how an asset's benefits are used up over time. When such a change is made, both the change itself and its effect on profit must be disclosed, so that users can still understand and adjust for the break in comparability.

11.8 More practice -- Part 2

Bài tập luyện tập

A business's inventory originally cost $50,000. Some items have become obsolete and are now expected to sell for only $40,000 after selling costs. At which value should this inventory appear in the financial statements, and under which concept?

(A) $50,000 – historical cost

(B) $40,000 – prudence (lower of cost and net realisable value)

(C) $45,000 – consistency

(D) $50,000 – going concern

Lời giải chi tiết

Inventory is shown at the *lower* of cost ($50,000) and net realisable value ($40,000), i.e. $40,000, under the prudence concept – the probable loss on the obsolete items is recognised now rather than being carried forward at an overstated value. **(B)**.

Bài tập luyện tập

A company previously charged no depreciation on its freehold buildings, treating them as never losing value. Following advice, it now depreciates buildings over 50 years on a straight-line basis, charging $8,000 in the current year. Explain the effect of this change on profit for the year and on the carrying value of buildings in the statement of financial position, and state which concept most directly justifies charging depreciation at all.

Lời giải chi tiết

Profit for the year falls by the $8,000 depreciation charge, a new expense not previously recognised. The carrying value (net book value) of buildings in the statement of financial position falls by the same $8,000, as accumulated depreciation increases. Charging depreciation at all is justified by the **accruals (matching)** concept, together with **going concern**: the original cost of a long-life asset is spread against the revenue it helps to generate over the years the business expects to keep using it.

Bài tập luyện tập

Which of the following is the best example of the duality (double entry) concept in action?

(A) A business writes off a small tool as an expense

(B) A business records Dr Purchases $2,000, Cr Trade payables $2,000 for goods bought on credit

(C) A business depreciates a machine using the straight-line method

(D) A business excludes the owner's private house from its accounts

Lời giải chi tiết

Recording the same transaction as an equal debit in one account and a credit in another is precisely what the duality concept requires. **(B)**.

Bài tập luyện tập

A retailer's owner personally guarantees a business bank loan using her private house as security. The house is not shown as an asset of the business, even though it is now at risk if the business defaults on the loan. Identify the concept that explains this treatment, and justify it.

Lời giải chi tiết

The concept is **business entity**. The house belongs to the owner personally and has never been transferred into the business, so it is not a business asset – the fact that it has been pledged as personal security for a business loan does not change its ownership. Only assets actually owned or controlled by the business itself are recorded in the business's own accounts, keeping the owner's personal affairs strictly separate from those of the business.

Bài tập luyện tập

A business's directors delay recognising a highly probable gain on the future sale of a property until the sale is actually completed, even though an independent valuer is confident it will occur at a much higher price than the property's carrying value. Which concept explains this treatment?

(A) Consistency
(B) Prudence
(C) Duality
(D) Money measurement

Lời giải chi tiết

Under prudence, profits are only recognised once they are realised (the sale actually completed), not merely anticipated, however likely they appear – while probable *losses* are recognised as soon as they can be foreseen. **(B)**.

Bài tập luyện tập

At the year end a business has provided services worth $4,000 to a client but has not yet issued an invoice. Explain, using the realisation and accruals concepts, how this $4,000 should be treated in the current year's financial statements.

Lời giải chi tiết

Because the service has already been provided – the earnings process is substantially complete – the **realisation** concept requires the $4,000 to be recognised as revenue in the current year's income statement, increasing profit, even though no invoice has yet been issued. The **accruals** concept supports recording the matching amount as **accrued income** (a current asset) of $4,000 in the statement of financial position, rather than waiting until the invoice is raised or the cash is eventually received.

Bài tập luyện tập

A sole trader's business bank statement shows a personal magazine subscription mistakenly paid from the business bank account. Correcting this error by transferring the amount to drawings is required by which concept?

(A) Business entity
(B) Going concern
(C) Materiality
(D) Duality

Lời giải chi tiết

A personal payment must never remain charged as a business expense; it belongs to the owner's private affairs and must be reclassified as drawings, reducing capital – an application of the **business entity** concept. **(A)**.

Bài tập luyện tập

A business increases its allowance for doubtful debts from $1,000 to $1,600 during the year. State the entries required and explain the combined effect on profit for the year and on net trade receivables in the statement of financial position.

Lời giải chi tiết

The increase of $1{,}600 - 1{,}000 = \$600$ is recorded as: Dr Irrecoverable debts expense (income statement) $600; Cr Allowance for doubtful debts $600. **Effect:** profit for the year falls by $600 (an additional expense); in the statement of financial position, trade receivables are shown net of the now-larger $1,600 allowance, so net trade receivables – and therefore net assets – fall by a further $600 compared with the position under the previous $1,000 allowance.

Bài tập luyện tập

Under the international framework, which pair correctly identifies the two *fundamental* qualitative characteristics of useful financial information?

(A) Consistency and materiality
(B) Relevance and faithful representation
(C) Timeliness and verifiability
(D) Going concern and prudence

Lời giải chi tiết

Relevance and faithful representation are the two fundamental qualitative characteristics; comparability, understandability, verifiability and timeliness merely *enhance* their usefulness. **(B)**.

Bài tập luyện tập

A machine cost $40,000 seven years ago; accumulated depreciation to date is $28,000, giving a net book value of $12,000, and it is still being used productively. The directors argue that, because the machine would only fetch $5,000 if sold today, it should immediately be written down to $5,000. Explain whether this proposed treatment is consistent with the concepts studied in this unit.

Lời giải chi tiết

This proposal is not appropriate on its own. Under **historical cost** and **going concern**, the machine should continue to be shown at cost less accumulated depreciation ($12,000) for as long as it continues to be used productively in the business – the purpose of depreciation is to spread the asset's original cost over its useful life, not to track its resale value at every year end. Writing it down further to its $5,000 resale value, without genuine evidence that its $12,000 carrying value cannot be recovered through continued use (or eventual sale), would conflict with the going concern basis of measurement – although **prudence** would indeed require a write-down if there were genuine evidence that the $12,000 could not be recovered.

Bài tập luyện tập

For each scenario below, name the *single* accounting concept it best illustrates, choosing from: going concern, accruals, consistency, prudence, business entity, materiality, money measurement, historical cost, duality, realisation.

(a) A retailer includes the cost of delivering a new machine from the supplier's factory as part of the machine's recorded cost, rather than as a general expense.
(b) A sole trader takes $500 cash from the till to pay for a family holiday; the bookkeeper records this as drawings, not as a business expense.
(c) A business recognises a probable court settlement as an expense in this year's accounts, even though the case will not be decided until next year.
(d) A shopkeeper's till roll records a $2 sale; the fact that the customer praised the service is not recorded anywhere in the accounts.
(e) A business buys $8,000 of stationery in bulk; $3,000 remains unused at the year end and is carried forward as an asset rather than charged as an expense in full.
(f) A business's financial statements are prepared assuming it will keep trading normally for at least the next twelve months.
(g) A business records a computer purchase as Dr Computer equipment $1,500, Cr Bank $1,500.
(h) A business recognises revenue from a long service contract gradually as the work is performed, rather than only when the final invoice is eventually paid.

Lời giải chi tiết

(a) **Historical cost** – the recorded cost of a non-current asset includes all costs necessarily incurred to bring it to its location and working condition.
(b) **Business entity** – the owner's private spending is kept separate from the business and reduces capital directly, not profit.
(c) **Prudence** – a probable future loss is recognised as soon as it can be estimated, not only once it is certain.
(d) **Money measurement** – only the transaction that can be expressed in money (the $2 sale) is recorded; qualitative praise is not.
(e) **Accruals (matching)** – only the stationery actually used this year is charged as an expense; the rest is a prepayment/asset.
(f) **Going concern** – the normal assumption that the business will continue trading, underlying most of the rest of the framework.
(g) **Duality (double entry)** – every transaction is recorded as an equal debit and credit.
(h) **Realisation** – revenue is recognised as it is earned through performance of the service, not when cash is finally received.

Bài tập luyện tập

Which qualitative characteristic means that users with a reasonable knowledge of business and accounting should be able to comprehend financial statements without excessive difficulty?

(A) Understandability
(B) Relevance
(C) Materiality
(D) Verifiability

Lời giải chi tiết

Understandability requires information to be presented clearly and concisely so that users with reasonable business knowledge, studying it with reasonable diligence, can comprehend it. **(A)**.

Bài tập luyện tập

A business's financial statements are published nine months after its year end, by which time much of the information is of limited use for making current decisions. Which qualitative characteristic has been most compromised?

(A) Timeliness
(B) Verifiability
(C) Materiality
(D) Duality

Lời giải chi tiết

Timeliness requires information to be available to decision-makers while it is still capable of influencing their decisions; a nine-month delay severely reduces this usefulness, even if the figures themselves are accurate. **(A)**.

Bài tập luyện tập

Explain briefly why the going concern assumption is described as an *underlying assumption* rather than simply one qualitative characteristic among several others.

Lời giải chi tiết

Going concern is not a quality of the *information itself*, like relevance or comparability – it is a basic assumption about the *business being reported on*, which determines the whole basis on which the financial statements are prepared in the first place (assets valued for continued use, liabilities classified on the basis of the normal operating cycle, and so on). Every other technique and characteristic in this book only makes sense once the going concern assumption has been made; if it no longer holds, the entire basis of preparation changes to break-up (net realisable) values.

Bài tập luyện tập

Explain how the accounting concepts studied in this unit, taken together, help financial statements achieve both relevance and faithful representation, giving one example of each from earlier in this book.

Lời giải chi tiết

Relevance is served by concepts that keep information timely and focused on what matters to decisions – for example, the **accruals** concept ensures that an accrued expense unpaid at the year end (Unit 4) is charged against the correct period's profit, so that profit reported is relevant to that period's actual performance rather than distorted by the timing of cash payments. **Faithful representation** is served by concepts that keep figures complete, neutral and free from error – for example, the **prudence** concept ensures that an allowance for doubtful debts (Unit 5) is created so that trade receivables are not overstated by amounts unlikely ever to be collected. Together, the ten concepts studied in this unit are the practical machinery by which the abstract goal of "useful financial information", introduced in Unit 1, is actually achieved.

Bài tập luyện tập

A major supplier requires monthly management accounts before agreeing to extend further trade credit to a business. State two accounting concepts that are particularly important to the supplier when reading these accounts, and explain why for each.

Lời giải chi tiết

Prudence – the supplier needs assurance that assets and profit have not been overstated, since an overly optimistic set of accounts could lead it to extend credit that the business is not genuinely able to repay. **Accruals (matching)** – the supplier needs current liabilities to include everything the business already owes at the reporting date (not just amounts actually paid in cash so far), so that it can judge the business's true short-term obligations before adding its own credit on top.

Bài tập luyện tập

A company's statement of financial position includes a note stating: "No provision has been made for a legal claim of $50,000 against the company, because its lawyers believe there is only a remote chance of losing the case." Which concept is most directly reflected in *not* providing for this amount?

(A) Prudence – no provision is required because the loss is not judged probable

(B) Consistency

(C) Business entity

(D) Duality

Lời giải chi tiết

Prudence requires a provision only for a loss that is **probable** and can be reliably estimated; a remote (unlikely) possibility does not meet this threshold and is instead simply disclosed by note if material, rather than being charged against profit as if it were expected to occur. **(A)**.

Bài tập luyện tập

An external auditor independently re-performs a business's bank reconciliation and recalculates its depreciation charges, arriving at exactly the same figures as the business's own accountant. Which qualitative characteristic does this best demonstrate?

(A) Verifiability

(B) Timeliness

(C) Understandability

(D) Materiality

Lời giải chi tiết

Verifiability means that different, knowledgeable and independent observers could reach a consensus that the information is a faithful representation, typically by reperforming the same calculations or checking them against source documents – exactly what the auditor has done here. **(A)**.

Ôn tập nhanh:

- Luôn kiểm tra Assets = Capital + Liabilities sau mỗi bài, và Statement of financial position phải "cân" (balance) ở mọi thời điểm.
- Ghi sổ kép (double entry): mỗi giao dịch ảnh hưởng ít nhất hai tài khoản, tổng Dr = tổng Cr.
- Khấu hao KHÔNG phải dòng tiền; luôn phân biệt chi phí vốn (capital expenditure) với chi phí thường xuyên (revenue expenditure).
- Prudence: không phóng đại tài sản/thu nhập, không đánh giá thấp nợ phải trả/chi phí – nhưng cũng không bi quan quá mức (không tạo quỹ dự trữ bí mật).
- Luyện thật kỹ các dạng control account và suspense account vì rất hay xuất hiện trong đề thi.
- Thuộc lòng 9 công thức tỉ số tài chính (profitability & liquidity) và luôn nêu *so sánh* (theo thời gian, giữa doanh nghiệp, với ngân sách) khi diễn giải kết quả.
- Với báo cáo tài chính từ sổ sách không đầy đủ (incomplete records): Lợi nhuận = Vốn cuối kỳ − Vốn đầu kỳ − Vốn góp thêm + Rút vốn – nhớ cộng cả rút hàng (tính theo giá vốn), và luôn kiểm tra Net assets = Closing capital.
- Phân biệt mark-up (tính theo giá vốn) và margin (tính theo giá bán): margin = mark-up/(1+mark-up).
- Trước khi nộp bài, luôn dò lại: Gross profit = Revenue − Cost of sales; Profit for the year = Gross profit − Expenses; và với công ty cổ phần, vốn sử dụng = vốn chủ sở hữu + nợ dài hạn (kể cả trái phiếu).

Đồng hành cùng 8020 English

Cảm ơn bạn đã học cùng bộ giáo trình quốc tế 8020. **Điểm thật · Thầy thật · Kết quả thật** — nhiều học viên chỉ cần 1–2 khoá để đạt kết quả mong muốn.

> **Chương trình đào tạo tại 8020 English**
> **IELTS** Academic/General · **SAT** · PTE · Duolingo · TOEFL | **AP** (College Board) · **IB** Diploma · **Cambridge** IGCSE / A-Level | săn học bổng du học.

Vì sao chọn 8020 English?

- **100% giáo viên** đạt tối thiểu 8.0 IELTS hoặc 1500 SAT — đội ngũ Giáo sư · Tiến sĩ · Thạc sĩ tốt nghiệp trường top đầu thế giới (Carnegie Mellon — #1 Hoa Kỳ về Khoa học Máy tính).
- **Kèm 1–1** mọi độ tuổi; lớp sĩ số nhỏ 2–5 bạn (đa số dưới 10 bạn/lớp).
- Lộ trình cá nhân hoá, theo sát tiến độ từng học viên; lớp OFFLINE tại TP.HCM & ONLINE toàn quốc.

Bảng vàng học viên

AP 5/5 — Calculus AB/BC	**AP** 4–5 — Biology, Chemistry	**IB** 90/100 — Economics
SAT 1590 / 1570 / 1550	**IELTS** 8.0–9.0	**Duolingo** 110 · **PTE** 90

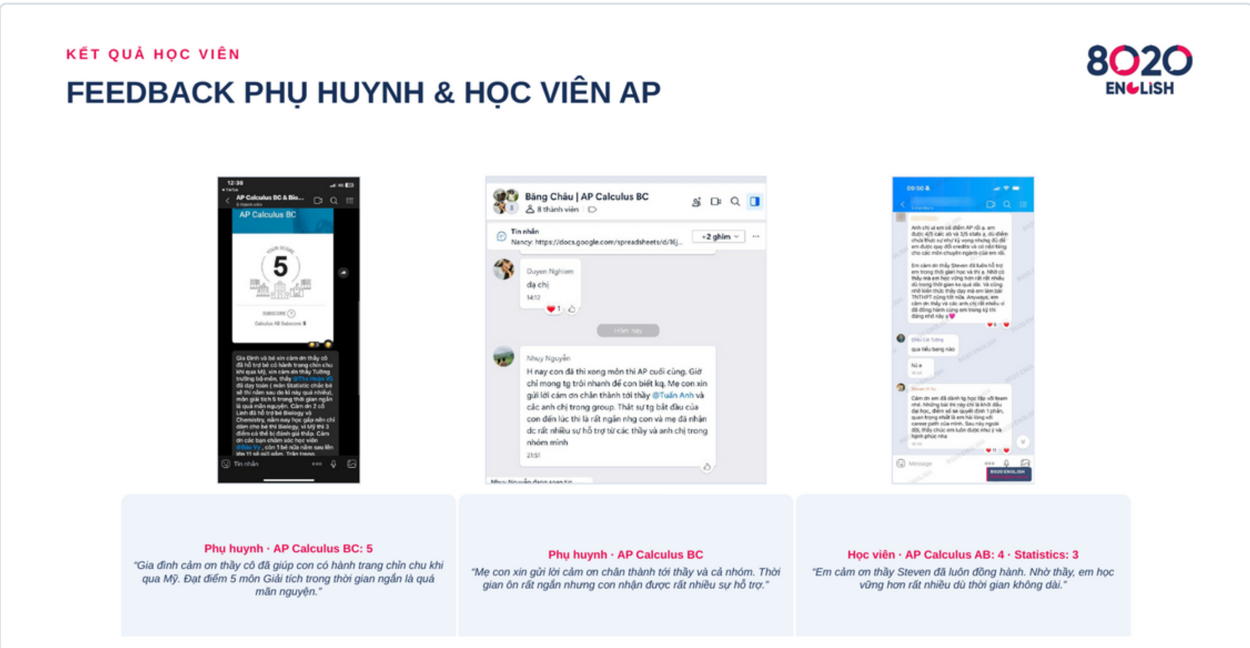
Cảm nhận học viên & phụ huynh

> *“Bạn đã cải thiện được tư duy Writing — kỹ năng từng là nỗi sợ lớn nhất — và cuối cùng đã đậu vào trường top như mong muốn. Thái độ học tập cực kỳ nghiêm túc; ngay cả khi nằm viện vẫn cố gắng học đều đặn.”*
>
> — Phan Thị Thanh Hằng · IELTS Overall 8.5

> *“Cần tất cả kỹ năng trên 7.5 để xét vào trường top 1 Anh Quốc về Y học (chương trình UKFPO của NHS) — và đã đạt mục tiêu sau khi học Writing 1–1.”*
>
> — Trần Hoàng Bảo Ngọc · IELTS Overall 8.0 (Writing 6.0 → 7.5)

> *“Gia đình và bé xin cảm ơn thầy cô đã giúp con có hành trang chỉn chu khi qua Mỹ. Đạt điểm 5 môn Giải tích trong thời gian ngắn là quá mãn nguyện.”*
>
> — Phụ huynh · AP Calculus BC 5/5

> *“Em cảm ơn thầy đã luôn đồng hành. Nhờ thầy, em học vững hơn rất nhiều dù thời gian ôn không dài.”*
>
> — Học viên · AP Calculus AB 4



Feedback phụ huynh & học viên AP — nhiều môn đạt điểm 4 & 5

Điểm thi thật của học viên

KẾT QUẢ HỌC VIÊN

ĐIỂM SỐ AP

8020 ENGLISH

AP Biology: 4 · AP Chemistry: 4

AP Calculus AB: 5

AP Calculus BC: 5

AP Chemistry: 5

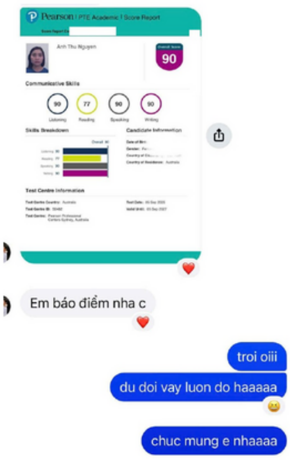
Bảng điểm AP thật của học viên – nhiều môn đạt điểm 4 & 5

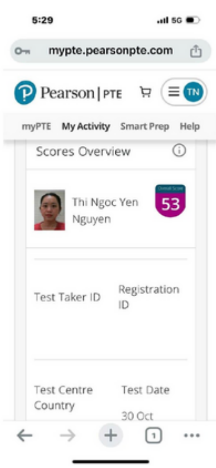
Bảng điểm AP thật — Calculus AB/BC 5/5 · Biology & Chemistry 4–5 (College Board)

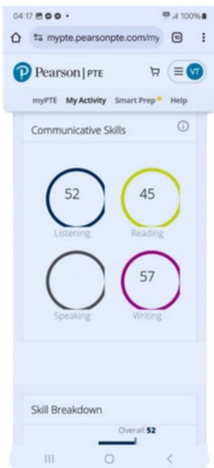
KẾT QUẢ HỌC VIÊN

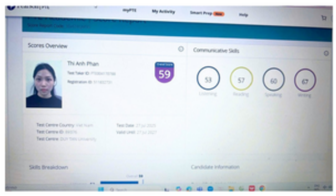
ĐIỂM SỐ PTE

8020 ENGLISH









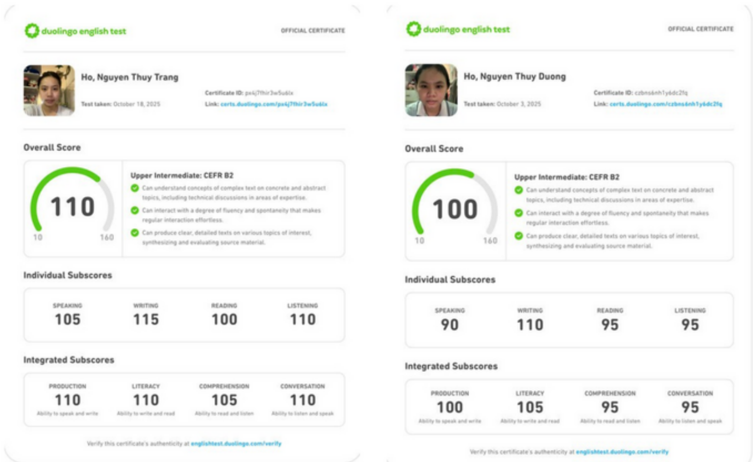
Bảng điểm PTE thật của học viên

Học viên 8020 — PTE Academic 90

KẾT QUẢ HỌC VIÊN

ĐIỂM SỐ DUOLINGO

8020 ENGLISH



Duolingo English Test – 110 & 100

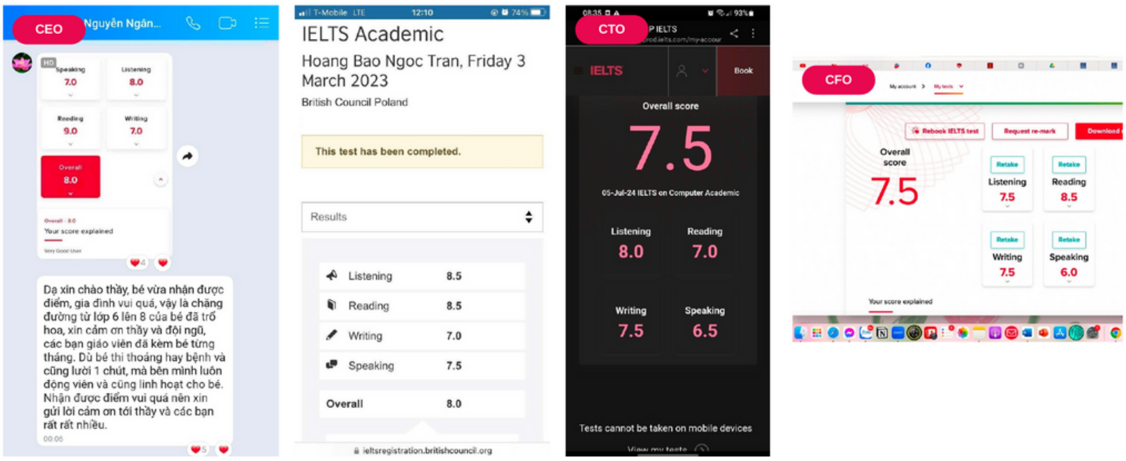
Học viên 8020 — Duolingo English Test 110 & 100

KẾT QUẢ HỌC VIÊN

THÀNH TÍCH HỌC VIÊN

8020 ENGLISH

Bảng điểm thi thật – chất lượng được giám sát nghiêm ngặt. Một số học viên chỉ cần 1–2 khóa để đạt kết quả mong muốn.



Học viên 8020 — IELTS 8.0 / 7.5 / 8.5 (báo điểm thật)