






CONTENTS



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4

Household Accounts



To be able to:

- Prepare an Analysed Cash Book

A. Analysed Cash Book

Used to record actual income and expenditure of the household.

In the Analysed Cash Book we have two columns on each side, one for Cash and one for Bank.

An Analysed Cash Book is laid out as follows:

Debit Receipts (Money in)				ANALYSED CASH BOOK				Credit Payments (Money out)	
Date	Details	Cash	Bank	Date	Details	Cheque Nos.	Cash	Bank	Analysis Columns

Explanation

- (1) The debit side (left side) records opening cash and money coming in/received.
- (2) The credit side (right side) records money owed to the bank and money going out/paid out.



B. Rule for analysed cash book

DEBIT: MONEY RECEIVED

CREDIT: MONEY PAID

C. Balancing analysed cash book

- Balance only Cash and Bank columns.
- Add both columns.
- Find difference = balance.
- Put balance on smaller side.
- Total both sides.
- Bring down balance (B/d) on opposite side.
- Bank DR → asset – money in bank.
CR → overdraft
- Total analysis columns.

D. Contra entry

Affects both sides of Cash Book.

(1) Lodged Cash in Bank → Money into Bank → Debit
 Money out of Cash → Credit

TYPES

(2) Withdrew from Bank → Money out of Bank → Credit
 Money into Cash → Debit

E. 'Did household budget live within its means?'

Every household should try to live within its means for the week/month. However, this isn't always possible. To answer this question you find **total income** for the period and compare it with **total expenditure** for the period. If income was greater than expenditure – the family lived within its means. If expenditure was greater than income – the family did not live within its means.



This is a Household Account Question.

The Scanlon family keeps a record of all financial transactions in an Analysed Cash Book. On 1 March they had €215 in the bank.

During March they had the following bank transactions:

		€
March 2	Purchased paint for house by cheque (No. 32).	78
March 3	Lodged wages cheque.	1,347
March 4	Withdrew cash by ATM for groceries.	68
March 6	Paid for coat by cheque (No. 33).	89
March 9	Paid for car service by cheque (No. 34).	35
March 10	Lodged children's allowance.	60
March 13	Paid for medicine by cheque (No. 35).	32
March 16	Paid house insurance by cheque (No. 36).	167
March 18	Withdrew cash by ATM for groceries.	75
March 21	Bought petrol by cheque (No. 37).	49
March 25	Purchased shoes by cheque (No. 38).	56
March 27	Paid membership fee to Golf Club by cheque (No. 39).	450

(A) Enter the above figures in the Analysed Cash Book and balance it. Use the following money column headings:

Debit (Receipts) side: Total, Wages, Child Benefit, Other.

Credit (Payments) side: Total, Groceries, House, Shoes and Clothes, Car, Other.

(20 marks)

Suggested solution

(A)

Analysed Cash Book

Date (½)	Details (½)	Total	Wages	Child Benefit	Others	Date (½)	Details (½)	Cheq. No. (½)	Total	Groc.	Household	Shoes/Clothes	Car	Others
Mar 1	Balance	215 (½)				Mar 2	Paint	32	78 (½)		78 (½)			
Mar 3	Wages	1,347 (½)	1,347 (½)			Mar 4	Groceries	ATM	68 (½)	68 (½)				
Mar 10	Child All.	60 (½)		60 (½)		Mar 6	Coat	33	89 (½)			89 (½)		
						Mar 9	Car Service	34	35 (½)				35 (½)	
						Mar 13	Medicine	35	32 (½)					32 (½)
						Mar 16	House Ins.	36	167 (½)		167 (½)			
						Mar 18	Groceries	ATM	75 (½)	75 (½)				
						Mar 21	Petrol	37	49 (½)				49 (½)	
						Mar 25	Shoes	38	56 (½)			56 (½)		
						Mar 27	Golf Club	39	450 (½)					450 (½)
			1,347 (½)	60 (½)					1,099 (½)	143 (½)	245 (½)	145 (½)	84 (½)	482 (½)
		1,622												
Mar 13	Balance	523 (½)												

Marking scheme:

Date column 2 × ½ = 1 mark

Details column 2 × ½ = 1 mark

Cheque no. column ½ mark

35 figures × ½ mark = 17½ marks

20 marks



See:

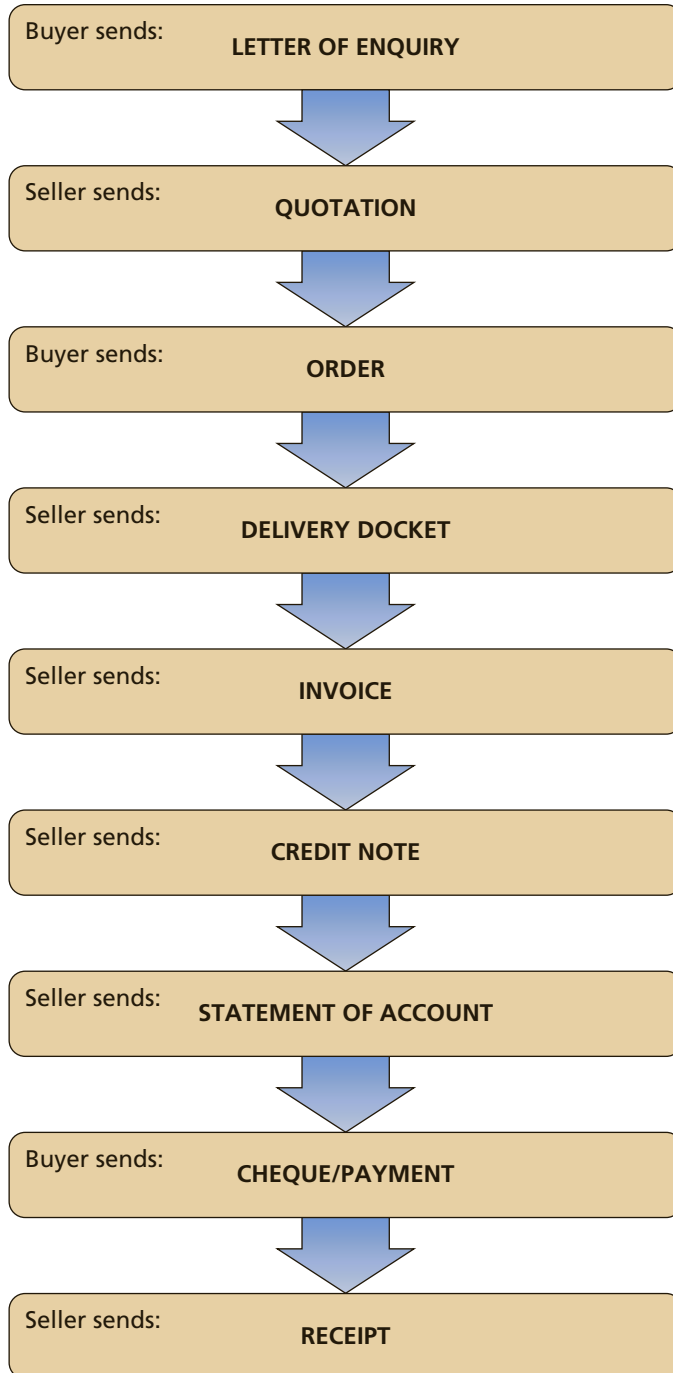
Higher Level

Paper I

Section B

2000 Q1A

Stages in a Business Transaction



1. Letter of enquiry

A letter of enquiry is sent to a supplier enquiring about the prices, terms and conditions under which he is prepared to supply his goods.

Sample transaction

Murphy TV, Hi-Fi & Video Ltd wish to enquire about electrical equipment from Panasonic Ireland Ltd.

Tel (021) 639425 Fax (021) 639426	LETTER OF ENQUIRY Murphy TV, Hi-Fi & Video Ltd 10 Princess Street – Cork	VAT Reg. No.: 258364X
Panasonic Ireland Ltd Sandyford Industrial Est. Dublin 18		
10 May 2016		
Dear Sir or Madam		
Please send me a quotation for the following goods:		
50 Panasonic 21" Nicam Stereo TVs		
50 Panasonic HD Nicam Videos		
50 Panasonic Mini Hi-Fi Systems		
Yours sincerely		
<i>John Murphy</i>		
Purchasing Director		

NB Murphy TV, Hi-Fi & Video Ltd may send letters of enquiry to a few different suppliers.

2. Quotation

A quotation is a document from a supplier giving advance information on prices and details of discounts, delivery and VAT. The following is the quotation sent by Panasonic Ireland Ltd.