Achievable

ACCA FINANCIAL ACCOUNTING DUMP SHEET

Double-entry, sales tax and receivables

Books of prime entry

Book	Records	Source document
Sales journal	Credit sales only	Sales invoice issued
Purchases journal	Credit purchases only	Purchase invoice received
Return inwards journal	Goods returned by customers (credit sales)	Credit note issued to the customer
Return outwards journal	Goods returned to suppliers (credit purchases)	Debit note sent to the supplier
Cash book	All cash and bank receipts and payments; also a ledger	Receipts, cheques
Petty cash book	Small routine expenses; imprest system	Petty cash vouchers
General journal (journal proper)	Non-routine, adjusting, correction, opening and closing entries	Various

Double-entry rules (the golden rule)

Account type	Debit	Credit	Normal balance
Asset	Increase ↑	Decrease ↓	Debit
Expense	Increase ↑	Decrease ↓	Debit
Liability	Decrease ↓	Increase ↑	Credit
Equity / capital	Decrease ↓	Increase ↑	Credit
Income / revenue	Decrease ↓	Increase ↑	Credit

Irrecoverable & doubtful debts

- **Irrecoverable debts** are certain losses and must be written off as expenses
- **Doubtful debts** are uncertain, so an allowance is created instead of writing them off

Sales tax (VAT)

Concept	Detail
Input tax	VAT paid on purchases (asset; recoverable)
Output tax	VAT charged on sales (liability; payable to the authorities)
Net payment to the authorities	Output tax > input tax → pay the difference
Refund from the authorities	Input tax > output tax → receive a refund (or carry forward)

- **VAT on an exclusive amount:**
  $\text{VAT} = \text{net amount} \times \text{tax rate}$
- **VAT on an inclusive amount:**
  $\text{VAT} = \text{gross} \times \dfrac{\text{tax rate}}{100\% + \text{tax rate}}$
- **Net from gross (inclusive):**
  $\text{Net} = \dfrac{\text{gross}}{100\% + \text{tax rate}}$

Discounts

Type	Certainty	Recording	Journal
Trade discount	Certain at the time of sale	Sales recorded at net (after discount); never shown separately	No separate entry needed
Settlement (cash) discount	Uncertain (depends on timing)	Under IFRS 15: net if expected to be taken; gross if not expected	Adjust revenue if expectations change