Penang Sangam High School

Commercial Studies-Year 9

Strand 2: Business Information System 1

Lesson Notes –Week 7

Sub-strand: Transactions

Achievement Indicators/Learning outcome: (Copy notes in your note book)

- ❖ Classify the different types of transactions.

1. *Cash Transactions*
   - ▪ A cash transaction is one that involves the immediate exchange of cash for goods and services.

Words to look for to identify cash transactions:

- Cash, paid, repaid, cheque, capital, received (d), drew, invested, contributed, funds, pay (s)

2. *Credit Transactions*

   - ▪ A transaction where payment is done later.
   - ▪

Words to look for to identify credit transactions

- Charged on account
- On credit

a. Capital Expenditure
- Buying of fixed assets either on cash or credit and paying liabilities.
Example:

1. Paid loan $200
2. Bought a vehicle from Pala's Motors$ 20,000
b. Revenue Expenditure
- Buying of goods for sale and meeting expenses.
Example:

1. Cash purchases $150
2. Pala's Motor charged us freight $50
3. Paid rent $300.

Debtors- are people who owe money to the business

Creditor- is people to whom the business owes money to.

Chart of Accounts

Achievement Indicators:

❖ Use the chart of Accounts to analyse and understand the nature of accounts much better.

A chart of account is a list of ledger account title and account numbers used in the accounting system.

Elements of Accounting

1. Assets- things owned by the business

2. Expenses- cost incurred by the business

3. Liabilities- things owed by the business/ outsiders claim against the business.

4. Proprietorship- owners claim against the business/ owners' equity

5. Revenue – income received by the business

Activity

Tick in the appropriate column. For each of the transactions identify whether it's a cash or credit transactions.

Transactions	Cash	Credit
1. Received cash from a debtor $200		
2. Bought goods from Kunal $100		
3. Sold goods for cash $270		
4. Paid Ana $100		
5. Sold furniture to Ken $200		
6. Paid Expenses $300		
7. Cash sales $100		
8. Sold goods to Ema $500		
9. Cash Purchases $240		
10. Received revenue $100		