

The company is called ABC Co. All of the company's accounting work has been completed through the end of November and its ledgers show November 30, 2001 balances. The terms of all credit sales are 2/10, n/30. During the final month of the year you record the following transactions:

- Dec 1 Issued cheque 801 to Property Management in payment of the Dec rent, \$3,000. Use two lines to record this transaction. Charge 80% of the rent to Rent Expense – Selling Space and the rest to Rent Expense – Office Space.
- Dec 2 Sold merchandise on credit to Ender Co. on invoice 451 for \$5,000. Cost \$2,500.
- Dec 2 Issued a \$300 credit memorandum 301 to Noric Co. for defective merchandise we sold on November 28 and they returned for credit.
- Dec 3 Received an \$500 credit memorandum P66 from Panda Co. for merchandise we received on November 29 and we returned for credit.
- Dec 4 Purchased on credit from Tacid Co. merchandise \$39,000, store supplies \$300, and office supplies \$60. Invoice T12, terms n/10, EOM.
- Dec 5 Received full payment from Noric Co. (less the return and discount). Receipt 110.
- Dec 8 Issued cheque 802 to Panda Co. in full payment of account (less the return and the 2% discount)
- Dec 9 Sold store supplies to the merchant next door at cost for cash, \$100.
- Dec 10 Purchase office equipment on credit from Tacid Co, invoice T16, terms n/10, EOM, \$6,000.
- Dec 11 Received full payment from Ender Co. (less the discount). Receipt 111
- Dec 11 Received merchandise and an invoice G212, terms 2/10, n/30, from Gander Co., \$8,000
- Dec 12 Received an \$900 credit memorandum T24 from Tacid Co. for defective office equipment we received on Dec 10 and we returned for credit.
- Dec 15 Issued cheque 803, payable to Payroll, in payment of sales salaries for \$3,500 and office salaries for \$1,500.
- Dec 15 Cash sales for the first half of the month were \$58,000 with cost of \$29,000.

- Dec 16 Sold merchandise on credit to Ender Co. on invoice 452 for \$6,000. Cost \$3,000.
- Dec 17 Received merchandise and an invoice C214, terms 2/10, n/60 from Central Co., \$16,000.
- Dec 19 Issued cheque 804 to Gander Co. in full payment of account (less the discount).
- Dec 22 Sold merchandise on credit to Oyster Co. on invoice 453 for \$6,000. Cost \$3,000.
- Dec 23 Issued cheque 805 to Central Co. in full payment of account (less the discount).
- Dec 24 Purchased on credit from Tacid Co. merchandise for \$9,000, store supplies for \$700 and office supplies for \$400. Invoice T32, terms n/10, EOM.
- Dec 25 Received merchandise and an invoice P89, terms 2/10, n/30 from Panda Co. for \$4,000.
- Dec 26 Sold merchandise on credit to Dale Co. on. invoice 454 for \$13,000. Cost \$6,500.
- Dec 26 Issued cheque 806 to Hydro Co. in payment of the November electric bill, \$1,100.
- Dec 29 The owner, Tom Smith, withdrew \$6,000 from the business for personal use. Cheque 807.
- Dec 30 Received full payment from Oyster Co (less the discount). Receipt 112
- Dec 30 Issued cheque 808, payable to Payroll, in payment of sales salaries for \$3,500 and office salaries for \$1,500.
- Dec 31 Cash sales for the last half of the month were \$56,000 with cost of \$28,000

**Required:**

1. Read the transaction and decide on which journal it should be entered. Focus on whether cash was received (Receipts Journal) or paid out (Disbursements Journal) first and if neither is applicable decide whether it is a purchase on account (Purchase Journal) or a sale on account (Sales Journal).

2. Enter the transaction on the appropriate journal (if the transaction affects a Customer or Supplier you post to the appropriate card, calculate the new balance and put a check mark in the journal in the "PR" column).
3. Repeat steps 1 and 2 until all transactions are recorded.
4. Foot the special journals (Sales, Purchases, Receipts and Disbursements). This means sum each column in the journals.
5. Cross-foot the special journals footed in step 4. This means make sure Debits equal Credits for the totals on each journal.



SALES JOURNAL – Page 1

| Date | Account Debited | Invoice # | P.R. | A/R - DR<br>Sales - CR | Cost of Sales – DR<br>Inventory - CR |
|------|-----------------|-----------|------|------------------------|--------------------------------------|
|      |                 |           |      |                        |                                      |
|      |                 |           |      |                        |                                      |
|      |                 |           |      |                        |                                      |
|      |                 |           |      |                        |                                      |
|      |                 |           |      | -----                  | -----                                |
|      |                 |           |      | =====                  | =====                                |
|      |                 |           |      |                        |                                      |

PURCHASES JOURNAL – Page 2

| Date | Account Credited | Invoice # | Terms | P.R. | A/P - CR | Inventory - DR | Office Supplies - DR | Other Accounts – DR | Description |
|------|------------------|-----------|-------|------|----------|----------------|----------------------|---------------------|-------------|
|      |                  |           |       |      |          |                |                      |                     |             |
|      |                  |           |       |      |          |                |                      |                     |             |
|      |                  |           |       |      |          |                |                      |                     |             |
|      |                  |           |       |      |          |                |                      |                     |             |
|      |                  |           |       |      |          |                |                      |                     |             |
|      |                  |           |       |      | -----    | -----          | -----                | -----               |             |
|      |                  |           |       |      | =====    | =====          | =====                | =====               |             |
|      |                  |           |       |      |          |                |                      |                     |             |

CASH RECEIPTS JOURNAL – Page 3

| Date | Account Credited | Explanation | P.R. | Cash<br>DR | Sales<br>Discount<br>DR | A/R<br>CR | Sales<br>CR | Other<br>Accts.<br>CR | Cost of Sales –<br>DR<br>Inventory - CR |
|------|------------------|-------------|------|------------|-------------------------|-----------|-------------|-----------------------|---|
|      |                  |             |      |            |                         |           |             |                       |   |
|      |                  |             |      |            |                         |           |             |                       |   |
|      |                  |             |      |            |                         |           |             |                       |   |
|      |                  |             |      |            |                         |           |             |                       |   |
|      |                  |             |      |            |                         |           |             |                       |   |
|      |                  |             |      |            |                         |           |             |                       |   |
|      |                  |             |      |            |                         |           |             |                       |   |
|      |                  |             |      | -----      | -----                   | -----     | -----       | -----                 | -----                                   |
|      |                  |             |      |            |                         |           |             |                       |   |
|      |                  |             |      | =====      | =====                   | =====     | =====       | =====                 | =====                                   |
|      |                  |             |      |            |                         |           |             |                       |   |

CASH DISBURSEMENTS JOURNAL – Page 4

| Date | Chq # | Payee | Other Account<br>Debited | P.R. | Cash<br>CR | Inventory<br>CR | Other Accts.<br>DR | A/P<br>DR |
|------|-------|-------|--------------------------|------|------------|-----------------|--------------------|-----------|
|      |       |       |                          |      |            |                 |                    |           |
|      |       |       |                          |      |            |                 |                    |           |
|      |       |       |                          |      |            |                 |                    |           |
|      |       |       |                          |      |            |                 |                    |           |
|      |       |       |                          |      |            |                 |                    |           |
|      |       |       |                          |      |            |                 |                    |           |
|      |       |       |                          |      |            |                 |                    |           |
|      |       |       |                          |      |            |                 |                    |           |
|      |       |       |                          |      |            |                 |                    |           |
|      |       |       |                          |      |            |                 |                    |           |
|      |       |       |                          |      |            |                 |                    |           |
|      |       |       |                          |      | -----      | -----           | -----              | -----     |
|      |       |       |                          |      |            |                 |                    |           |
|      |       |       |                          |      | =====      | =====           | =====              | =====     |
|      |       |       |                          |      |            |                 |                    |           |

**RECEIVABLE LEDGER**

**Ender Co.**

| DATE | EXPLANATION | PR | DEBIT | CREDIT | BALANCE |
|------|-------------|----|-------|--------|---------|
|      |             |    |       |        |         |
|      |             |    |       |        |         |

**Noric Co.**

| DATE   | EXPLANATION     | PR | DEBIT | CREDIT | BALANCE |
|--------|-----------------|----|-------|--------|---------|
| Nov 28 | Balance Forward | BF |       |        | 4,000   |
|        |                 |    |       |        |         |

**Oyster Co.**

| DATE | EXPLANATION | PR | DEBIT | CREDIT | BALANCE |
|------|-------------|----|-------|--------|---------|
|      |             |    |       |        |         |
|      |             |    |       |        |         |

**Dale Co.**

| DATE | EXPLANATION | PR | DEBIT | CREDIT | BALANCE |
|------|-------------|----|-------|--------|---------|
|      |             |    |       |        |         |

**PAYABLE LEDGER**

**Central Co.**

| DATE | EXPLANATION | PR | DEBIT | CREDIT | BALANCE |
|------|-------------|----|-------|--------|---------|
|      |             |    |       |        |         |
|      |             |    |       |        |         |

**Gander Co.**

| DATE | EXPLANATION | PR | DEBIT | CREDIT | BALANCE |
|------|-------------|----|-------|--------|---------|
|      |             |    |       |        |         |
|      |             |    |       |        |         |

**Panda Co.**

| DATE   | EXPLANATION     | PR | DEBIT | CREDIT | BALANCE |
|--------|-----------------|----|-------|--------|---------|
| Nov 29 | Balance Forward | BF |       |        | 7,000   |
|        |                 |    |       |        |         |
|        |                 |    |       |        |         |

**Tacid Co.**

| DATE | EXPLANATION | PR | DEBIT | CREDIT | BALANCE |
|------|-------------|----|-------|--------|---------|
|      |             |    |       |        |         |
|      |             |    |       |        |         |
|      |             |    |       |        |         |

ANSWERS:

GENERAL JOURNAL (G5)

| DATE   | ACCOUNT                         | PR | DEBIT | CREDIT |
|--------|---------------------------------|----|-------|--------|
| Dec 2  | Sales Returns                   |    | 300   |        |
|        | Accounts Receivable – Noric Co. | √  |       | 300    |
|        | Explain: Credit Memo 301        |    |       |        |
|        |                                 |    |       |        |
| Dec 3  | Accounts Payable – Panda Co.    | √  | 500   |        |
|        | Inventory                       |    |       | 500    |
|        | Explain: Credit Memo P66        |    |       |        |
|        |                                 |    |       |        |
| Dec 12 | Accounts Payable – Tacid Co.    | √  | 900   |        |
|        | Office Equipment                |    |       | 900    |
|        | Explain: Credit Memo T24        |    |       |        |



SALES JOURNAL – Page 1

| Date   | Account Debited | Invoice # | P.R. | A/R - DR<br>Sales - CR | Cost of Sales – DR<br>Inventory - CR |
|--------|-----------------|-----------|------|------------------------|--------------------------------------|
| Dec 2  | Ender Co.       | 451       | √    | 5,000                  | 2,500                                |
| Dec 16 | Ender Co.       | 452       | √    | 6,000                  | 3,000                                |
| Dec 22 | Oyster Co.      | 453       | √    | 6,000                  | 3,000                                |
| Dec 26 | Dale Co.        | 454       | √    | 13,000                 | 6,500                                |
|        |                 |           |      | -----                  | -----                                |
|        |                 |           |      | 30,000                 | 15,000                               |
|        |                 |           |      | =====                  | =====                                |

PURCHASES JOURNAL – Page 2

| Date   | Account Credited | Invoice # | Terms     | P.R. | A/P - CR | Inventory - DR | Office Supplies - DR | Other Accounts – DR | Description  |
|--------|------------------|-----------|-----------|------|----------|----------------|----------------------|---------------------|--------------|
| Dec 4  | Tacid Co.        | T12       | N/10,EOM  | √    | 39,360   | 39,000         | 60                   | 300                 | Store supp.  |
| Dec 10 | Tacid Co.        | T16       | N/10,EOM  | √    | 6,000    |                |                      | 6,000               | Office Equip |
| Dec 11 | Gander Co.       | G212      | 2/10,n/30 | √    | 8,000    | 8,000          |                      |                     |              |
| Dec 17 | Central Co.      | C214      | 2/10,n/60 | √    | 16,000   | 16,000         |                      |                     |              |
| Dec 24 | Tacid Co.        | T32       | N/10,EOM  | √    | 10,100   | 9,000          | 400                  | 700                 | Store supp.  |
| Dec 25 | Panda Co.        | P89       | 2/10,n/30 | √    | 4,000    | 4,000          |                      |                     |              |
|        |                  |           |           |      | -----    | -----          | -----                | -----               |              |
|        |                  |           |           |      | 83,460   | 76,000         | 460                  | 7,000               |              |
|        |                  |           |           |      | =====    | =====          | =====                | =====               |              |

CASH RECEIPTS JOURNAL – Page 3

| Date   | Account Credited | Explanation | P.R. | Cash<br>DR | Sales<br>Discount<br>DR | A/R<br>CR | Sales<br>CR | Other<br>Accts.<br>CR | Cost of Sales –<br>DR<br>Inventory - CR |
|--------|------------------|-------------|------|------------|-------------------------|-----------|-------------|-----------------------|---|
| Dec 5  | Noric Co.        | R110        | √    | 3,626      | 74                      | 3,700     |             |                       |   |
| Dec 9  | Store Supplies   | Neighbour   |      | 100        |                         |           |             | 100                   |   |
| Dec 11 | Ender Co.        | R111        | √    | 4,900      | 100                     | 5,000     |             |                       |   |
| Dec 15 | Sales            | Cash Sales  |      | 58,000     |                         |           | 58,000      |                       | 29,000                                  |
| Dec 30 | Oyster Co.       | R112        | √    | 5,880      | 120                     | 6,000     |             |                       |   |
| Dec 31 | Sales            | Cash Sales  |      | 56,000     |                         |           | 56,000      |                       | 28,000                                  |
|        |                  |             |      | -----      | -----                   | -----     | -----       | -----                 | -----                                   |
|        |                  |             |      | 128,506    | 294                     | 14,700    | 114,000     | 100                   | 57,000                                  |
|        |                  |             |      | =====      | =====                   | =====     | =====       | =====                 | =====                                   |

CASH DISBURSEMENTS JOURNAL – Page 4

| Date   | Chq # | Payee               | Other Account<br>Debited | P.R. | Cash<br>CR | Inventory<br>CR | Other Accts.<br>DR | A/P<br>DR |
|--------|-------|---------------------|--------------------------|------|------------|-----------------|--------------------|-----------|
| Dec 1  | 801   | Property Management | Rent-Selling             |      | 3,000      |                 | 2,400              |           |
|        |       |                     | Rent-Office              |      |            |                 | 600                |           |
| Dec 8  | 802   | Panda Co.           |                          | √    | 6,370      | 130             |                    | 6,500     |
| Dec 15 | 803   | Payroll             | Sales Salaries           |      | 5,000      |                 | 3,500              |           |
|        |       |                     | Office Salaries          |      |            |                 | 1,500              |           |
| Dec 19 | 804   | Gander Co.          |                          | √    | 7,840      | 160             |                    | 8,000     |
| Dec 23 | 805   | Central Co.         |                          | √    | 15,680     | 320             |                    | 16,000    |
| Dec 26 | 806   | Hydro Co.           | Utilities                |      | 1,100      |                 | 1,100              |           |
| Dec 29 | 207   | Tom Smith           | Withdrawals              |      | 6,000      |                 | 6,000              |           |
| Dec 30 | 208   | Payroll             | Sales Salaries           |      | 5,000      |                 | 3,500              |           |
|        |       |                     | Office Salaries          |      |            |                 | 1,500              |           |
|        |       |                     |                          |      | -----      | -----           | -----              | -----     |
|        |       |                     |                          |      | 49,990     | 610             | 20,100             | 30,500    |
|        |       |                     |                          |      | =====      | =====           | =====              | =====     |

## RECEIVABLE LEDGER

## Ender Co.

| DATE   | EXPLANATION | PR | DEBIT | CREDIT | BALANCE |
|--------|-------------|----|-------|--------|---------|
| Dec 2  | Invoice 451 | S1 | 5,000 |        | 5,000   |
| Dec 11 | Receipt 111 | R3 |       | 5,000  | 0       |
| Dec 16 | Invoice 452 | S1 | 6,000 |        | 6,000   |

## Noric Co.

| DATE   | EXPLANATION     | PR | DEBIT | CREDIT | BALANCE |
|--------|-----------------|----|-------|--------|---------|
| Nov 28 | Balance Forward | BF |       |        | 4,000   |
| Dec 2  | Credit Memo 301 | G5 |       | 300    | 3,700   |
| Dec 5  | Receipt 110     | R3 |       | 3,700  | 0       |

## Oyster Co.

| DATE   | EXPLANATION | PR | DEBIT | CREDIT | BALANCE |
|--------|-------------|----|-------|--------|---------|
| Dec 22 | Invoice 453 | S1 | 6,000 |        | 6,000   |
| Dec 30 | Receipt 112 | R3 |       | 6,000  | 0       |

## Dale Co.

| DATE   | EXPLANATION | PR | DEBIT  | CREDIT | BALANCE |
|--------|-------------|----|--------|--------|---------|
| Dec 26 | Invoice 454 | S1 | 13,000 |        | 13,000  |

## PAYABLE LEDGER

## Central Co.

| DATE   | EXPLANATION  | PR | DEBIT  | CREDIT | BALANCE |
|--------|--------------|----|--------|--------|---------|
| Dec 17 | Invoice C214 | P2 |        | 16,000 | 16,000  |
| Dec 23 | Cheque 805   | D4 | 16,000 |        | 0       |

## Gander Co.

| DATE   | EXPLANATION  | PR | DEBIT | CREDIT | BALANCE |
|--------|--------------|----|-------|--------|---------|
| Dec 11 | Invoice G212 | P2 |       | 8,000  | 8,000   |
| Dec 19 | Cheque 804   | D4 | 8,000 |        | 0       |

## Panda Co.

| DATE   | EXPLANATION     | PR | DEBIT | CREDIT | BALANCE |
|--------|-----------------|----|-------|--------|---------|
| Nov 29 | Balance Forward | BF |       |        | 7,000   |
| Dec 3  | Credit Memo P66 | G5 | 500   |        | 6,500   |
| Dec 8  | Cheque 802      | D4 | 6,500 |        | 0       |
| Dec 25 | Invoice P89     | P2 |       | 4,000  | 4,000   |

## Tacid Co.

| DATE   | EXPLANATION     | PR | DEBIT | CREDIT | BALANCE |
|--------|-----------------|----|-------|--------|---------|
| Dec 4  | Invoice T12     | P2 |       | 39,360 | 39,360  |
| Dec 10 | Invoice T16     | P2 |       | 6,000  | 45,360  |
| Dec 12 | Credit Memo T24 | G5 | 900   |        | 44,460  |
| Dec 24 | Invoice T32     | P2 |       | 10,100 | 54,560  |