

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 501 to Property Management in payment of the Dec rent, \$3,700. 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 7601 for \$6,000. Cost \$3,000.
- Dec 2 Issued a \$200 credit memorandum 201 to Noric Co. for defective merchandise we sold on November 28 and they returned for credit.
- Dec 3 Received an \$800 credit memorandum P720 from Panda Co. for merchandise we received on November 29 and we returned for credit.
- Dec 4 Purchased on credit from Tacid Co. merchandise \$38,000, store supplies \$500, and office supplies \$80. Invoice T64, terms n/10, EOM.
- Dec 5 Received full payment from Noric Co. (less the return and discount). Receipt 220.
- Dec 8 Issued cheque 502 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, \$300.
- Dec 10 Purchase office equipment on credit from Tacid Co, invoice T73, terms n/10, EOM, \$4,000.
- Dec 11 Received full payment from Ender Co. (less the discount). Receipt 221
- Dec 11 Received merchandise and an invoice G93, terms 2/10, n/30, from Gander Co., \$9,000
- Dec 12 Received an \$800 credit memorandum T104 from Tacid Co. for defective office equipment we received on Dec 10 and we returned for credit.
- Dec 15 Issued cheque 503, payable to Payroll, in payment of sales salaries for \$5,000 and office salaries for \$3,000.
- Dec 15 Cash sales for the first half of the month were \$60,000 with cost of \$30,000.

- Dec 16 Sold merchandise on credit to Ender Co. on invoice 7602 for \$4,000. Cost \$2,000.
- Dec 17 Received merchandise and an invoice C926, terms 2/10, n/60 from Central Co., \$14,000.
- Dec 19 Issued cheque 504 to Gander Co. in full payment of account (less the discount).
- Dec 22 Sold merchandise on credit to Oyster Co. on invoice 7603 for \$7,000. Cost \$3,500.
- Dec 23 Issued cheque 505 to Central Co. in full payment of account (less the discount).
- Dec 24 Purchased on credit from Tacid Co. merchandise for \$8,000, store supplies for \$600 and office supplies for \$300. Invoice T126, terms n/10, EOM.
- Dec 25 Received merchandise and an invoice P984, terms 2/10, n/30 from Panda Co. for \$3,000.
- Dec 26 Sold merchandise on credit to Dale Co. on. invoice 7604 for \$14,000. Cost \$7,000.
- Dec 26 Issued cheque 506 to Hydro Co. in payment of the November electric bill, \$1,200.
- Dec 29 The owner, Tom Smith, withdrew \$8,000 from the business for personal use. Cheque 507.
- Dec 30 Received full payment from Oyster Co (less the discount). Receipt 222
- Dec 30 Issued cheque 508, payable to Payroll, in payment of sales salaries for \$5,000 and office salaries for \$3,000.
- Dec 31 Cash sales for the last half of the month were \$66,000 with cost of \$33,000

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.

GENERAL JOURNAL (G5)

DATE	ACCOUNT	PR	DEBIT	CREDIT

SALES JOURNAL – Page 1

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

PURCHASES JOURNAL – Page 2

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

CASH RECEIPTS JOURNAL – Page 3

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

CASH DISBURSEMENTS JOURNAL – Page 4

Date	Chq #	Payee	Other Account Debited	P.R.	Cash CR	Inventory CR	Other Accts. DR	A/P DR
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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		200	
	Accounts Receivable – Noric Co.	√		200
	Explain: Credit Memo 201			
Dec 3	Accounts Payable – Panda Co.	√	800	
	Inventory			800
	Explain: Credit Memo P720			
Dec 12	Accounts Payable – Tacid Co.	√	800	
	Office Equipment			800
	Explain: Credit Memo T104			

SALES JOURNAL – Page 1

Date	Account Debited	Invoice #	P.R.	A/R - DR Sales - CR	Cost of Sales – DR Inventory - CR
Dec 2	Ender Co.	7601	√	6,000	3,000
Dec 16	Ender Co.	7602	√	4,000	2,000
Dec 22	Oyster Co.	7603	√	7,000	3,500
Dec 26	Dale Co.	7604	√	14,000	7,000
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				31,000	15,500
				=====	=====

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.	T64	N/10,EOM	√	38,580	38,000	80	500	Store supp.
Dec 10	Tacid Co.	T73	N/10,EOM	√	4,000			4,000	Office Equip
Dec 11	Gander Co.	G93	2/10,n/30	√	9,000	9,000			
Dec 17	Central Co.	C926	2/10,n/60	√	14,000	14,000			
Dec 24	Tacid Co.	T126	N/10,EOM	√	8,900	8,000	300	600	Store supp.
Dec 25	Panda Co.	P984	2/10,n/30	√	3,000	3,000			
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					77,480	72,000	380	5,100	
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CASH RECEIPTS JOURNAL – Page 3

Date	Account Credited	Explanation	P.R.	Cash DR	Sales Discount DR	A/R CR	Sales CR	Other Accts. CR	Cost of Sales – DR Inventory - CR
Dec 5	Noric Co.	R220	√	3,724	76	3,800			
Dec 9	Store Supplies	Neighbour		300				300	
Dec 11	Ender Co.	R221	√	5,880	120	6,000			
Dec 15	Sales	Cash Sales		60,000			60,000		30,000
Dec 30	Oyster Co.	R222	√	6,860	140	7,000			
Dec 31	Sales	Cash Sales		66,000			66,000		33,000
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				142,764	336	16,800	126,000	300	63,000
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CASH DISBURSEMENTS JOURNAL – Page 4

Date	Chq #	Payee	Other Account Debited	P.R.	Cash CR	Inventory CR	Other Accts. DR	A/P DR
Dec 1	501	Property Management	Rent-Selling		3,700		2,960	
			Rent-Office				740	
Dec 8	502	Panda Co.		√	6,076	124		6,200
Dec 15	503	Payroll	Sales Salaries		8,000		5,000	
			Office Salaries				3,000	
Dec 19	504	Gander Co.		√	8,820	180		9,000
Dec 23	505	Central Co.		√	13,720	280		14,000
Dec 26	506	Hydro Co.	Utilities		1,200		1,200	
Dec 29	507	Tom Smith	Withdrawals		8,000		8,000	
Dec 30	508	Payroll	Sales Salaries		8,000		5,000	
			Office Salaries				3,000	
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					57,516	584	28,900	29,200
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RECEIVABLE LEDGER**Ender Co.**

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE
Dec 2	Invoice 7601	S1	6,000		6,000
Dec 11	Receipt 221	R3		6,000	0
Dec 16	Invoice 7602	S1	4,000		4,000

Noric Co.

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE
Nov 28	Balance Forward	BF			4,000
Dec 2	Credit Memo 201	G5		200	3,800
Dec 5	Receipt 220	R3		3,800	0

Oyster Co.

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE
Dec 22	Invoice 7603	S1	7,000		7,000
Dec 30	Receipt 222	R3		7,000	0

Dale Co.

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE
Dec 26	Invoice 7604	S1	14,000		14,000

PAYABLE LEDGER**Central Co.**

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE
Dec 17	Invoice C926	P2		14,000	14,000
Dec 23	Cheque 505	D4	14,000		0

Gander Co.

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE
Dec 11	Invoice G93	P2		9,000	9,000
Dec 19	Cheque 504	D4	9,000		0

Panda Co.

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE
Nov 29	Balance Forward	BF			7,000
Dec 3	Credit Memo P720	G5	800		6,200
Dec 8	Cheque 502	D4	6,200		0
Dec 25	Invoice P984	P2		3,000	3,000

Tacid Co.

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE
Dec 4	Invoice T64	P2		38,580	38,580
Dec 10	Invoice T73	P2		4,000	42,580
Dec 12	Credit Memo T104	G5	800		41,780
Dec 24	Invoice T126	P2		8,900	50,680