

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 201 to Property Management in payment of the Dec rent, \$4,000. 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 901 for \$8,000. Cost \$4,000.
- Dec 2 Issued a \$400 credit memorandum 401 to Noric Co. for defective merchandise we sold on November 28 and they returned for credit.
- Dec 3 Received an \$700 credit memorandum P89 from Panda Co. for merchandise we received on November 29 and we returned for credit.
- Dec 4 Purchased on credit from Tacid Co. merchandise \$40,000, store supplies \$400, and office supplies \$40. Invoice T28, terms n/10, EOM.
- Dec 5 Received full payment from Noric Co. (less the return and discount). Receipt 330.
- Dec 8 Issued cheque 202 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, \$200.
- Dec 10 Purchase office equipment on credit from Tacid Co, invoice T45, terms n/10, EOM, \$3,000.
- Dec 11 Received full payment from Ender Co. (less the discount). Receipt 331
- Dec 11 Received merchandise and an invoice G141, terms 2/10, n/30, from Gander Co., \$9,500
- Dec 12 Received an \$600 credit memorandum T67 from Tacid Co. for defective office equipment we received on Dec 10 and we returned for credit.
- Dec 15 Issued cheque 203, payable to Payroll, in payment of sales salaries for \$4,500 and office salaries for \$2,500.
- Dec 15 Cash sales for the first half of the month were \$64,000 with cost of \$32,000.

- Dec 16 Sold merchandise on credit to Ender Co. on invoice 902 for \$5,000. Cost \$2,500.
- Dec 17 Received merchandise and an invoice C476, terms 2/10, n/60 from Central Co., \$13,000.
- Dec 19 Issued cheque 204 to Gander Co. in full payment of account (less the discount).
- Dec 22 Sold merchandise on credit to Oyster Co. on invoice 903 for \$7,000. Cost \$3,500.
- Dec 23 Issued cheque 205 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 T98, terms n/10, EOM.
- Dec 25 Received merchandise and an invoice P110, terms 2/10, n/30 from Panda Co. for \$3,000.
- Dec 26 Sold merchandise on credit to Dale Co. on. invoice 904 for \$14,000. Cost \$7,000.
- Dec 26 Issued cheque 206 to Hydro Co. in payment of the November electric bill, \$1,000.
- Dec 29 The owner, Tom Smith, withdrew \$7,000 from the business for personal use. Cheque 207.
- Dec 30 Received full payment from Oyster Co (less the discount). Receipt 332
- Dec 30 Issued cheque 208, payable to Payroll, in payment of sales salaries for \$4,500 and office salaries for \$2,500.
- Dec 31 Cash sales for the last half of the month were \$60,000 with cost of \$30,000

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
				-----	-----
				=====	=====

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 DR	Sales Discount DR	A/R CR	Sales CR	Other Accts. CR	Cost of Sales – DR Inventory - CR
				-----	-----	-----	-----	-----	-----
				=====	=====	=====	=====	=====	=====

CASH DISBURSEMENTS JOURNAL – Page 4

Date	Chq #	Payee	Other Account Debited	P.R.	Cash CR	Inventory CR	Other Accts. DR	A/P 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		400	
	Accounts Receivable – Noric Co.	√		400
	Explain: Credit Memo 401			
Dec 3	Accounts Payable – Panda Co.	√	700	
	Inventory			700
	Explain: Credit Memo P89			
Dec 12	Accounts Payable – Tacid Co.	√	600	
	Office Equipment			600
	Explain: Credit Memo T67			

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.	901	√	8,000	4,000
Dec 16	Ender Co.	902	√	5,000	2,500
Dec 22	Oyster Co.	903	√	7,000	3,500
Dec 26	Dale Co.	904	√	14,000	7,000
				-----	-----
				34,000	17,000
				=====	=====

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.	T28	N/10,EOM	√	40,440	40,000	40	400	Store supp.
Dec 10	Tacid Co.	T45	N/10,EOM	√	3,000			3,000	Office Equip
Dec 11	Gander Co.	G141	2/10,n/30	√	9,500	9,500			
Dec 17	Central Co.	C476	2/10,n/60	√	13,000	13,000			
Dec 24	Tacid Co.	T98	N/10,EOM	√	8,900	8,000	300	600	Store supp.
Dec 25	Panda Co.	P110	2/10,n/30	√	3,000	3,000			
					-----	-----	-----	-----	
					77,840	73,500	340	4,000	
					=====	=====	=====	=====	

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.	R330	√	3,528	72	3,600			
Dec 9	Store Supplies	Neighbour		200				200	
Dec 11	Ender Co.	R331	√	7,840	160	8,000			
Dec 15	Sales	Cash Sales		64,000			64,000		32,000
Dec 30	Oyster Co.	R332	√	6,860	140	7,000			
Dec 31	Sales	Cash Sales		60,000			60,000		30,000
				-----	-----	-----	-----	-----	-----
				142,428	372	18,600	124,000	200	62,000
				=====	=====	=====	=====	=====	=====

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	201	Property Management	Rent-Selling		4,000		3,200	
			Rent-Office				800	
Dec 8	202	Panda Co.		√	6,174	126		6,300
Dec 15	203	Payroll	Sales Salaries		7,000		4,500	
			Office Salaries				2,500	
Dec 19	204	Gander Co.		√	9,310	190		9,500
Dec 23	205	Central Co.		√	12,740	260		13,000
Dec 26	206	Hydro Co.	Utilities		1,000		1,000	
Dec 29	207	Tom Smith	Withdrawals		7,000		7,000	
Dec 30	208	Payroll	Sales Salaries		7,000		4,500	
			Office Salaries				2,500	
					-----	-----	-----	-----
					54,224	576	26,000	28,800
					=====	=====	=====	=====

RECEIVABLE LEDGER

Ender Co.

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE
Dec 2	Invoice 901	S1	8,000		8,000
Dec 11	Receipt 331	R3		8,000	0
Dec 16	Invoice 902	S1	5,000		5,000

Noric Co.

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE
Nov 28	Balance Forward	BF			4,000
Dec 2	Credit Memo 401	G5		400	3,600
Dec 5	Receipt 330	R3		3,600	0

Oyster Co.

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE
Dec 22	Invoice 903	S1	7,000		7,000
Dec 30	Receipt 332	R3		7,000	0

Dale Co.

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE
Dec 26	Invoice 904	S1	14,000		14,000

PAYABLE LEDGER

Central Co.

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE
Dec 17	Invoice C476	P2		13,000	13,000
Dec 23	Cheque 205	D4	13,000		0

Gander Co.

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE
Dec 11	Invoice G141	P2		9,500	9,500
Dec 19	Cheque 204	D4	9,500		0

Panda Co.

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE
Nov 29	Balance Forward	BF			7,000
Dec 3	Credit Memo P89	G5	700		6,300
Dec 8	Cheque 202	D4	6,300		0
Dec 25	Invoice P110	P2		3,000	3,000

Tacid Co.

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE
Dec 4	Invoice T28	P2		40,440	40,440
Dec 10	Invoice T45	P2		3,000	43,440
Dec 12	Credit Memo T67	G5	600		42,840
Dec 24	Invoice T98	P2		8,900	51,740