

CHAPTER 7

Accounting systems

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ADDITIONAL PROBLEMS

Problem 7.1

Correction of errors in control accounts and subsidiary ledgers

On 31 May 2003 the following information appeared in the books of Nessel and Rode:

Balance of Accounts Receivable Control account \$5478

Total of schedule of debtors \$2896

Balance of Accounts Payable Control account \$7368

Total of schedule of creditors \$4034

Because the schedules and control account balances do not agree, an investigation was carried out. The following errors and omissions were discovered.

1. The schedule of creditors was understated by \$800 due to error in addition.
2. The balance of a debtor was left out of the schedule of debtors in error, \$36.
3. The total of the accounts payable column in the cash payments journal is overstated by \$300 because of an addition error.
4. \$160 owed by a debtor was written off as uncollectable. The write-off was recorded in the general journal, but the entry was never posted.
5. The total payment of \$2875 made to creditors was debited to the Accounts Receivable Control account in error.
6. The sales journal was incorrectly added and posted as \$3146. The total should have been \$3416.
7. A credit note given for \$40 was recorded as \$60 in the general journal and posted as such.
8. An invoice for \$175 was recorded correctly in the purchases journal but posted to the creditor's account as \$157.
9. A cheque received from a debtor for \$59 was dishonoured. To record the dishonoured cheque, an entry was made in the cash payments journal but analysed in the accounts payable column in error. The posting to the debtor's account in the subsidiary ledger was done correctly.

Required:

Rule columns as shown below. Indicate how the errors and omissions should be corrected by inserting the amounts in the correct columns. Obtain totals for the columns and reconcile the control totals with the respective schedule totals.

No.	Accounts Receivable Control		Schedule of Debtors		Accounts Payable Control		Schedule of Creditors	
	Dr	Cr	Dr	Cr	Dr	Cr	Dr	Cr

Solution

NESSEL AND RODE

No.	Accounts Receivable Control		Schedule of Debtors		Accounts Payable Control		Schedule of Creditors	
	Dr	Cr	Dr	Cr	Dr	Cr	Dr	Cr
1								800
2			36					
3						300		
4		160		160				
5		2 875			2 875			
6	270							
7	20		20					
8								18
9	59					59		
	349	3 035	56	160	2 875	359		818
Old	5 478		2 896			7368		4 034
New		2 792		2 792	4 852		4 852	
	5 827	5 827	2 952	2 952	7 727	7 727	4 852	4 852

Problem 7.2 Relating journals to Trade Debtors Control account

D. Duke uses sales, cash receipts and general journals as part of the accounting system. A trade debtors subsidiary ledger that contained the following five accounts on 30 June is also maintained:

Carter and Co.					
Date		Post Ref.	Debit	Credit	Balance
1/6	Balance				1 620
14/6		CR5		720	900
21/6		S8	360		1 260
P. Poole					
Date		Post Ref.	Debit	Credit	Balance
1/6	Balance				2 700
13/6		CR5		2 160	540
S. Stelletti					
Date		Post Ref.	Debit	Credit	Balance
6/6		S8	1 260		1 260
15/6		S8	1 080		2 340
22/6		CR5		900	1 440
T. Thomas					
Date		Post Ref.	Debit	Credit	Balance
1/6	Balance				2 250
21/6		GJ5		360	1 890
28/6		CR4		1 890	—
F. Polichronis					
Date		Post Ref.	Debit	Credit	Balance
9/6		S8	900		900
15/6		CR5		360	540

Required:

- Show the Trade Debtors Control account as it would appear at 30 June.
- Name the journals from which each entry in the Trade Debtors Control account was posted.

Solution

A.

D. DUKE Trade Debtors Control A/c

Date	Post Ref.	Debit	Credit	Balance
1/6				6 570
21/6	GJ5		360	6 210
30/6	SJ8	3 600		9 810
30/6	CRJ4		6 030	3 780

Schedule of Accounts Receivable as at 30 June

Carter & Co.	1 260
P. Poole	540
S. Stelletti	1 440
T. Thomas	—
F. Polichronis	<u>540</u>
	<u>\$3 780</u>

B.

The amounts in the Accounts Receivable Control A/c were obtained:

Balance – balance in the account at 31 May.

21/6 Entry from GJ5 Sales Return T.Thomas posted on that date.

30/6 SJ – total of the Sales Journal (58)

30/6 CRJ – totals of the Accounts Receivable and Discount allowed columns in the Cash Receipts Journal

Problem 7.3**Accounting with sales, cash receipts and general journals**

Pentland Ltd uses a sales journal, a cash receipts journal, a general journal and an accounts receivable subsidiary ledger. The terms of all credit sales are 2/10, n/30 and all accounts receivable balances as at 1 March 2003 were the result of transactions prior to 15 February 2003.

The accounts receivable subsidiary ledger balances were:

R. Dikeman	\$ —
D. Frew	2 700
L. Sam	540
R. Robson	2 250
S. Sheen	2 160
T. Jenkins	<u>1 350</u>
	<u>\$9 000</u>

The trial balance as at 1 March included, among others, the following accounts:

	Account title	Account balance
1100	Cash at Bank	\$ 12 600
1150	Marketable Securities	21 600
1200	Accounts Receivable Control	9 000
1300	Bills Receivable	—
2200	Bills Payable	1 800
4100	Sales	144 000
4150	Sales Returns and Allowances	1 800
4200	Dividend Revenue	720
4300	Interest Revenue	540
4400	Gain on Sale of Marketable Securities	180
5200	Discount Allowed	1 440

The following transactions during March were recorded in the sales, cash receipts or general journals:

- Mar. 1 Issued a credit note to T. Jenkins for defective goods sold on credit during February, \$135.
- 3 Sold inventory on credit to R. Dikeman, \$1440, invoice 324.
- 9 Received a cheque from L. Sam for payment of a February purchase, \$540.
- 11 Sold inventory on credit to R. Robson, \$180, invoice 325.
- 12 Sold inventory on credit to D. Frew, \$324, invoice 326.
- 13 Received payment from R. Dikeman for invoice 324 less 2% discount.
- 16 Received payment in full from T. Jenkins.
- 20 Borrowed \$9000 cash from the bank for 3 months at 12%. Issued a bill payable in favour of the bank to cover the loan.
- 21 Sold inventory for cash, \$225.
- 23 Sold marketable securities that had been held as a short-term investment for \$11 700. The securities were originally purchased for \$9000.
- 25 Received a 60-day promissory note from R. Robson in settlement of his account receivable balance.
- 26 Received a cheque from D. Frew for \$2700, for payment on his account.
- 27 Sold inventory on credit to L. Sam, \$540, invoice 327.
- 30 Received payment from L. Sam for invoice 327 less 2% discount.

Required:

- A. Record the March transactions in the appropriate journals. Make all postings to the appropriate general ledger accounts and to the accounts receivable subsidiary ledgers.
- B. Reconcile the subsidiary ledger with the Accounts Receivable Control account in the general ledger.

Solution

PENTLAND LTD

Sales Journal

p.1.

Date	Invoice.	Account	Post Ref	Amount
3/3	324	R.Dikeman	√	1 440
11/3	325	R. Robson	√	180
12/3	326	D. Frew	√	324
27/3	327	L.Sam	√	540
				2 484
				(1200/4100)

Cash Receipts Journal

p.1.

Date	Account	Post. Ref.	Cash at Bank	Disc. All'd	Sales	Accts Rec'ble	Other
9/3	L.Sam	√	540.00			540	
13/3	R.Dikeman	√	1 411.20	28.80		1 440	
17/3	T.Jenkins	√	1 215.00			1 215	
20/3	Bills Pay.	2200	9 000.00				9 000
21/3	Cash Sales		225.00		225		
23/3	Gain,sale of securities	4400	11 700.00				2 700
	Market sec.	1150					9 000
26/3	D. Frew	√	2 700			2 700	
30/3	L. Sam	√	529.20	10.80		540	
			27 320.40	39.60	225	6 435	20 700
			(1100)	(5200)	(4100)	(1200)	(x)

General Journal

p.1.

Date	Particulars	Post Ref	Debit	Credit
1/3	Sales Returns and Allowances	420	135	
	Accts Rec'ble Control - T.Jenkins	150/√		135
	Return of defective goods			
25/30	Bills Receivable	1300	2 430	
	Accts Rec'ble Control - R. Robson	1200/√		2 430
	Receipt of promissory note			
			2 565	2 565

(continued)



WILEY

GENERAL LEDGER

Cash at Bank				1100	
1/3	Balance	12 600			
31/3	CRJ1	27 320.40			
Marketable Securities				1150	
1/3	Balance	21 600	23/3	CRJ1	9 000
Accounts Receivable Control				1200	
1/3	Balance	9 000	1/3	GJ1	135
31/3	SJ1	2 484	25/3	GJ1	2 430
			31/3	CRJ1	6 435
			31/3	Balance c/d	2 484
		<u>9 000</u>			<u>9 000</u>
31/3	Balance b/d	1,656			
Bills Receivable				1300	
25/3	GJ1	2 430			
Bills Payable				2200	
			1/3	Balance	1 800
			20/3	CR1	9 000
Sales				4100	
			1/3	Balance	144 000
			31/3	S1	2 484
			31/3	CR1	225
Sales Returns and Allowances				4150	
1/3	Balance	1 800			
1/3	GJ1	135			
Dividend Revenue				4200	
			1/3	Balance	720
Interest Revenue				4300	
			1/3	Balance	540
Gain on Sale of Marketable Securities				4400	
			1/3	Balance	180
			23/3	CR1	2 700
Discount Allowed				5200	
1/3	Balance	1 440			
31/3	CR1	39.60			

(continued)

Accounts Receivable Subsidiary Ledger

R. Dikeman

Date	Post. Ref.	Debit	Credit	Balance
3/3	SJ	1 440		1 440
13/3	CRJ		1 440	-

D. Frew

Date	Post. Ref.	Debit	Credit	Balance
1/3				2 700
12/3	S1	324		3 024
26/3	CR1		2 700	324

L. Sam

Date	Post. Ref.	Debit	Credit	Balance
1/3				540
9/3	CR1		540	-
27/3	S1	540		540
30/3	CR1		540	-

R. Robson

Date	Post. Ref.	Debit	Credit	Balance
1/3				2 250
11/3	S1	180		2 430
25/3	GJ1		2 430	-

S. Sheen

Date	Post. Ref.	Debit	Credit	Balance
1/3				2 160

T. Jenkins

Date	Post. Ref.	Debit	Credit	Balance
1/3				1 350
1/3	GJ1		135	1 215
16/3	CR1		1 215	-

B.

Accounts Receivable Subsidiary Ledger

R.Dikeman	\$-
D.Frew	324
L.Sam	-
R.Robson	-
S.Sheen	2 160
T.Jenkins	
Total	<u>\$2 484</u>

Problem 7.4**Journalising transactions, posting to ledgers, preparing the trial balance, preparing a worksheet and preparation of financial statements**

Johnson Ltd uses sales, purchases, cash receipts, cash payments and general journals along with subsidiary ledgers for trade debtors and trade creditors. The post-closing trial balance as at 31 May 2002 and the schedules of the subsidiary ledgers are presented below.

JOHNSON LTD
Post-Closing Trial Balance
as at 31 May 2002

1100	Cash at bank	\$ 10 800	
1110	Trade debtors control	5 400	
1150	Inventory	9 000	
1170	Equipment	18 000	
1175	Accumulated depreciation—equipment		\$ 1 800
2200	Trade creditors control		7 200
3300	Share capital		18 000
3350	Retained profits		16 200
4000	Sales		—
4005	Sales returns	—	
4010	Discount received		—
5000	Purchases	—	
5005	Purchases returns		—
5020	Discount allowed	—	
5030	Rent expense	—	
5040	Sundry expenses	—	
5050	Commissions expense	—	
		<u>\$43 200</u>	<u>\$43 200</u>

Schedule of Trade Debtors
as at 31 May 2002

Grounds Ltd	\$ 1 620
Oliver Ltd	2 520
S. Tay	<u>1 260</u>
	<u>\$5 400</u>

Schedule of Trade Creditors
as at 31 May 2002

Callis Ltd	\$ 1 800
F. Arace	2 520
Richards Ltd	<u>2 880</u>
	<u>\$7 200</u>

(continued)

The following transactions took place during June 2002:

- June 1 Received a cheque from S. Tay for payment on account, \$1260.
- 2 Sold inventory to Clay Ltd on credit, invoice 604, \$1620, terms 2/10, n/30.
- 3 Paid rent for June, \$1350 (cheque no. 621).
- 5 Paid Callis Ltd for goods purchased previously, \$1800 (cheque no. 622).
- 6 Purchased inventory on credit from East Ltd, \$1890, invoice 883, terms 2/10, n/30.
- 8 Received payment from Clay Ltd for full settlement of invoice 604.
- 10 Received a credit note from East Ltd for inventory returned, \$90.
- 11 Paid East Ltd for the amount due on invoice 883 by issuing cheque no. 623.
- 12 Paid sales commissions, \$3690 (cheque no. 624).
- 13 Received a cheque from Oliver Ltd in part payment of the account, \$1260.
- 16 Issued cheque no. 625 for new office equipment, \$5400.
- 18 Cash sales, \$1008.
- 19 Sold inventory on credit to S. Tay, \$1710, invoice 605, terms 2/10, n/30.
- 22 Sold inventory on credit to T. Black, \$810, invoice 606, terms 2/10, n/30.
- 23 30.
- 26 Paid Richards Ltd for goods purchased in May, \$2880 (cheque no. 626).
- 27 Cash sales, \$1125.
- 30 Issued cheque no. 627 to cover sundry expenses, \$495.
- 30 Received a cheque from Grounds Ltd, \$1620, for payment on account.
- Received a cheque from T. Black for payment of account.

Required:

- A. Enter the transactions in the appropriate journals.
- B. Make all necessary postings for the month to both the general and subsidiary ledgers.
- C. Prepare schedules of balances in the subsidiary ledgers to prove balances in the general ledger control accounts.
- D. Prepare a trial balance of the general ledger as at 30 June.
- E. Prepare a worksheet (assume no adjusting entries).

Solution

A.

JOHNSON LTD
Cash Receipts Journal

Date	Account Credited	Post Ref.	Cash at Bank	Disc. Allow	Sales	Accts. Recvbl.	Other
June. 1	S.Tay.	÷	1 260			1 260	
8	Clay Ltd	÷	1 587.60	32.40		1 620	
13	Oliver Ltd	÷	1 260.00			1 260	
18	Cash Sale.		1 008.00		1 008		
26	Cash Sale		1 125		1 125		
30	Grounds Ltd	÷	1 620			1 620	
30	T Black	÷	793.80	16.20		810	
			8 654.40	48.60	2 133	6 570	
			(1100)	(5020)	(4000)	(1110)	(x)

(continued)



Cash Payments Journal

Date	Account Debited	Cheq No	Post Ref	Other Accounts	Accounts Payable	Purchases	Cash at Bank	Discount Received
June 3	Rent Exp.	621	5030	1 350			1 350	
5	Callis Ltd	622	√		1 800		1 800	
11	East Ltd	623	√		1 800		1 764	36
12	Comm.Exp	624	5050	3 690			3 690	
16	Equipment	625	1170	5 400			5 400	
23	Richards Ltd	626	√		2 880		2 880	
27	Sundry Exp	627	5040	495			495	
				10 935	6 480		17 379	36
				(x)	(2200)	(5000)	(1100)	(4010)

Sales Journal

Date	Invoice	Account	Post Ref.	Amount
2002				
June 2	604	Clay Ltd	√	1 620
19	605	S.Tay	√	1 710
22	606	T.Black	√	810
				4 140

(1110/4000)

Purchases Journal

Date	Account	Post Ref.	Amount
2002			
June 6	East Ltd	√	1 890
			1 890

(5000/2200)

General Journal

Date	Particulars	Post Ref.	Debit	Credit
2002				
June 10	Trade Creditors Control – East Ltd	2200/√	90	
	Purchases returns	5005		90
	(Returned goods)			
			90	90

B.

GENERAL LEDGER

Cash at Bank				1100		
2002			2002			
May 31 Bal	10 800		June 30 CPJ1	17 379		
June 30 CRJ 1	<u>8 654.40</u>		June 30 Bal c/d	<u>2 075.40</u>		
	<u>19 454.40</u>			<u>19 454.40</u>		
Equipment				1170		
2002			2002			
May 31 Bal	18 000					
June 16 CPJ 1	5 400					
Accum Deprn - Equipment			1175			
2002			2002			
May 31 Bal	1 800		June 10 GJ1	90	May 31 Bal	7 200
			June 30 CPJ1	6 480	June 30 PJ1	<u>1 890</u>
			June 30 bal c/d	<u>2 520</u>		
				<u>9 090</u>		<u>9 090</u>
Share Capital			3300			
2002			2002			
May.31 Bal	18 000				May 31 Bal	16 200
Sales			4000			
June 30 SJ1			4 140			
June 30 CRJ1			2 133			
Sales Returns			4005			
2002			2002			
			June 30 CPJ			136
Purchases			5000			
2002			2002			
June 30 PJ1	1 890		June 10			90
Discount Allowed			5020			
2002			2002			
June 30 CRJ	148.60		June3 CPJ1	1 350		
Sundry Expenses			5040			
2002			2002			
June 27 CPJ1	495		June 12 CPJ1			3 690
Commissions Expense			5050			
2002			2002			

ACCOUNTS RECEIVABLE SUBSIDIARY LEDGER

Grounds Ltd

Date			Debit	Credit	Balance
2002					
May 31	Balance				1 620
June 30	CRJ1			1 620	-

Oliver Ltd

Date			Debit	Credit	Balance
2002					
May 31	Balance				2 520
June 13	CRJ 1		1 260		1 260

S. Tay

Date			Debit	Credit	Balance
2002					
May 31	Balance				1 260
June 1	CRJ1			1 260	-
19	SJ1		1 710		1 710

Clay Ltd

Date			Debit	Credit	Balance
2002					
June 2	SJ1		1 620		
8	CRJ1			1 620	-

T. Black

Date			Debit	Credit	Balance
2002					
June 22	SJ1		810		810
30	CRJ1			810	-

ACCOUNTS PAYABLE SUBSIDIARY LEDGER

Callis Ltd

Date			Debit	Credit	Balance
2002					
May 31	Balance				1 800
June 5	CPJ1		1 800		-

F. Arace

Date			Debit	Credit	Balance
2002					
May 31	Balance				2 520

Richards Ltd

Date			Debit	Credit	Balance
2002					
May 31	Balance				2 880
June 23	CPJ1		2 880		-

East Ltd

Date			Debit	Credit	Balance
2002					
June 6	PJ1			1 890	1 890
10	GJ1		90		1 800
11	CPJ1		1 800		-

C.

Schedule of Accounts Receivable
as at 30 June 2002

	\$
Grounds Ltd	-
Oliver Ltd	1 260
S.Tay	1 710
Clay Ltd	-
T.Black	-
	<u>\$2 970</u>

Schedule of Accounts Payable
as at 30 June 2002

	\$
Callis Ltd	-
F.Arace	2 520
Richards Ltd	-
East Ltd	-
	<u>\$2 520</u>

D.

JOHNSON LTD
Trial Balance
as at 30 June 2002

Debit			
Credit			
1100	Cash at bank	2075.40	
1110	Trade Debtors Control	2 970	
1150	Inventory	9 000	
1170	Equipment	23 400	
1175	Accum Deprn – Equipment		1 800
2200	Trade Creditors Control		2 520
3300	Share Capital		18 000
3350	Retained Profits		16 200
4000	Sales		6 273
4005	Sales returns		
4010	Discount Received		36
5000	Purchases	1 890	
5005	Purchases Returns		90
5020	Discount allowed	48.60	
5030	Rent expense	1 350	
5040	Sundry expense	495	
5050	Commissions Expense	3 690	-
		<u>\$44 919</u>	<u>\$44 919</u>

(continued)

Problem 7.5 Sales journal with batching of invoices

Lauren Wadensky uses a sales journal in her business. Her accountant posts to customer accounts in the accounts receivable subsidiary ledger from copies of sales invoices on a daily basis. Sales invoices details are entered into the sales journal daily by batch totals. The following sales were made during the second week of April 2003:

Date	Total sales	Invoice numbers
April 10	\$11 745	4942-5082
11	11 048	5083-5212
12	7 497	5213-5335
13	13 375	5336-5487
14	12 696	5488-5517

Required:

Prepare the sales journal for the week. Explain how this journal would be posted to the general and subsidiary ledgers.

Solution

LAUREN WADENSKY Sales Journal

Date	Invoice numbers	Amount
2003		
10/4	4942 - 5082	\$11 745
11/4	5083 - 5212	11 048
12/4	5213 - 5335	7 497
13/4	5336 - 5487	13 375
14/4	5488 - 5517	<u>12 696</u>
		<u>\$56 361</u>

In the general ledger: debited to Accounts Receivable Control account; credited to Sales account.

In the subsidiary ledger: no postings would be made to this ledger. All postings relating to credit sales would have been made directly from duplicate invoices to the individual accounts on a daily basis.

Problem 7.6 Comprehensive problem

The post-closing trial balance of Hayden Ltd at 1 September 2003 contained the following normal balances:

	Account title	Account balance
	Cash at Bank	\$ 48 000
1100	Trade Debtors	6 600
1120	Bills Receivable	675
1130	Inventory	96 000
1140	Prepaid Insurance	—
1150	Delivery Vehicle	42 000
1210	Accumulated Depreciation—Delivery Vehicle	6 000
1215	Office Equipment	24 000
1220	Accumulated Depreciation—Office Equipment	2 400
1225	Trade Creditors	5 400
2110	Bills Payable	—
2120	Share Capital	180 000
3110	Retained Profits	23 475
3120	Sales	—
4110	Sales Returns and Allowances	—
4115	Discount Received	—
4120	Purchases	—
5110	Purchases Returns and Allowances	—
5115	Discount Allowed	—
5120	Rent Expense	—
5130	Electricity Expense	—
5140	Salaries Expense	—
5150		

Subsidiary ledger balances at 31 August 2003 were:

Trade Debtors			
Customer	Date of sale	Terms	Amount
A. Capper	29 August	2/10, n/30	\$1800
B. Franks	31 August	2/10, n/30	2175
M. Grundy	16 August	2/10, n/30	2625

Trade Creditors			
Creditor	Date of purchase	Terms	Amount
Douglas Ltd	18 August	1/30, n/60	\$1395
J. Murray	10 August	n/30	2505
Lennon Ltd	22 August	1/15, n/30	1500

(continued)



Transactions for the month of September 2003 were:

- Sept. 1 Bought inventory from J. Murray on credit, \$2400; terms n/30.
Purchased 1 year's insurance cover for \$900, cheque no. 3400.
- 2 Inventory sold to B. Franks last month was returned. Issued a credit note for the amount of \$105.
- 3 Received a cheque from A. Capper to cover the sale made on 29 August.
- 4 Paid Lennon Ltd cheque no. 3401 for purchase of 22 August.
Purchased inventory from Douglas Ltd on credit, \$2400; terms 1/10, n/60.
- 5 Issued cheque no. 3402 for \$1005 to J. Murray on account, and issued a 60-day 10% bill payable for the balance due on the purchase of 10 August.
Paid September rent of premises \$540, cheque no. 3403.
- 9 Paid Douglas Ltd for the purchase of 18 August, cheque no. 3404.
- 10 Sold inventory on account to E. Arnold, \$4500; terms 2/10, n/30.
Received cash for the issue of additional share capital, \$30 000.
- 11 Received cheque for \$1125 from M. Grundy in part payment of the sale made on 16 August, together with a bill receivable for the balance due.
- 13 Sold merchandise to A. Capper on account, \$4800; terms 2/10, n/30.
- 14 Purchased goods on credit from Lennon Ltd, \$3600; terms 1/15, n/30.
Paid fortnightly salaries by cheque no. 3405, \$1080.
Cash sales from 1 September to 14 September, \$8250.
- 18 Sold goods to M. Grundy on account, \$4650; terms 2/10, n/30.
- 19 Received a credit note from Lennon Ltd for \$75 for defective goods returned.
- 20 E. Arnold forwarded a cheque for \$1200 on account; no discount was allowed.
Purchased goods for cash. Issued cheque no. 3406 for \$5400.
- 21 Received a cheque from A. Capper for \$605 and a promissory note for the balance of his account; no discount was allowed.
- 26 M. Grundy forwarded a cheque for the goods sold on 18 September.
- 28 Paid Lennon Ltd for the purchase made on 14 September, cheque no. 3407.
- 30 Paid fortnightly salaries with cheque no. 3408, \$1080.
Electricity account paid by cheque no. 3409, \$210.
Cash sales from 15 September to 30 September, \$9750.
Purchased inventory on credit from Lennon Ltd, \$3300; terms 1/15, n/30.

Required:

- A. Record the September transactions in appropriate special journals and the general journal.
- B. Open the accounts for the general ledger, and enter the balances at 1 September 2003.
- C. Open running balance accounts in the subsidiary ledgers and enter the opening details of these accounts.
- D. Post from the journals to the appropriate running balance ledger accounts.
- E. Prepare a trial balance as at 30 September 2003.
- F. Prepare schedules of trade debtors and trade creditors as at 30 September 2003.

Solution

A.

HAYDEN LTD

Sales Journal

p.1.

Date	Invoice No.	Account	Post. Ref.	Terms	Amount
2003					
10/9		E.Arnold	✓	2/10, n/30	4 500
13/9		A.Capper	✓	2/10, n/30	4 800
18/9		M.Grundy	✓	2/10, n/30	4 650
					13 950
					(1120/4110)

Purchases Journal

p.1.

Date	Account	Post. Ref.	Terms	Amount
2003				
1/9	J.Murray	✓	n/30	2 400
4/9	Douglas Ltd	✓	1/10, n/60	2 400
14/9	Lennon Ltd	✓	1/15, n/30	3 600
30/9	Lennon Ltd	✓	1/15, n/30	3 300
				11 700
				(5110/2110)

General Journal

Date	Particulars	Post Ref.	Debit	Credit
2003				
2/9	Sales Returns and Allowances	4115	105	
	Trade Debtors – B. Franks	1120/✓		105
	Return of goods from B. Franks			
5/9	Trade Creditors – J. Murray	2110/✓	3 900	
	Bills Payable	2120		3 900
	Bill sent in part payment.			
11/9	Bills Receivable	1130	1 500	
	Trade Debtors – M. Grundy	1120/✓		1 500
	Promissory note received from M. Grundy.			
19/9	Trade Creditors – Lennon Ltd	2110/✓	75	
	Purchases Returns & Allow.	5115		75
	Returned goods to Lennon Ltd.			
21/9	Bills Receivable	1130	4 195	
	Trade Debtors – A.Capper	1120/✓		4 195
	Promissory note received from A.Capper.			
			9 775	9 775

Cash Receipts Journal

p.1.

Date	Accounts Credited	Post. Ref.	Cash at Bank	Disc. Allowed	Trade Debtors	Sales	Other
2003							
3/9	A.Capper	✓	1 764	36	1 800		
10/9	Share Capital	3110	30 000				30 000
11/9	M.Grundy	✓	1 125		1 125		
14/9	Cash sales		8 250			8 250	
20/9	E.Arnold	✓	1 200		1 200		
21/9	A.Capper	✓	605		605		
26/9	M.Grundy	✓	4 557	93	4 650		
30/9	Cash sales		9 750			9 750	
			57 251	129	9 380	18 000	30 000
			(1100)	(5120)	(1120)	(4110)	(x)

Cash Payments Journal

p.1.

Date	Account	Ch. No.	Post. Ref.	Other	Trade Creditors	Purch.	Cash at Bank	Disc. Rec'd
2003								
1/9	Prepaid Ins.	3400	1150	900			900	
4/9	Lennon Ltd	3401	✓		1 500		1 425	75
5/9	J.Murray	3402	✓		1 005		1 005	
5/9	Rent exp	3403	5130	540			540	
9/9	Douglas Ltd	3404	✓		1 395		1 381.05	13.95
14/9	Salaries exp	3405	5150	1 080			1 080	
20/9	Purchases	3406				5 400	5 400	
28/9	Lennon Ltd	3407	✓		3 525		3 489.75	35.25
30/9	Salaries Exp	3408	5150	1 080			1 080	
30/9	Electricity	3409	5140	210			210	
				3 810	7 425	5 400	16 510.80	124.20
				(x)	(2110)	(5110)	(1100)	(4120)



B. and D.

General Ledger

Cash at Bank

1100

Date	Post. Ref.	Debit	Credit	Balance
2003				
1/9				48 000
30/9	CR1	57 251		105 251
30/9	CP1		16 510.80	88 740.20

Trade Debtors

1120

Date	Post. Ref.	Debit	Credit	Balance
2003				
1/9				6 600
2/9	GJ1		105	6 495
11/9	GJ1		1 500	4 995
21/9	GJ1		4 195	800
30/9	S1	13 950		14 750
30/9	CR1		9 380	5 370

Bills Receivable

1130

Date	Post. Ref.	Debit	Credit	Balance
2003				
1/9				675
11/9	GJ1	1 500		2 175
21/9	GJ1	4 195		6 370

Inventory

1140

Date	Post. Ref.	Debit	Credit	Balance
2003				
1/9				96 000

Prepaid Insurance

1150

Date	Post. Ref.	Debit	Credit	Balance
2003				
1/9	CP1	900		900

Delivery Vehicle

1210

Date	Post. Ref.	Debit	Credit	Balance
2003				
1/9				42 000

Accm. Depr. - Delivery Vehicle

1215

Date	Post. Ref.	Debit	Credit	Balance
2003				
1/9				6 000

(continued)

Office Equipment

1220

Date	Post. Ref.	Debit	Credit	Balance
2003				
1/9				24 000

Accum. Depr. - Office Equipment

1225

Date	Post. Ref.	Debit	Credit	Balance
2003				
1/9				2 400

Trade Creditors

2110

Date	Post. Ref.	Debit	Credit	Balance
2003				
1/9				5 400
5/9	GJ1	3 900		1 500
19/9	GJ1	75		1 425
30/9	PJ1		11 700	13 125
30/9	CP1	7 425		5 700

Bills Payable

2120

Date	Post. Ref.	Debit	Credit	Balance
2003				
5/9	GJ1		3 900	3 900

Share Capital

3110

Date	Post. Ref.	Debit	Credit	Balance
2003				
1/9				180 000
10/9	CR1		30 000	210 000

Retained Profits

3120

Date	Post. Ref.	Debit	Credit	Balance
2003				
1/9				23 475

Sales

4110

Date	Post. Ref.	Debit	Credit	Balance
2003				
30/9	S1		13 950	13 950
30/9	CR1		18 000	31 950

(continued)

Sales Returns and Allowances

4115

Date	Post. Ref.	Debit	Credit	Balance
2003				
2/9	GJ1	105		105

Discount Received

4120

Date	Post. Ref.	Debit	Credit	Balance
2003				
30/9	CP1		124.20	124.20

Purchases

5110

Date	Post. Ref.	Debit	Credit	Balance
2003				
30/9	PJ1	11 700		11 700
30/9	CP1	5 400		17 100

Purchases Returns and Allowances

5110

Date	Post. Ref.	Debit	Credit	Balance
2003				
19/9	GJ1		75	75

Discount Allowed

5120

Date	Post. Ref.	Debit	Credit	Balance
2003				
30/9	CR1	129		129

Rent Expense

5130

Date	Post. Ref.	Debit	Credit	Balance
2003				
5/9	CP1	540		540

Electricity Expense

5140

Date	Post. Ref.	Debit	Credit	Balance
2003				
30/9	CP1	210		210

Salaries Expense

5150

Date	Post. Ref.	Debit	Credit	Balance
2003				
14/9	CP1	1 080		1 080
30/9	CP1	1 080		2 160



C.

Trade Debtors Subsidiary Ledger

A. Capper

Date	Post. Ref.	Debit	Credit	Balance
2003 31/8				1 800
3/9	CRJ1		1 800	-
13/9	SJ1	4 800		4 800
21/9	CRJ1		605	4 195
21/9	GJ1	4 195		-

B. Franks

Date	Post. Ref.	Debit	Credit	Balance
2003 31/8				2 175
2/9	GJ1		105	2 070

M. Grundy

Date	Post. Ref.	Debit	Credit	Balance
2003 31/8				2 625
11/9	CRJ1		1 125	1 500
11/9	GJ1	1 500		-
18/9	SJ1	4 650		4 650
26/9	CRJ1		4 650	-

E. Arnold

Date	Post. Ref.	Debit	Credit	Balance
2003 10/9	SJ1	4 500		4 500
20/9	CRJ1		1 200	3 300

Trade Creditors Subsidiary Ledger

Douglas Ltd

Date	Post. Ref.	Debit	Credit	Balance
2003				
31/8				1 395
4/9	PJ1		2 400	3 795
9/9	CPJ1	1 395		2 400

J. Murray

Date	Post. Ref.	Debit	Credit	Balance
2003				
31/8				2 505
1/9	PJ1		2 400	4 905
5/9	CPJ1	1 005		3 900
5/9	GJ1	3 900		-

Lennon Ltd

Date	Post. Ref.	Debit	Credit	Balance
2003				
31/8				1 500
4/9	CPJ1	1 500		-
14/9	PJ1		3 600	3 600
19/9	GJ1	75		3 525
28/9	CPJ1	3 525		-
30/9	PJ1		3 300	3 300

F.

Schedule of Trade Debtors
as at 30 September 2003

B. Franks	\$2 070
E. Arnold	<u>3 300</u>
	<u>\$5 370</u>

Schedule of Trade Creditors
as at 30 September 2003

Douglas Ltd	\$2 400
Lennon Ltd	<u>3 300</u>
	<u>\$5 700</u>

E.

HAYDEN LTD
Trial Balance
as at 30 September 2003

	Debits	Credits
Cash at bank	\$88 740.20	
Trade debtors	5 370.00	
Bills receivable	6 370.00	
Inventory	96 000.00	
Prepaid insurance	900.00	
Delivery Vehicle	42 000.00	
Accum. depr. - delivery vehicle		\$6 000.00
Office equipment	24 000.00	
Accum. depr. - office equipment		2 400.00
Trade creditors		5 700.00
Bills payable		3 900.00
Share capital		210 000.00
Retained profits		23 475.00
Sales		31 950.00
Sales returns and allowances	105.00	
Discount received		124.20
Purchases	17 100.00	
Purchases returns and allowances		75.00
Discount allowed	129.00	
Rent expense	540.00	
Electricity expense	210.00	
Salaries expense	2 160.00	
	<u>\$283 624.20</u>	<u>\$283 624.20</u>