chapter 8

posting to general ledger accounts

Learning outcomes

The learning outcomes for this chapter are to post journal entries for a double entry system to the general ledger accounts, including control accounts, and to prepare a Trial Balance.

concepts

The concepts included in this chapter are:

- general ledger accounts
- a flowchart of accounting information
- Accounts receivable and Accounts payable control accounts
- contents of the control accounts
- posting journal entries to ledger accounts
- Trial Balances.

Posting to subsidiary ledger accounts is covered in Chapter 9.

key terms

The key terms introduced in this chapter are:

- **Accounts payable (also known as creditors)**—amounts owed by a business, mainly for the purchase of inventories or the use of services.
- **Accounts receivable (also known as debtors)**—amounts owed to a business, mainly for the sale of inventories or the use of services.
- **Control accounts**—the information in total form to show the monies owed to, or by, a business and a summary of those entries contained in subsidiary ledgers.
- **Trial Balance**—a listing of all debit and credit balances of general ledger accounts with totals to agree in both columns.

Transactions into accounting records

Figure 8.1 is a flowchart of how transactions are transferred into accounting records.

Figure 8.1 Flowchart of transactions into accounting records

General ledger accounts

Ledger accounts were introduced in Chapter 4. If journals were the only record of entries, without sorting them into the appropriate ledgers, it would be difficult to find meaningful business information. For example, information regarding the amounts owed by individual debtors has to be readily available so that accounts can be sent for payment.

Each different type of asset, liability, revenue, expense and owner's equity is recorded into separate ledger accounts to show the changes in each account and the value of each group overall. The ledger comprises the information about the business in an accessible and easy-to-read format.

Information that can be easily ascertained includes: the cash position and cash flows; amounts owing to the business for the total Accounts receivable and by each individual debtor; the value of property owned by the business; the liabilities owing; and the profit-determining accounts. The general ledger accounts form a detailed picture of the overall financial position of the business.

The general ledger contains all ledger accounts, including control accounts, other than for individual Accounts receivable (debtors) and Accounts payable (creditors), which are covered in Chapter 9. The general ledger accounts are listed in a Trial Balance at the end of an accounting period.

Rules of double entry

These rules were originally introduced in Chapter 3. They are restated here because they are implemented in ledger accounts. The rules are a very important point of understanding the accounting process.

These rules of double entry involve the five groups: Assets, Expenses, Owner's equity, Revenue and Liabilities. The T-shape ledger format is used so that the debits are on the left-hand side and the credits on the right (see Figure 8.2(a)).

The terms debit (abbreviated as 'dr') and credit ('cr') will be come clearer in this chapter as the rules of double entry are applied.

Figure 8.2(a) T-shape ledger format of the rules of double entry

The rules can also be illustrated as shown here in Figure 8.2(b):

Figure 8.2(b) Rules of double entry illustrated in another way

Another way of stating the rules of double entry is as follows (Figure 8.2(c)):

ASSETS	Debit increase	Credit decrease
EXPENSES	Debit increase	Credit decrease
OWNER'S EQUITY	Debit decrease	Credit increase
REVENUE	Debit decrease	Credit increase
LIABILITIES	Debit decrease	Credit increase

Figure 8.2(c) Rules of double entry stated a third way

In Figure 8.2(c), assets and expenses have the same effect on the rules. Owner's equity, revenue and liabilities are grouped together for the same application of rules.

Illustration 8.1

Contents of the control accounts

ACCOUNTS RECEIVABLE CONTROL ACCOUNT

Items on the debit side	Items on the credit side
Opening balance (always a debit)	Cash received from Accounts receivable
Total of the Sales dissection journal (including GST payable)	Discount allowed for early payment (included with cash received) and GST
Interest charged for overdue accounts	Bad debts and GST
Sales of assets on credit (recorded with the Sales dissection and including GST payable)	Offsets by contras (see Chapter 9)
Dishonoured cheques from a debtor	Bills receivable
Bad debt recovered (if the entry is recorded back to the debtor's account)	

ACCOUNTS PAYABLE CONTROL ACCOUNT

Items on the debit side	Items on the credit side
Cash paid to Accounts payable	Opening balance (always a credit)
Discount revenue for early payment (included with cash paid) and GST	Total of the Purchases dissection journal (including GST input)
Offsets by contras (see Chapter 9)	Interest charged for overdue accounts
Bills payable	Purchases of assets on credit (recorded with the Purchases dissection and including GST input)
	Expenses incurred on credit and GST input
	Dishonoured cheques of the business

Notes

For these control accounts note the following:

1. Businesses may maintain trade debtors and creditors separate from other money owed to or by a business. A purchase of a non-current asset on credit will be a credit to the Accounts payable control account as the business owes more money, and the sale of non-current assets on credit will be a debit to the Accounts receivable control account. The relevant GST payable or input for that non-current asset is also included in the control accounts on the same sides. For the purposes of this early level of accounting study all items concerning money owed to or by a business will be placed in the same Accounts receivable or Accounts payable control accounts.
2. When using control accounts always consider the effect of the transaction on whether more or less money is owed to the business; or, more or less money is owed by the business. For example, in the control accounts:
   (a) Sales of inventories on credit = more money owed to the business = increase asset = a debit.
   (b) Cash paid to accounts payable = liability decreased = a debit.
3. The opening balance of each control account is the total of the opening of each subsidiary account added together (see Chapter 9).
4. Offsets by contras are explained in Chapter 9.

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5. In Chapter 7, General journal entries were prepared for interest charged to debtors or to the business by creditors. Interest charged on overdue balances owed by Accounts receivable is recorded as a debit in the control account and to the relevant subsidiary account, as more money is owed to the business. The corresponding credit is to the Interest revenue account (revenue increased = a credit). There is no GST on interest.
6. The opposite effect occurs for interest charged by Accounts payable. The debit is to interest expense (expense increased = a debit) and the credit is posted to the Accounts payable control account (liability increased = a credit) and to the subsidiary ledger, as more monies are owed by the business.
7. Only the totals from each journal are inserted in the control accounts. The individual entries are posted to each of the relevant subsidiary ledger accounts (see Chapter 9).

IN PRACTICE 8.1

Show which control account, if any, is entered for each of the following transactions. Also state if that entry is a debit or a credit to the relevant control account.

- **discount allowed**
- **credit sales**
- **credit purchases**
- **cash sales**
- **discount revenue**
- **purchases for cash**
- **amounts paid to Accounts payable**
- **bad debts**
- **cash refund requested for a credit sale returned**
- **amounts received from debtors**

Posting to general ledger accounts (the double entry)

The posting process is fundamental to the basic understanding of accounting and many future topics in other accounting subjects use this posting method.

Posting to general ledgers is considered to be the most difficult part for students in the basic principles of accounting. Once the posting procedure has been mastered, the flow of the accounting process is more easily understood.

There is no quick way to understand the posting procedure. It just needs diligent work and continuous practice using the rules of double entry, which are further explained by referring to Illustration 8.3. This Illustration shows how to post from the journals into general ledger accounts. Regular reference to the checklist in Illustration 8.3 may be necessary in the early understanding of postings to ledger accounts.

IN PRACTICE 8.2

What will be the effect of posting the total of the Sales dissection journal to the *debit side* of the Accounts receivable control account, and the individual sales to the *credit side* of the debtors' subsidiary ledger accounts? Explain your answer.

Trial Balance

So far the journals have been used for classifying source documents and the ledgers have been posted to allocate items to specific accounts. This information will be used later to prepare a Statement of Financial Performance (to determine gross and net profits or losses) and a Statement of Financial Position (to show the assets, liabilities and owner's equity of the organisation).

Before this action is taken, it is necessary to ensure that the ledger accounts are in balance; that is, every debit has a corresponding credit. A Trial Balance is prepared to prove this.

As shown in earlier chapters, a Trial Balance involves listing all general ledger accounts, usually in account number order, and separating those with debit balances from those with a credit balance. Both sides are then totalled to ensure that they are equal.

The accounts in the subsidiary ledgers are not inserted in the Trial Balance. This is because their balances are summarised by including the debit balance of the Accounts receivable control and the credit balance of the Accounts payable control general ledger accounts. Also, it is not necessary to include ledger accounts with a 'nil' balance in the Trial Balance.

Illustration 8.2

Trial Balances have been covered earlier. Here is a reminder. The order of accounts is: 1 Assets, 11 Liabilities, 21 Expenses, 31 Revenue and 41 Owner's equity. These amounts do not relate to any other exercise.

TRIAL BALANCE FOR WILLI WILLIS AS AT 30 JUNE 2009

Account no.	Account	Debit ($)	Credit ($)
1	Cash at bank	30 000	
2	Plant and machinery	70 000	
3	Motor vehicles	90 000	
4	Accounts receivable control	40 000	
11	Loan from the bank		50 000
12	GST payable		4 400
13	GST input tax credits	500	
14	Accounts payable control		30 000
21	Purchases	35 000	
22	Salaries	74 500	
23	Rent expense	10 000	
24	Office wages	20 000	
31	Sales		140 000
32	Commission revenue		3 600
41	Capital		142 000
	Totals	**370 000**	**370 000**

Note that GST input tax credits (a debit balance) is treated here as a negative liability, as explained in Chapter 5, so the account is included with the Liabilities grouping.

IN PRACTICE 8.3

In Illustration 8.2, if the Cash at bank account were shown as a credit and Accounts payable control account as a debit, what effect would this have on the Trial Balance? Explain your answer.

Errors in the Trial Balance

Just because the totals in a Trial Balance are equal, it does not prove that the Trial Balance is correct.

The following list gives some of the reasons why the postings to the ledger accounts, and therefore the Trial Balance, may not be correct:

- An entry could have been missed out completely. If both the debit and the credit entry have been omitted, then the error will not be found through the preparation of a Trial Balance.
- There might have been an incorrect posting. As an example, motor vehicle repairs, an expense account, could have been posted to the motor vehicles asset account. This error will not be detected in the Trial Balance because the debits still equal the credits.
- There might be compensating errors in the debit side and also the credit side, which cancel out each other.
- Entries might have been posted incorrectly. An example would be where credit sales had been debited to the Sales account and credited to the Accounts receivable account, rather than the other way around.

IN PRACTICE 8.4

Is the Trial Balance correct because both the debit and credit sides balance? Explain your answer.

Checklist for posting from journals into general ledger accounts

There is a fundamental rule in posting from journals into ledger accounts: *For general ledger accounts it is essential that for every debit posted there is a corresponding credit.*

Post all entries in one complete journal before proceeding to the next one. Unlike the journals, do not be concerned if entries are out of date order in the ledgers, as long as all entries are included.

Subsidiary ledger accounts can be posted after the double entry has been completed and a Trial Balance prepared (see Chapter 9).

To make the posting from journals to general ledger accounts easier use the checklist in Illustration 8.3. It may be useful to photocopy the checklist so that it is readily available for referral when the journals are posted to the general ledger accounts.

If these rules are followed exactly as they are stated, and for every debit entry to a ledger account there is a corresponding credit, then you have mastered a difficult area of accounting.

Illustration 8.3

Checklist

The rules for posting from journals to the double entry general ledger accounts are:

Journal	Postings to the ledger
Cash receipts	■ Bank column total *debited* to the Cash at bank account. ■ All individual amounts or the total of each column (e.g. Accounts receivable, cash sales and GST payable) are *credited* to the relevant account. ■ *Debit* Discount allowed account, *credit* the Accounts receivable control account (unless discount is already in the total of Accounts receivable).
Cash payments	■ Bank column total *credited* to the Cash at bank account. ■ All individual amounts, or the total of each column (e.g. Accounts payable, cash purchases and GST input), are *debited* to the relevant account. ■ *Debit* the Accounts payable control account (unless discount is already in the total of Accounts payable), *credit* Discount revenue account.
Sales dissection	■ *Debit* the Accounts receivable control account. ■ *Credit* sales column total to the Sales account, GST column to GST payable account and other sales (e.g. assets) to the relevant account.
Purchases dissection	■ *Debit* the purchases column total to the Purchases account, the GST column to the GST input tax credits account, and the asset purchases and expenses on credit to the relevant account. ■ *Credit* the Accounts payable control account.
General	■ Post it exactly as stated (e.g. writing off bad debts incorporating GST). ■ *Debit* bad debts and *debit* GST payable. ■ *Credit* the Accounts receivable control account.

Posting to the general ledger accounts in stages

Illustration 8.4 demonstrates a full application of the above checklist in posting to general ledger accounts so that a Trial Balance can be prepared.

Illustration 8.4

Use these stages for posting to the business of T. Tree:
Stage 1—Posting the General journal entry (GJ).
Stage 2—Posting the Sales dissection journal (SJ).
Stage 3—Posting the Purchases dissection journal (PJ).
Stage 4—Posting the Cash payments (CPJ) and Cash receipts journals (CRJ).
Stage 5—Preparing a Trial Balance.
Work through each posting in Stages 1 to 4, using the checklist in Illustration 8.3.

In addition to the following journals, assume for simplicity that there are no other opening balances than for cash and capital. There is one General journal entry to be posted. The 'F' folio column is optional but will be used in this Illustration.

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Required

1. Post the following journals to general ledger accounts.
2. Extract a Trial Balance as at 5 March 2009.

Important notes before you start

1. Inventories, goods and stock are the same. There is no opening General journal entry in this example because the owner started the business with cash only. The cash amount of $10 000 is entered in the Cash receipts journal in Stage 4.
2. This Illustration posts the general ledger double entry accounts. In Chapter 9 there are separate postings of the single item transactions in the journals to the subsidiary ledgers, with a reconciliation to the control account. This has the advantage of completing all of the double entry items first and thus allowing the preparation of a Trial Balance at the end of the period, before postings to subsidiary ledger accounts are considered.
3. The totals are posted from the column totals, except for the single items listed in the 'other' column of the Cash receipts journal and the Cash payments journal and the two 'other' acquisitions in the Purchases dissection journal.
4. In earlier chapters, T-shape ledger accounts have been used to show a clear distinction between debits and credits. From this chapter onwards, columnar ledgers will be used in Illustrations, as they are the format of accounts likely to be seen in practice and are those contained in computer accounting packages. Answers to Test your learning questions will continue to show both T-shape and columnar ledger answers. The workbook also contains both types of ledger accounts.

Chart of Accounts of T. Tree

Normally the Chart of Accounts will have separate groupings for Assets, Liabilities, Revenue, Expenses and Owner's equity. This chart is in the numerical order that new accounts are added. Numerical accounts make it easier to understand this first Illustration of postings to ledger accounts.

Folio cross-references to journals and ledger accounts are included.

1 Drawings	2 Purchases	3 GST input tax credits
4 Accounts receivable control	5 Sales	6 GST payable
7 Accounts payable control	8 Stationery expenses	9 Office furniture
10 Cash at bank	11 Office salaries	12 Electricity expenses
13 Travel expenses	14 Capital	15 Rent revenue
16 Discount allowed		

THE GENERAL JOURNAL ENTRY OF T. TREE TO BE POSTED: GJ 1

Date: 2009	Details	F	Debit ($)	Credit ($)
5 March	Drawings	1	550	
	Purchases	2		500
	GST input tax credits	3		50
	Withdrawal of a TV set by the owner			

Note that this journal entry does not affect either the Accounts receivable or the Accounts payable control accounts.

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Stage 1—Post the General journal entries

The new entries for each stage are highlighted in bold text.

1 DRAWINGS

Date: 2009	Details	F	Debit ($)	Credit ($)	Balance ($)
5 March	**Purchases and GST**	**GJ 1**	**550**		**550 dr**

2 PURCHASES

5 March	**Drawings**	**GJ 1**		**500**	**500 cr**

3 GST INPUT TAX CREDITS

5 March	**Drawings**	**GJ 1**		**50**	**50 cr**

Stage 2—Post from the Sales dissection journal of T. Tree: SJ 1

Date: 2009	Sold to or returned by	Document	Accounts receivable ($)	Sales ($)	GST payable ($)	Other sales ($)	Account
1 March	R. Roberts	Invoice 100	330	300	30		
2 March	R. Roberts	AN AA23	(110)	(100)	(10)		
4 March	M. Jackson	Invoice 101	3 850	3 500	350		
5 March	R. Roberts	Invoice 102	660	600	60		
5 March	M. Jackson	AN X34	(550)	(500)	(50)		
	Totals		**4 180**	**3 800**	**380**		
	Folio		4	5	6		
			Debit	**Credit**	**Credit**		

Post the debit to the Accounts receivable control account (4) and the credits to the Sales account (5) and the GST payable account (6). *This completes the double entry*.

There are no other sales because the business is new and would be acquiring assets rather than disposing of them. Postings from journals are shown for the last day of transactions where a column is posted. After posting from the Sales dissection journal the entries for Stage 2 are highlighted in bold text.

1 DRAWINGS

Date: 2009	Details	F	Debit ($)	Credit ($)	Balance ($)
5 March	Purchases and GST	GJ 1	550		550 dr

2 PURCHASES

5 March	Drawings	GJ 1		500	500 cr

3 GST INPUT TAX CREDITS

5 March	Drawings	GJ 1		50	50 cr

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4 ACCOUNTS RECEIVABLE CONTROL

Date: 2009	Details	F	Debit ($)	Credit ($)	Balance ($)
5 March	**Sales and GST**	**SJ 1**	**4 180**		**4 180 dr**

5 SALES

5 March	**Accounts receivable**	**SJ 1**		**3 800**	**3 800 cr**

6 GST PAYABLE

5 March	**Accounts receivable**	**SJ 1**		**380**	**380 cr**

Stage 3—Post from the Purchases dissection journal

PURCHASES DISSECTION JOURNAL OF T. TREE: PJ 1

Date: 2009	Purchases from or returned to	Document	Accounts payable ($)	Purchases ($)	GST input ($)	Other purchases ($)	Account
1 March	U. Owe	Invoice 345	495	450	45		
2 March	S. Strong	Invoice 886	1 100	1 000	100		
3 March	U. Owe	AN 50	(55)	(50)	(5)		
4 March	O. Supplies	Invoice 188	220		20	200	Stationery
5 March	K. Kensit	Invoice 1014	440	400	40		
5 March	S. Strong	AN 51	(165)	(150)	(15)		
5 March	O. Supplies	Invoice 191	2 420		220	2 200	Office furniture
	Totals		**4 455**	**1 650**	**405**	**2 400**	
	Folio		7	2	3	8 and 9	
			Credit	**Debit**	**Debit**	**Debit**	

Credit the Accounts payable account (7). Post the total column, debiting the Purchases account (2) and the GST input tax credits account (3), and then individually to the Stationery expenses (8) and Office furniture accounts (9). *This completes the double entry*.

After posting the Purchases dissection journal the entries for Stage 3 are highlighted in darker print.

1 DRAWINGS

Date: 2009	Details	F	Debit ($)	Credit ($)	Balance ($)
5 March	Purchases and GST	GJ 1	550		550 dr

2 PURCHASES

5 March	Drawings	GJ 1		500	500 cr
	Accounts payable	**PJ 1**	**1 650**		**1 150 dr**

3 GST INPUT TAX CREDITS

5 March	Drawings	GJ 1		50	50 cr
	Accounts payable	**PJ 1**	**405**		**355 dr**

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4 ACCOUNTS RECEIVABLE CONTROL

Date: 2009	Details	F	Debit ($)	Credit ($)	Balance ($)
5 March	Sales and GST	SJ 1	4 180		4 180 dr

5 SALES

5 March	Accounts receivable	SJ 1		3 800	3 800 cr

6 GST PAYABLE

5 March	Accounts receivable	SJ 1		380	380 cr

7 ACCOUNTS PAYABLE CONTROL

5 March	**Purchases and GST**	**PJ 1**		**4 455**	**4 455 cr**

8 STATIONERY EXPENSES

4 March	**Accounts payable**	**PJ 1**	**200**		**200 dr**

9 OFFICE FURNITURE

5 March	**Accounts payable**	**PJ 1**	**2 200**		**2 200 dr**

Stage 4—Post from the Cash payments and Cash receipts journals

CASH PAYMENTS JOURNAL OF T. TREE: CPJ 1

Date: 2009	Paid to	Chq. no.	F	Discount revenue ($)	A/cs payable ($)	Cash purchases ($)	GST input ($)	Other		Bank ($)
								Amount ($)	Account	
1 March	Purchases	20				2 000	200			2 200
3 March	U. Owe	21			400					400
3 March	Office salaries	22	11					650	Office salaries	650
4 March	Ace Power	23	12				130	1 300	Electricity	1 430
4 March	Owner	24	1					250	Drawings	250
5 March	Travel Away	25	13				20	200	Travel	220
5 March	K. Kensit	26			300					300
5 March	Purchases	27				200	20			220
	Totals				**700**	**2 200**	**370**	**2 400**		**5 670**
			F		7	2	3	11 to 13 and 1		10
					Debit	**Debit**	**Debit**	**Debit**		**Credit**

Post the total credit of $5670 to the cash at bank account (10). Everything else in the Cash payments journal is a debit entry.

Debit the following accounts:

1. Accounts payable control account (7) $700
2. Purchases (2) $2200 (the total of the column only)

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3. GST input tax credits (3) $370 (the total of the column only)
4. Office salaries (11) $650
5. Electricity (12) $1300
6. Drawings (1) $250
7. Travel (13) $200

This completes the double entry. The seven debits above = the total credit of $5670.

To complete the posting of the non-cash item, discount, had there been an entry in the Cash payments journal, the debit would have been posted as part of the total to the Accounts payable control account (and the subsidiary ledger) and the credit to Discount revenue.

CASH RECEIPTS JOURNAL OF T. TREE: CRJ 1

Date: 2009	Received from	Rec. no.	F	Disc. allowed ($)	Accounts rec. ($)	Cash sales ($)	GST payable ($)	Other		Bank ($)
								Amount ($)	Account	
1 March	Owner	1	14					10 000	Capital	
1 March	Cash register	CR				2 300	230			12 530
2 March	R. Roberts	2			200					
2 March	Cash register	CR				1 900	190			2 290
3 March	Cash register	CR				2 500	250			2 750
4 March	Sales	3				100	10			
4 March	Cash register	CR				2 100	210			2 420
5 March	Cash register	CR				1 500	150			
5 March	M. Jackson	4		(150)	3 165		(15)			
5 March	T. Tenant	5	15				30	300	Rent revenue	
5 March	Cash register	CR				1 200	120			6 300
	Totals			**(150)**	**3 365**	**11 600**	**1 175**	**10 300**		**26 290**
			F	16	4	5	6	14 & 15		10
				Debit	**Credit**	**Credit**	**Credit**	**Credit**		**Debit**

Note 'the daily banking of receipts' shown in the Bank column will be reconciled with the bank deposit book as a measure of internal control.

Post the total debit of $26 290 to the Cash at bank account. With the exception of Discount allowed (16), everything else must be a credit entry.

Credit the following accounts:

1. Accounts receivable control account (4) $3365
2. Sales $11 600 (5) (the total of the column only)
3. GST payable (6) $1175 (the total of the column only)
4. Capital (14) $10 000
5. Rent revenue (15) $300

This completes the double entry for the 'cash' items. The four credits above total $26 440 less the discount allowed $150 equals total cash receipts of $26 290.

Discount allowed (16) is debited for $150 as it is an expense and the Accounts receivable control already has the discount credited in the total posting of $3365.

After posting the Cash payments and Cash receipts journals, the entries for this section are highlighted in darker print.

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1 DRAWINGS

Date: 2009	Details	F	Debit ($)	Credit ($)	Balance ($)
5 March	Purchases and GST	GJ 1	550		550 dr
4 March	**Cash**	**CPJ 1**	**250**		**800 dr**

2 PURCHASES

5 March	Drawings	GJ 1		500	500 cr
	Accounts payable	PJ 1	1 650		1 150 dr
	Cash	**CPJ 1**	**2 200**		**3 350 dr**

3 GST INPUT TAX CREDITS

5 March	Drawings	GJ 1		50	50 cr
	Accounts payable	PJ 1	405		355 dr
	Cash	**CPJ 1**	**370**		**725 dr**

4 ACCOUNTS RECEIVABLE CONTROL

5 March	Sales and GST	SJ 1	4 180		4 180 dr
	Cash, discount and GST	**CRJ 1**		**3 365**	**815 dr**

5 SALES

5 March	Accounts receivable	SJ 1		3 800	3 800 cr
	Cash	**CRJ 1**		**11 600**	**15 400 cr**

6 GST PAYABLE

5 March	Accounts receivable	SJ 1		380	380 cr
	Cash	**CRJ 1**		**1 175**	**1 555 cr**

7 ACCOUNTS PAYABLE CONTROL

5 March	Purchases and GST	PJ 1		4 455	4 455 cr
	Cash	**CPJ 1**	**700**		**3 755 cr**

8 STATIONERY EXPENSES

4 March	Accounts payable	PJ 1	200		200 dr

9 OFFICE FURNITURE

5 March	Accounts payable	PJ 1	2 200		2 200 dr

10 CASH AT BANK

5 March	**CPJ**	**CPJ 1**		**5 670**	**5 670 cr**
	CRJ	**CRJ 1**	**26 290**		**20 620 dr**

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11 OFFICE SALARIES

Date: 2009	Details	F	Debit ($)	Credit ($)	Balance ($)
3 March	Cash	CPJ 1	650		650 dr

12 ELECTRICITY EXPENSES

4 March	Cash	CPJ 1	1 300		1 300 dr

13 TRAVEL EXPENSES

5 March	Cash	CPJ 1	200		200 dr

14 CAPITAL

1 March	Cash	CRJ 1		10 000	10 000 cr

15 RENT REVENUE

5 March	Cash	CRJ 1		300	300 cr

16 DISCOUNT ALLOWED

5 March	Accounts receivable	CRJ 1	150		150 dr

Stage 5—Trial Balance of T. Tree as at 5 March 2009

Account no.	Account	Debit ($)	Credit $
1	Drawings	800	
2	Purchases	3 350	
3	GST input tax credits	725	
4	Accounts receivable control	815	
5	Sales		15 400
6	GST payable		1 555
7	Accounts payable control		3 755
8	Stationery expenses	200	
9	Office furniture	2 200	
10	Cash at bank	20 620	
11	Office salaries	650	
12	Electricity expenses	1 300	
13	Travel expenses	200	
14	Capital		10 000
15	Rent revenue		300
16	Discount allowed	150	
	Totals	**31 010**	**31 010**

GST calculation

Although in this case GST would not be payable until one month, or up to three months, after business commenced, the figures from Illustration 8.4 are used in Illustration 8.5 to show the ledger accounts for the GST currently owing to the Australian Tax Office (ATO) and the actual payment on 6 March 2009 for GST through the clearing account.

Illustration 8.5

3 GST INPUT TAX CREDITS

Date: 2009	Details	Debit ($)	Credit ($)	Balance ($)
5 March	Drawings		50	50 cr
	Accounts payable	405		355 dr
	Cash	370		725 dr
6 March	GST clearing		725	0

6 GST PAYABLE

5 March	Accounts receivable		380	380 cr
	Cash		1 175	1 555 cr
6 March	GST clearing	1 555		0

17 GST CLEARING

6 March	GST input tax credits	725		725 dr
	GST payable		1 555	830 cr
	Cash (payment to the ATO)	830		0

Try Multiple choice questions 1 to 10

Work through Topic review questions 1 to 7 for practice in posting to general ledger accounts

TEST YOUR LEARNING

Insert your answers into the workbook.

Multiple choice questions

WB p.61

1 **A Trial Balance has a debit balance of $1050 and a credit balance of $1100. Which of the following entries explains this variance?**
(a) Drawings of $100 have been entered on the credit side.
(b) A sale of $50 has been entered twice.
(c) A purchase of $50 has been entered twice.
(d) A sales return for $25 has been omitted from the debit side.

2 **An Accounts receivable account had an opening balance of $30 000 debit. Cash of $16 000 was received from debtors and the discount allowed was $400. Offsets by contra were for $500 and bad debts of $200 were written off. Credit sales were $11 000. The closing balance of the Accounts receivable account is:**
(a) $23 900.
(b) $24 900.
(c) $24 700.
(d) $24 300.

3 **An Accounts payable had an opening balance of $22 000 credit. Cash of $9000 was paid to creditors and discount received amounted to $200. Offsets by contra were for $1000. Credit purchases were $7000 and purchases returns $300. The closing balance of the Accounts payable account is:**
(a) $36 500.
(b) $18 500.
(c) $6000.
(d) $11 100.

4 **Control accounts contain the total of amounts recorded in:**
(a) The general ledger.
(b) The subsidiary ledger.
(c) Separate ledgers.
(d) All of the above.

5 **GST on bad debts is:**
(a) Debited to the Accounts receivable control account.
(b) Debited to GST input tax credits.
(c) Debited to GST payable.
(d) Credited to GST payable.

6 **Which of the following accounts are listed in a Trial Balance?**
(a) Special ledgers.
(b) Subsidiary ledgers.
(c) General ledgers.
(d) Both (b) and (c).

7 **Cash sales are entered in:**
(a) Cash payments journal.
(b) Cash receipts journal.
(c) Sales dissection journal.
(d) Cash sales journal.

8 **A cheque received from a debtor is dishonoured. The Accounts receivable control account is:**
(a) Unchanged.
(b) Debited.
(c) Credited.
(d) Not entered.

9 **The account showing the actual amount of GST payable to the Australian Tax Office with a Business Activity Statement is:**
(a) GST input tax credits.
(b) GST payable.
(c) GST clearing.
(d) All of the above.

10 **Discount allowed is the:**
(a) Discount given to Accounts receivable.
(b) Discount from Accounts payable.
(c) Discount on sales.
(d) Discount on purchases.

Topic review

WB p.61 **1** **Payments made by the diving business 'Going Under' for the week ended 20 May 2009 are:**

Date: 2009	Transaction	Document	Amount ($)	GST included √
14 May	Paid wages	Electronic transfer 39	5 800	
15 May	Purchased trading stock	Cheque 566	517	√
15 May	Paid Accounts payable	Electronic transfer 40	17 200	
16 May	Purchased trading stock	Cheque 567	1 056	√
20 May	Paid electricity account	Cheque 569	528	√
20 May	Paid telephone account	Cheque 570	1 562	√

For the week ended 20 May 2009:

(a) Prepare a Cash payments journal.

(b) Post to general ledger accounts, adding to the existing balances.

(c) Is there any matter relating to the transactions, for the week ended 20 May, that the accountant should investigate?

WB p.63 **2** **Use the following information to prepare all general ledger accounts for postings from the journals. In the accounts of F. Football, at 1 February 2009, the furniture account has an existing debit balance of $8000 and debtors' balances of H. Hawthorn $5000 and S. Swan $3500. (As a Trial Balance is not requested the corresponding credit accounts are not needed here.)**

CHART OF ACCOUNTS

Assets	Liabilities	Expenses
1 Cash at bank	11 GST payable	21 Discount allowed
2 Accounts receivable		**Revenue**
3 Furniture		31 Sales

SALES DISSECTION JOURNAL FOR F. FOOTBALL: SJ 1

Date: 2009	Sold to or returned by	Document	Accounts receivable ($)	Sales ($)	GST payable ($)	Other sales ($)	Account
1 February	C. Crow	Invoice 223	4 400		400	4 000	Furniture
1 February	H. Hawthorn	Invoice E304	330	300	30		
4 February	S. Swan	Invoice E305	3 300	3 000	300		
4 February	H. Hawthorn	AN 1345	(110)	(100)	(10)		
5 February	S. Swan	AN RT5	(550)	(500)	(50)		
7 February	C. Crow	Invoice E306	440	400	40		
7 February	H. Hawthorn	Invoice E307	880	800	80		
	Totals		**8 690**	**3 900**	**790**	**4 000**	
	Folio		2	31	11	3	
			Debit	**Credit**	**Credit**	**Credit**	

CASH RECEIPTS JOURNAL FOR F. FOOTBALL: CRJ 1

Date: 2009	Received from	Rec. no.	Discount allowed ($)	Accounts receivable ($)	Cash sales ($)	GST payable ($)	Other		Bank ($)
							Amount ($)	Account	
1 February	Cash register	CR			5 000	500			5 500
2 February	H. Hawthorn	287	(91)	2 100		(9)			2 000
3 February	Cash register	CR			4 700	470			
3 February	C. Crow	288		2 000					7 170
4 February	Sales	289			100	10			
4 February	Cash register	CR			3 000	300			3 410
5 February	S. Swan	290	(182)	3 300		(18)			
5 February	Cash register	CR			2 000	200			5 300
	Totals		**(273)**	**7 400**	**14 800**	**1 453**			**23 380**
	Folio		21	2	31	11			1
			Debit	**Credit**	**Credit**	**Credit**			**Debit**

3 **Use the following information to post from the journals to the general ledger accounts.** WB p.65

At 1 March 2009 the furniture account has an existing debit balance of $4000 and creditors' balances of B. Bronco $3000 cr and W. Warrior $2500 cr and cash at bank $23 380 dr. (As a Trial Balance is not requested the corresponding credit accounts are not needed here.)

CHART OF ACCOUNTS

Assets	Liabilities	Expenses	Revenue
1 Cash at bank	11 Accounts payable	21 Purchases	31 Discount revenue
2 Furniture	12 GST input tax credits	22 Stationery	**Owner's equity**
		23 Salaries	41 Drawings

PURCHASES DISSECTION JOURNAL: PJ 4

Date: 2009	Purchases from or returned to	Document	Accounts payable ($)	Purchases ($)	GST input ($)	Other purchases ($)	Account
1 March	B. Bronco	Invoice 345	242	220	22		
2 March	M. Storm	Invoice 886	1 100	1 000	100		
3 March	B. Bronco	AN 50	(77)	(70)	(7)		
4 March	C. Raiders	Invoice 188	110		10	100	Computer paper
5 March	N. Eagles	Invoice 1014	275	250	25		
5 March	S. Sydney	Invoice 51	1 265	1 150	115		
5 March	B. Bronco	Invoice 349	2 420		220	2 200	Furniture
	Totals		**5 335**	**2 550**	**485**	**2 300**	
	Folio		11	21	12	22 and 2	
			Credit	**Debit**	**Debit**	**Debit**	

CASH PAYMENTS JOURNAL: CPJ 4

Date: 2009	Paid to	Chq. no.	Discount revenue ($)	Accounts payable ($)	Cash purchases ($)	GST input ($)	Other		Bank ($)
							Amount ($)	Account	
1 March	Purchases	112			2 000	200			2 200
3 March	B. Bronco	113		3 000					3 000
3 March	Staff salaries	114					1 400	Salaries	1 400
4 March	W. Warrior	115	(18)	1 020		(2)			1 000
4 March	Purchases	116			300	30			330
5 March	Owner	117					500	Drawings	500
	Totals		**(18)**	**4 020**	**2 300**	**228**	**1 900**		**8 430**
	Folio		31	11	21	12	23 and 41		
			Credit	**Debit**	**Debit**	**Debit**	**Debit**		**Credit**

WB p.66 **4** **(a)** Use the table in the workbook to calculate GST owed or owing by the business.

(b) Prepare General journal 5 to show the transfers of the GST input tax credit and GST payable to the GST clearing account as at 6 April 2009. Post to ledger accounts.

(c) Pay out the GST owing as at 6 April 2009. It is necessary to enter the amount payable to the Australian Tax Office in the Cash payment journal. Then total the 'Other' and 'Bank' columns to complete CPJ 5.

(d) Using the following information post the four cash and credit journals into general ledger accounts.

(e) Extract a Trial Balance as at 6 April 2009.

The opening balances at 1 April are: Cash $10 000 dr; Inventories $6000 dr; and Capital $16 000 cr. The ledger accounts are in the order of the following Chart of Accounts:

Assets	Liabilities	Expenses
1 Cash at bank	11 Accounts payable control	21 Purchases
2 Inventories	12 GST input tax credits	22 Advertising
3 Accounts receivable control	13 GST payable	23 Wages
	14 GST clearing	24 Discount allowed
Revenue	**Owner's equity**	
31 Sales	41 Capital	
32 Discount revenue	42 Drawings	
33 Rent revenue		

PURCHASES DISSECTION JOURNAL: PJ 5

Date: 2009	Purchases from or returned to	Document	Accounts payable ($)	Purchases ($)	GST input ($)	Other purchases ($)	Account
2 April	A. Anderson	Invoice 1324	5 500	5 000	500		
5 April	K. Kershaw	Invoice 6680	1 760	1 600	160		
5 April	A. Anderson	AN 33B	(220)	(200)	(20)		
6 April	K. Kershaw	AN 1556	(220)	(200)	(20)		
	Totals		**6 820**	**6 200**	**620**		
	Folio		11	21	12		

SALES DISSECTION JOURNAL: SJ 5

Date: 2009	Sold to or returned by	Document	Accounts receivable ($)	Sales ($)	GST payable ($)	Other sales ($)	Account
2 April	W. Warner	Invoice 3111	550	500	50		
3 April	T. Thomas	Invoice 3112	3 850	3 500	350		
4 April	W. Warner	Invoice 3113	110	100	10		
4 April	T. Thomas	Invoice 3114	8 800	8 000	800		
4 April	T. Thomas	AN 175	(550)	(500)	(50)		
	Totals		**12 760**	**11 600**	**1 160**		
	Folio		3	31	13		

CASH PAYMENTS JOURNAL: CPJ 5

Date: 2009	Paid to	Chq. no.	Discount revenue ($)	Accounts payable ($)	Cash purchases ($)	GST input ($)	Other		Bank ($)
							Amount ($)	Account	
3 April	Cash purchases	714			450	45			495
3 April	Display Co.	715				38	380	Advertising	418
3 April	Wages	716					500	Wages	500
5 April	Cancelled cheque	717							—
5 April	Owner	718					300	Drawings	300
5 April	K. Kershaw	719	(45)	1 000		(5)			950
6 April	R. T. Agencies	720				40	400	Advertising	440
	Subtotals						**1 580**		**3 103**
6 April	ATO	721					?		?
	Totals		**(45)**	**1 000**	**450**	**118**	**?**		**?**
	Folio		32	11	21	12	22, 23 & 42		1

CASH RECEIPTS JOURNAL: CRJ 5

Date: 2009	Received from	Rec. no.	Discount allowed ($)	Accounts receivable ($)	Cash sales ($)	GST payable ($)	Other		Bank ($)
							Amount ($)	Account	
2 April	T. Tenant	A34				30	300	Rent revenue	
2 April	W. Warner	A35		375					705
5 April	T. Thomas	A36	(150)	3 300		(15)			
5 April	T. Tenant	A37				30	300	Rent revenue	3 465
	Totals		**(150)**	**3 675**		**45**	**600**		**4 170**
	Folio		24	3	31	13	33		1

5 **The opening balances of the ledger accounts at 1 April 2009 were:** WB p.71

- **Assets**
  - **Cash $7200**
  - **Inventories $1940**
  - **Accounts receivable: S. Shoe $560 and B. Boot $300**

- **Liabilities**
  - **Loan $300**
  - **Accounts payable: Gym Supplies $1000, F. Ball $900 and S. Stump $1800**
- **Owner's equity**
  - **Capital $6000**

Two General journal entries on 30 April 2009 show the following:

- **It was found that S. Shoe had run off with their business assets. Write off the balance owing as a bad debt and divide by 11 to calculate the GST applicable. *(Tip: For S. Shoe, add the opening balance + sales — sales returns — CRJ to obtain the amount of the bad debt and then insert the amount in the General journal.)***
- **S. Stump has charged the business interest of $50 on an overdue account (no GST).**

The ledger accounts are in order of the following Chart of Accounts:

Assets	Liabilities	Expenses
1 Cash at bank	11 Accounts payable control	21 Bad debts
2 Inventories	12 Loan	22 Purchases
3 Accounts receivable control	13 GST input tax credits	23 Interest expense
Revenue	14 GST payable	24 Bank charges
31 Sales	**Owner's equity**	25 Postage
32 Discount revenue	41 Capital	26 Advertising
33 Rent revenue		27 Discount allowed

(a) Enter the journals into the ledger accounts in the following order: Sales dissection journal, Purchases dissection, Cash payments journal and Cash receipts journal.

(b) Prepare General journal entries in the workbook for the two items on 30 April and enter them into the appropriate ledger accounts.

(c) Prepare a Trial Balance of the general ledger accounts as at 30 April 2009.

SALES DISSECTION JOURNAL: SJ 9

Date: 2009	Sold to or returned by	Document	Accounts receivable ($)	Sales ($)	GST payable ($)	Other sales ($)	Account
5 April	S. Shoe	Invoice S145	550	500	50		
5 April	S. Sock	Invoice S146	2 200	2 000	200		
6 April	S. Shoe	AN 28	(110)	(100)	(10)		
16 April	B. Boot	Invoice S147	880	800	80		
19 April	B. Boot	AN 89	(220)	(200)	(20)		
28 April	S. Shoe	Invoice S148	1 650	1 500	150		
	Totals		**4 950**	**4 500**	**450**		
	Folio		3	31	14		

PURCHASES DISSECTION JOURNAL: PJ 9

Date: 2009	Purchases from or returned to	Document	Accounts payable ($)	Purchases ($)	GST input ($)	Other purchases ($)	Account
4 April	Gym Supplies	Invoice 234	594	540	54		
6 April	Gym Supplies	AN C545	(451)	(410)	(41)		
16 April	S. Stump	Invoice B768	550	500	50		
26 April	S. Stump	Invoice B789	1 100	1 000	100		
28 April	S. Stump	AN 678B	(110)	(100)	(10)		
	Totals		**1 683**	**1 530**	**153**		
	Folio		11	22	13		

CASH PAYMENTS JOURNAL: CPJ 9

Date: 2009	Paid to	Chq. no.	Discount revenue ($)	Accounts payable ($)	Cash purchases ($)	GST input ($)	Other		Bank ($)
							Amount ($)	Account	
3 April	Gym Supplies	1555	(27)	900		(3)			870
8 April	F. Ball	1556	(18)	400		(2)			380
9 April	S. Stump	1557		1 500					1 500
9 April	W. A. Bank	1558					30	Bank charges	30
11 April	B. Bail	1559			500	50			550
11 April	Post Office	1560				5	50	Postage	55
14 April	F. Ball	1561		200					200
15 April	K X Adverts	1562				52	520	Advert.	572
23 April	W. Wicket	1563			400	40			440
28 April	W.A. Bank	1564					40 120	Interest Loan repayment	160
	Totals		**(45)**	**3 000**	**900**	**142**	**760**		**4 757**
	Folio		32	11	22	13	23–26 and 12		1

Note that B. Bail and W. Wicket are not creditors, so these entries are cash purchases.

CASH RECEIPTS JOURNAL: CRJ 9

Date: 2009	Received from	Rec. no.	Discount allowed ($)	Accounts receivable ($)	Cash sales ($)	GST payable ($)	Other		Bank ($)
							Amount ($)	Account	
4 April	S. Shoe	A27	(18)	560		(2)			540
7 April	Cash sales	CRT			4 068	407			4 475
9 April	S. Sock	A28	(14)	425		(1)			
9 April	L. Lace cash sale	A29			50	5			465
11 April	B. Boot	A30		300					300
14 April	Cash sales	CRT			2 975	298			3 273

Date: 2009	Received from	Rec. no.	Discount allowed ($)	Accounts receivable ($)	Cash sales ($)	GST payable ($)	Other		Bank ($)
							Amount ($)	Account	
21 April	AA Co. Ltd	A31				65	650	Rent revenue	
21 April	Cash sales	CRT			3 025	303			4 043
28 April	S. Sock	A32		200					
28 April	Cash sales	CRT			5 200	520			5 920
	Totals		**(32)**	**1 485**	**15 318**	**1 595**	**650**		**19 016**
	Folio		27	3	31	14	33		1

WB p.75

6 **Opening balances as at 1 July 2009 are: Cash $10 000 dr; Inventories $5000 dr; Machinery $3000 dr; Jimmy Jaggard a debtor $2000 dr; and Capital $20 000 cr.**

(a) Prepare ledger accounts using the following Chart of Accounts.

(b) Post all journals into ledger accounts in the order of the journals shown (i.e. Sales dissection journal first).

(c) Extract a Trial Balance as at 6 July 2009.

(d) How much is owed to or by the business for GST as at 6 July 2009?

The general ledger accounts are in the order of the following Chart of Accounts:

Assets	Liabilities	Expenses	Revenue	Owner's equity
100 Cash at bank	200 Accounts payable control	300 Purchases	400 Sales	500 Capital
101 Inventories	201 GST input tax credit	301 Wages expense	401 Commission revenue	
102 Machinery	202 GST payable	302 Electricity expense	402 Discount revenue	
103 Motor vehicle		303 Rent expense		
104 Accounts receivable control		304 Postage expense		
		305 Discount allowed		

SALES DISSECTION JOURNAL: SJ 2

Date: 2009	Sold to or returned by	Document	Accounts receivable ($)	Sales ($)	GST payable ($)	Other sales ($)	Account
1 July	J. Jaggard	Invoice 3101	550	500	50		
2 July	K. Kent	Invoice 3102	2 200	2 000	200		
3 July	C. Chemny	Invoice 3103	110	100	10		
4 July	J. Jaggard	AN 134	(220)	(200)	(20)		
6 July	K. Kent	AN 366	(330)	(300)	(30)		
6 July	H. Hartley	Invoice 444	1 320		120	1200	Machinery
	Totals		**3 630**	**2 100**	**330**	**1 200**	
	Folio		104	400	202	102	

PURCHASES DISSECTION JOURNAL: PJ 2

Date: 2009	Purchases from or returned to	Document	Accounts payable ($)	Purchases ($)	GST input ($)	Other purchases ($)	Account
2 July	C. Copper	Invoice 2223	550	500	50		
3 July	L. Lead	Invoice 2224	440	400	40		
4 July	C. Copper	AN 338	(110)	(100)	(10)		
5 July	I. Iron	Invoice 2225	660	600	60		
6 July	C. Copper	AN 339	(66)	(60)	(6)		
6 July	I. Iron	Invoice R86	11 000		1 000	10 000	Motor vehicle
	Totals		**12 474**	**1 340**	**1 134**	**10 000**	
	Folio		200	300	201	103	

CASH PAYMENTS JOURNAL: CPJ 2

Date: 2009	Paid to	Chq. no.	Discount revenue ($)	Accounts payable ($)	Cash purchases ($)	GST input ($)	Other		Bank ($)
							Amount ($)	Account	
1 July	Wages	2200					2 000	Wages	2 000
1 July	Ace Power	2201				45	450	Electricity	495
2 July	Purchases	2202			300	30			330
2 July	Len Land	2203				60	600	Rent paid	660
2 July	Post Office	2204				3	30	Postage	33
3 July	L. Lead	2205			50	5			55
5 July	I. Iron	2206		1 000					1 000
6 July	C. Copper	2207	(23)	340		(2)			315
6 July	Wages	2208					1 600	Wages	1 600
6 July	Purchases	2209			300	30			330
	Totals		**(23)**	**1 340**	**650**	**171**	**4 680**		**6 818**
	Folio		402	200	300	201	301–304		100

CASH RECEIPTS JOURNAL: CRJ 2

Date: 2009	Received from	Rec. no.	Discount allowed ($)	Accounts receivable ($)	Cash sales ($)	GST payable ($)	Other		Bank ($)
							Amount ($)	Account	
2 July	NW Bank	R100				10	100	Comm. revenue	
2 July	B. Bolto	R101			400	40			550
3 July	J. Jaggard	R102	(18)	300		(2)			280
4 July	Cash sales	R103			200	20			220
5 July	Cash sales	R104			2 000	200			2 200
6 July	Cash sales	R105			1 800	180			1 980
	Totals		**(18)**	**300**	**4 400**	**448**	**100**		**5 230**
	Folio		305	104	400	202	401		100

WB p.79

7 **Here is the Chart of Accounts for Gregg's Goods.**

CHART OF ACCOUNTS

Account no.	Account	Account no.	Account
	Assets		**Expenses**
1	Cash at bank	21	Purchases
2	Motor vehicles	22	Wages
3	Inventories	23	Discount allowed
4	Accounts receivable control		**Revenue**
		31	Sales
	Liabilities	32	Rent revenue
11	Accounts payable control	33	Discount revenue
12	GST input tax credits		**Owner's equity**
13	GST payable	41	Capital
		42	Drawings

The opening General journal entry to convert to double entry for Gregg's Goods at the start of business 1 March 2009 is as follows:

Date: 2009	Account	Debit ($)	Credit ($)
1 March	1 Cash at bank	32 000	
	2 Motor vehicle	10 000	
	3 Inventories	4 000	
	4 Accounts receivable control	8 000	
	12 GST input tax credits	500	
	11 Accounts payable control		6 000
	13 GST payable		3 500
	41 Capital		45 000
	Assets, liabilities and capital to commence business		

On 31 March 2009 the owner withdrew trading stock at a cost value of $341, including GST.

SALES DISSECTION JOURNAL: SJ 6

Date: 2009	Sold to or returned by	Document	Accounts receivable ($)	Sales ($)	GST payable ($)	Other sales ($)	Account
7 March	L. Lipton	Invoice S114	770	700	70		
8 March	L. Lipton	AN C71	(110)	(100)	(10)		
10 March	T. Tips	Invoice S115	220	200	20		
15 March	L. Lipton	Invoice S116	550	500	50		
20 March	N. Café	Invoice S117	660	600	60		
20 March	T. Tips	Invoice S118	660	600	60		
20 March	L. Lipton	Invoice S119	1 100	1 000	100		
22 March	N. Café	AN C72	(165)	(150)	(15)		
	Totals		**3 685**	**3 350**	**335**		
	Folio		4	31	13		

PURCHASES DISSECTION JOURNAL: PJ 6

Date: 2009	Purchases from or returned to	Document	Accounts payable ($)	Purchases ($)	GST input ($)	Other purchases ($)	Account
3 March	C. Flakes	Invoice P131	550	500	50		
3 March	C. Crisps	Invoice 840	880	800	80		
3 March	N. Grain	Invoice 1014	330	300	30		
5 March	C. Flakes	AN 159	(132)	(120)	(12)		
7 March	C. Crisps	AN 3801	(55)	(50)	(5)		
20 March	C. Flakes	Invoice P134	660	600	60		
	Totals		**2 233**	**2 030**	**203**		
	Folio		11	21	12		

CASH RECEIPTS JOURNAL: CRJ 6

Date: 2009	Received from	Rec. no.	Discount allowed ($)	Accounts receivable ($)	Cash sales ($)	GST payable ($)	Other		Bank ($)
							Amount ($)	Account	
7 March	Cash sales	CRT			2 000	200			
7 March	L. Lipton	1411	(91)	1 700		(9)			3 800
8 March	T. Tips	1412		1 200					1 200
14 March	Cash sales	CRT			2 500	250			
14 March	T. Tenant	1413				30	300	Rent revenue	
14 March	B. Bushell	1414	(40)	844		(4)			3 880
21 March	N. Café	1415			500	50			
21 March	B. Bushell	1416			400	40			990
	Totals		**(131)**	**3 744**	**5 400**	**557**	**300**		**9 870**
	Folio		23	4	31	13	32		1

CASH PAYMENTS JOURNAL: CPJ 6

Date: 2009	Paid to	Chq. no.	Discount revenue ($)	Accounts payable ($)	Cash purchases ($)	GST input ($)	Other		Bank ($)
							Amount ($)	Account	
8 March	O. Owner	888					300	Drawings	300
8 March	Cash purchases	889			500	50			550
8 March	Wages	890					500	Wages	500
8 March	C. Crisps	891		300					300
10 March	N. Grain	892	(20)	337		(2)			315
15 March	Wages	893					500	Wages	500
	Totals		**(20)**	**637**	**500**	**48**	**1 300**		**2 465**
	Folio		33	11	21	12	22 & 42		1

(a) Enter the opening balances in the relevant ledger accounts.

(b) Prepare a General journal entry for the owner's drawings of 31 March 2009.

(c) Enter from the journals into the general ledger accounts as shown in the Chart of Accounts. Post journals in the following order (for column totals use the date of 31 March 2009):

- Opening general journal entry
- Sales dissection
- Purchases dissection
- Cash receipts journal
- Cash payments journal
- General journal entry for drawings of inventories

(d) Prepare a Trial Balance as at 31 March 2009.

Activities

WB p.83 **1** T. Leaf has the following accounts and balances as at 31 March 2009:

Account	Amount ($)	Account	Amount ($)
Assets		**Liabilities**	
1 Cash at bank	45 000 dr	21 Accounts payable	23 000 cr
2 Inventories	25 000 dr	22 Loan	5 000 cr
3 Accounts receivable	14 000 dr	23 GST input tax credit	(5 000 dr)
		24 GST payable	13 000 cr
Expenses		25 GST clearing	0
11 Purchases	128 000 dr		
12 Wages	75 000 dr	**Revenue**	
13 Motor vehicle leasing	11 000 dr	31 Sales	277 000 cr
14 Selling expenses	22 000 dr	32 Discount revenue	900 cr
15 Office expenses	18 000 dr		
16 Advertising	5 000 dr	**Owner's equity**	
17 Rent	10 000 dr	41 Capital	39 100 cr
Total	**353 000**	**Total**	**353 000**

These are the transactions for the week ended 7 April 2009:

Date: 2009	Details	Voucher no.	Amount ($)	Addition ($)	Including GST √
1 April	Paid GST owing to the Tax Office	Cheque 111	8 000		
1 April	Paid Accounts payable	Cheque 112	7 000	Discount revenue $550	√ (discount)
2 April	Cash purchases	Cheque 113	440		√
2 April	Paid Accounts payable	Cheque 114	750	Discount revenue $55	√ (discount)
3 April	Paid for advertising	Cheque 115	330		√
5 April	Purchases on credit	Invoice 2614	4 510		√
5 April	Paid wages	Cheque 116	6 000		
6 April	Purchases returns on credit	Adjustment note 23	1 331		√
7 April	Purchases on credit	Invoice Z31	495		√
7 April	Cash purchases	Cheque 117	1 342		√

(a) Show the General journal entries to transfer GST to the GST clearing account prior to paying out the GST on 1 April 2009.

(b) Prepare the following:

- Cash payments journal (place the 1 April payment of GST in the 'Other' column rather than the GST column)
- Purchases dissection journal, including returns (use 'Accounts payable' to replace the individual name)

(c) Ledger accounts for numbers 1, 11, 12, 16, 21, 23, 24, 25 and 32

(d) A Trial Balance of all ledger account balances as at 7 April 2009, including the accounts where the opening balances are unchanged.

2 T. Leaf has the following accounts and balances as at 7 April 2009: WB p.86

Account	Amount ($)	Account	Amount ($)
Assets		**Liabilities**	
1 Cash at bank	21 138 dr	21 Accounts payable	18 308 cr
2 Inventories	25 000 dr	22 Loan	5 000 cr
3 Accounts receivable	14 000 dr	23 GST input tax credit	(470 dr)
		24 GST payable	0
		25 GST clearing	0
Expenses			
11 Purchases	132 950 dr	**Revenue**	
12 Wages	81 000 dr	31 Sales	277 000 cr
13 Motor vehicle leasing	11 000 dr	32 Discount revenue	1 450 cr
14 Selling expenses	22 000 dr		
15 Office expenses	18 000 dr	**Owner's equity**	
16 Advertising	5 300 dr	41 Capital	39 100 cr
17 Rent	10 000 dr		
Total	**340 388**	**Total**	**340 388**

Transactions for the week ended 14 April 2009:

Date: 2009	Details	Voucher no.	Amount ($)	Addition ($)	Including GST √
8 April	Cash sales	CRT 45	9 020		√
8 April	Received from Accounts receivable	Receipt 201	4 000	Discount allowed $220	√ (discount)
9 April	Commission received	Receipt 202	858		√
9 April	Received from Accounts receivable	Receipt 203	2 000	Discount allowed $110	√ (discount)
10 April	Sales on credit	Invoice 555	5 500		√
10 April	Cash sales	CRT 46	6 050		√
12 April	Sales returns on credit	Adjustment note 99	550		√
12 April	Sales on credit	Invoice 556	880		√
14 April	Cash sales	CRT 47	7 700		√
14 April	Owner contributes extra Capital into the business	Receipt 204	1 900		

Note: CRT = Cash register tape.

(a) Prepare the following:
- Cash receipts journal (place the receipt of $1900 extra capital in the 'Other' column)
- Sales dissection journal, including returns (use 'Accounts receivable' to replace the individual name).

(b) Prepare ledger accounts for numbers 1, 3, 24, 31 and 41 and open new account numbers 18 for 'Discount allowed' and 33 for 'Commission revenue'.

(c) Prepare a Trial Balance of all ledger account balances as at 14 April 2009.

WB p.89 **3** (a) Post the following General journal entries to the general ledger accounts in the workbook. Complete the missing items. Make all calculations to the nearest dollar.

(b) Prepare a Trial Balance as at 30 June 2009 to prove that the total debits equal the total credits.

CHART OF ACCOUNTS FOR L. LOAN AS AT 1 JUNE 2009

Account	Account	Account
Assets	**Liabilities**	**Expenses**
1 Cash at bank	11 GST input tax credits	21 Interest expense
2 Accounts receivable	12 GST payable	22 Bad debt
	13 GST clearing	23 Motor vehicle expenses
	14 Accounts payable	24 Purchases
Revenue	**Owner's equity**	
31 Interest revenue	41 Capital	
	42 Drawings	

Date: 2009	Details	Debit ($)	Credit ($)
1 June	GST clearing	7 211	
	GST input tax credits		7 211
	Closure of account		
	GST payable	14 347	
	GST clearing		14 347
	Closure of account		
	GST clearing	?	
	Cash at bank		?
	Payment of GST		
4 June	Interest expense	15	
	Accounts payable		15
	Interest on overdue Accounts payable		
7 June	Bad debt	300	
	GST (which account?)	30	
	Accounts receivable		330
	Bad debt written off		
15 June	Motor vehicle expenses	200	
	Interest expense		200
	Correction of error		
22 June	Accounts receivable	?	
	Interest revenue		?
	Interest 2.5% on overdue debt of $403		

continued ▸

Date: 2009	Details	Debit ($)	Credit ($)
30 June	Drawings	605	
	GST (which account?)		?
	Purchases		?
	Inventory withdrawn by the owner		