



# Accounting المحاسبة

Grade 11 | Business



نبني  
اقتصادي  
المستقبل

• Semester 2

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حضرة صاحب السموّ

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قَسَمًا بِمَنْ نَشَرَ الضِّيَاءَ  
تَسْمُو بِرُوحِ الْأَوْفِيَاءِ  
وَعَلَى ضِيَاءِ الْأَنْبِيَاءِ  
عِزٌّ وَأَمْجَادُ الْإِبَاءِ  
حُمَاتُنَا يَوْمَ النِّدَاءِ  
جَوَائِحُ يَوْمِ الْفِدَاءِ

قَسَمًا بِمَنْ رَفَعَ السَّمَاءَ  
قَطَرٌ سَتَبَقَى حُرَّةً  
سِيرُوا عَلَى نَهْجِ الْأَلَى  
قَطَرٌ بِقَلْبِي سِيرَةٌ  
قَطَرُ الرِّجَالِ الْأَوَّلِينَ  
وَحَمَائِمُ يَوْمِ السَّلَامِ

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## About this **Learner** Resource

The purpose of this Learner Resource is to provide you with the underpinning knowledge required to assist you in completing assessment/s in Process financial transactions and extract interim reports.

This Learner Resource also contains activities for you to test your knowledge and examples of skills application.

Throughout this Learner Resource you will see icons that identify important information, provide opportunities to test your knowledge and practice skills as well as suggested times to begin a formal assessment. These icons are displayed as follows:



### **Inform**

This icon is used to highlight important information, notes, research or training and assessment tips.



### **Practice**

This icon is used to highlight an ideal time to test your knowledge or practise what you have learnt.

## How will I be assessed?

In order to achieve competency in Process financial transactions and extract interim reports you will need to demonstrate the skills and knowledge required for the unit. Your teacher will decide with you how and when you will be assessed.

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## About this unit

Welcome to the Learner Resource for Process financial transactions and extract interim reports. In this Learner Resource you will be learning about the functions involved in the preparation and processing of routine financial documents, preparing journal entries, posting journals to ledgers, preparing, banking and reconciling financial receipts, and extracting a trial balance and interim reports.

It is suggested that to meet all the requirements of Process financial transactions and extract interim reports you will need to complete the following tasks:

- Read the information contained in this Learner Resource.
- Complete the activities.
- Complete all the required assessment/s for this unit.

The topics in this Learner Resource are:

- Prepare journals and batch monetary items.
- Introduction to accounting and double entry.
- Post journals to ledger.
- Extract a trial balance and interim reports.



## Introduction

You are about to continue a vocational course where you will be required to demonstrate your competency in preparing and processing routine financial documents, preparing journal entries, posting journal entries to ledgers, preparing, banking and reconciling financial receipts and extracting a trial balance and other interim reports.

This workbook follows on from Part A where we assumed you were working for Qatar Luxury Furnishings.



## Prepare journals and batch monetary items

This section deals with the preparation of journals for recording both cash and credit business transactions.

We have previously worked with cash books when we prepared bank reconciliations. A journal is another name for a 'book'. It is used to record specialised business transactions. Journals are a summary of all of the source documents that have been received to provide evidence of the same type of business transaction.

### Prepare journals accurately

Because we are already familiar with cash books, the first journals we prepare will be our cash journals – Cash Receipts and Cash Payments.

Before we go any further, we need to redefine 'cash'. For banking purposes, we made a distinction between cash and cheques and debit/credit cards. For accounting purposes, cash will now be defined as notes, coins, cheques, debit/credit card vouchers, EFTPOS and electronic funds transfers.

**A Cash Receipts Journal** will record all those transactions that result in the receipt of cash from any of the sources mentioned above.

The source documents that provide evidence for the receipt of cash will be receipts, cash register summaries, EFTPOS sales, EFT summaries and the bank statement.

Analysis columns can be used with journals. These provide information to the business owner about the different sources of receipts, eg a home maintenance business operator may decide to have columns for carpentry, painting, tiling, plumbing etc. This enables the owner to determine where the major income streams are coming from and which ones are not performing as well.

Before we look at preparing the cash receipts journal, we need to think about the impact of GST. Until this point, we have not considered GST. However, our accounting records must show the GST received and paid.

Let's look at the following example. We sell goods to a customer for cash for \$110. To calculate the GST component, we divide by 11. The sale of \$110 is made up of \$10 GST and \$100 sales. We will have to send the \$10 GST to the government.

Therefore, our accounting system needs to be able to record these figures.

The Cash Receipts Journal for a GST registered home maintenance business could have the following headings.

Date	Rec No	Particulars	Carpentry	Painting	Tiling	Plumbing	Sundry	GST collected	Bank
------	--------	-------------	-----------	----------	--------	----------	--------	---------------	------

Let's look at how we enter the details from our receipts into our Cash Receipts Journal.

RECEIPT	
3 January 2017	No 179
Received from	A Masood
For	Carpentry
Amount	\$1,200.00
GST	\$120.00
<b>Total</b>	<b>\$1,320.00</b>

RECEIPT	
4 January 2017	No 180
Received from	M Al Said
For	Plumbing
Amount	\$700.00
GST	\$70.00
<b>Total</b>	<b>\$770.00</b>

Date	Rec No	Particulars	Carpentry	Painting	Tiling	Plumbing	Sundry	GST collected	Bank
3 Jan	179	A Masood	1,200.00					120.00	1,320.00
4 Jan	180	M Al Said				700.00		70.00	770.00

Ashraf uses receipts and cash register and EFTPOS summaries to prepare his Cash Receipts Journal. Following is an example of the source documents, followed by the Cash Receipts Journal.

#### RECEIPT

1 October 2016      No 211  
Received from      J Al Ghanim  
For                      Furniture  
Amount (incl GST)   \$12,375.00  
GST                      \$1,125.00

#### RECEIPT

3 October 2016      No 212  
Received from      H Al Thani  
For                      Carpet  
Amount (incl GST)   \$13,695.00  
GST                      \$1,245.00

#### Cash Register Summary

1 October 2016  
Furniture              \$0  
Furnish                \$0  
Carpet                  \$250.00  
Kitchen                \$175.00  
Other                    \$0  
Sub Total              \$425.00  
GST                      \$42.50  
Total                    \$467.50

#### Cash Register Summary

2 October 2016  
Furniture              \$800.00  
Furnish                \$600.00  
Carpet                  \$0  
Kitchen                \$0  
Other                    \$0  
Sub Total              \$1,400.00  
GST                      \$140.00  
Total                    \$1,540.00

#### Cash Register Summary

3 October 2016  
Furniture              \$0  
Furnish                \$0  
Carpet                  \$200.00  
Kitchen                \$855.00  
Other                    \$0  
Sub Total              \$1,055.00  
GST                      \$105.50  
Total                    \$1,160.50

Cash Register Summary			Cash Register Summary			EFTPOS Summary	
3 October 2016			4 October 2016			5 October 2016	
Furniture	\$0		Furniture	\$0		Furniture	\$2,125.00
Furnish	\$0		Furnish	\$0		Furnish	\$11,850.00
Carpet	\$0		Carpet	\$415.00		GST	\$1,397.50
						Total	\$15,372.50
Kitchen	\$0		Kitchen	\$280.00		<b>EFTPOS Summary</b>	
Other	\$50.00		Other	\$395.00		4 October 2016	
						Other	\$955.00
Sub Total	\$50.00		Sub Total	\$1,090.00		GST	\$95.50
GST	\$5.00		GST	\$109.00		Total	\$1,050.50
Total	\$55.00		Total	\$1,199.00			

CASH RECEIPTS JOURNAL									
Date	Reference	Particulars	Furniture	Furnishings	Carpet	Kitchen Appliances	Other	GST Collected	Bank
1 Oct	Rec.	J AI	11,250					1,125.00	
	CRS	Cash			250.00	175.00		42.50	12,842
2 Oct	CRS	Cash	800.00	600.00				140.00	1,540.
3 Oct	Rec.	H AI			12,45			1,245.00	
	CRS	Cash			200.00	855.00		105.50	14,855
	EFTPO	EFTPOS	2,125.00	11,850.00				1,397.50	15,372
4 Oct	CRS	Cash					50.00	5.00	55.00
	EFTPO	EFTPOS					955.00	95.50	1,050.5
5 Oct	CRS	Cash			415.0	280.00	395.00	109.00	1,199.
			14,175	12,450.	13,31	1,310.	1,400.	4,265.	46,915
			Cr	Cr	Cr	Cr	Cr	Cr	Dr



## NOTES

When proceeds from receipts and cash register takings are banked together on the same day and recorded on the one bank deposit form, only the total of the deposit form is inserted into the bank column, not separate amounts. See the deposit on 1 October for \$12,842.50 and 3 October for \$14,855.50.

EFTPOS summaries are recorded separately as they appear separately on the bank statement.



## Practice

### Practice activity 1

Using the information below for Office Supplies wll, prepare the Cash Receipts Journal.

#### Summary of Receipts and Cash Register Summaries (CRS)

Date	Reference	Customer/Accounts Receivable	Amount	GST Collected	Tiling
5 Feb	925	P Austin	1650.00		1650.00
8 Feb	CRS	Cash Sales	380.00	38.00	418.00
19 Feb	926	M Hussain	1100.00		1100.00
22 Feb	CRS	Cash Sales	500.00	50.00	550.00

#### Cash Receipts Journal of .....

Date	Ref	Particulars	Cash Sales	Accounts Receivable	Sundry Receipts	GST collected	Details	Bank



## Practice

### Practice activity 2

Using the information below, prepare the Cash Receipts Journal for Qatar Cleaning Contractors. You will have to calculate the GST for this exercise.

**Summary of receipts issued, cash register summaries and bank statement information.**

Date	Reference	Customer/Accounts Receivable	Total Received
12 Mar	1154	Al Dafna Stationery	880.00
12 Mar	CRS	Cash sales	660.00
20 Mar	1155	Aziz Supermarket	2530.00
26 Mar	CRS	Cash Sales	1320.00
31 Mar	B/S	Bank Interest Received	17.50

Remember, Interest Revenue is exempted from GST.

**Cash Receipts Journal of .....**

Date	Ref	Particulars	Cash Sales	Accounts Receivable	Sundry Receipts	GST collected	Details	Bank



## Practice

### Practice activity 3

Use the information from the documents below to prepare the Cash Receipts Journal.

#### Qatar Luxury Furnishings

##### Receipt No 258

To **S Ibrihim**

2 March

Amount \$ 6000.00

GST \$ 600.00

TOTAL \$ 6600.00

#### Qatar Luxury Furnishings

##### Receipt No 259

To **Gulf Showrooms**

12 March

Amount \$ 2100.00

GST \$ 210.00

TOTAL \$ 2310.00

#### Qatar Luxury Furnishings

##### Receipt No 260

To **Desert Furniture**

23 March

Amount \$ 850.00

GST \$ 85.00

TOTAL \$ 935.00

#### Qatar Luxury Furnishings

##### Receipt No 261

To **S Ibrihim**

27 March

Amount \$ 2110.00

GST \$ 211.00

TOTAL \$ 2321.00

#### Qatar Luxury Furnishings

##### Cash Register Summary

23 March

Amount \$12 500.00

GST \$ 1 250.00

TOTAL \$13 750.00

#### Qatar Luxury Furnishings

##### Cash Register Summary

27 March

Amount \$ 3 450.00

GST \$ 345.00

TOTAL \$ 3795.00

## Cash Receipts Journal of .....

Date	Ref	Particulars	Cash Sales	Accounts Receivable	Sundry Receipts	GST collected	Details	Bank

**The Cash Payments Journal** will record all those transactions that result in the payment of cash from sources including cheques and electronic transfers.

Analysis columns used with the cash payments journal provide information to the business owner about the different types of expenditures, eg the home maintenance business operator may have columns for tools, supplies, vehicle expenses, wages etc. This enables the owner to determine what expenses the business incurs and compare with budget figures.

The amount of money paid for expenses will include GST. Again, we need to record this figure separately. The GST we pay for our business expenses will be reimbursed by the government. It is important to check the tax invoice received to ensure the correct GST figure is indicated. Some expenses will be exempted from GST, eg wages, bank charges and government charges. The Cash Payments Journal will have a column for GST paid.

Let's look at the following example. The cash payments journal will be prepared from the information on the cheque butt. GST is calculated in the same way.

The Cash Payments Journal for a GST registered home maintenance business could have the following headings.

Date	Cheque No	Particulars	Tools	Supplies	Vehicle expenses	Wages	Sundry	GST paid	Bank
------	-----------	-------------	-------	----------	------------------	-------	--------	----------	------

Let's look at how we enter the details from our source documents (cheque butt) into our Cash Payments Journal.

Cheque Butt	
5 January 2016	No 295
Paid to	Doha Hardware
For	Supplies
Amount	\$575.00
GST	\$57.50
TOTAL	\$632.50

Cheque Butt	
6 January 2016	No 296
Paid to	West Bay Petrol
For	Vehicle Exp
Amount	\$75.00
GST	\$7.50
TOTAL	\$82.50



Date	Cheque No	Particulars	Tools	Supplies	Vehicle expenses	Wages	Sundry	GST paid	Bank
5 Jan	295	Doha Hardware		575.00				57.50	632.50
6 Jan	296	West Bay Petrol			75.00			7.50	82.50

Ashraf uses the cheque butts of Qatar Luxury Furnishings to prepare the Cash Payments Journal. Following is an example of the source documents, followed by the Cash Payments Journal.

#### Cheque Butt

1 October No 2457  
 Paid to Doha Furnishing Dist  
 For Purchases  
 Amount \$5,800.00  
 GST \$580.00  
 Total \$6,380.00

#### Cheque Butt

3 October No 2458  
 Paid to Al Amari Trust  
 For Rent  
 Amount \$6,500.00  
 GST \$650.00  
 Total \$7,150.00

#### Cheque Butt

3 October No 2459  
 Paid to Doha Furnishing Dist  
 For Purchasing/freight  
 Amount \$6,500.00/\$350  
 GST \$685.00  
 Total \$7,535.00

#### Cheque Butt

5 October No 2460  
 Paid to QFS wll  
 For Purchases  
 Amount \$8,250.00  
 GST \$825.00  
 Total \$9,075.00

### EFT Summary

Date	5 October
Paid to	Kahramma
For	Government fee
Amount	\$545.00
GST	Exempt
Total	\$545.00

### EFT Summary

Date	5 October
Paid to	Cash
For	Wages
Amount	\$1,750.00
GST	Exempt
Total	\$1,750.00

CASH PAYMENTS JOURNAL									
Date	Reference	Particulars	Purchases	Freight	Wages	Rent	Other	GST paid	Bank
1 Oct	Ch 2457	Doha Furn Dist	5,800.00					580.00	6,380.00
3 Oct	Ch 2458	Al Amari Trust				6,500.00		650.00	7,150.00
3 Oct	Ch 2459	Doha Furn Dist	6,500.00	350.00				685.00	7,535.00
5 Oct	Ch 2460	QFS wll	8,250.00					825.00	9,075.00
5 Oct	EFT	Kahramma – Govt fee					545.00		545.00
5 Oct	EFT	Wages			1,750.00				1,750.00
			20,550.00	350.00	1,750.00	6,500.00	545.00	2,740.00	32,435.00
			Dr	Dr	Dr	Dr	Dr	Dr	Cr



## Practice

### Practice activity 4

Using the information below for Office Decore, prepare the Cash Payments Journal.

#### Summary of cheques issued and bank statement information.

Date	Cheque No	Supplier/Accounts Payable	Amount	GST Paid	Total Paid
3 Feb	714	M Al Bustan	500.00	50.00	550.00
9 Feb	715	H Lawrence	460.00	46.00	506.00
12 Feb	716	Wages	1000.00		1000.00
18 Feb	717	Rent	1500.00	150.00	
		Electricity	130.00	13.00	1793.00
26 Feb	718	J Cowan	170.00	17.00	187.00
28 Feb	B/S	Bank Fees	40.00		40.00

Remember, Interest Revenue is exempted from GST.

Cash Receipts Journal of

Date	Ref	Particulars	Purchase	Accounts Payable	Sundry Expense	GST Paid	Details	Bank



## Practice

### Practice activity 5

Using the information below, prepare the Cash Payments Journal for Clean Easy wll.

**Summary of cheques issued and bank statement information received.**

Date	Ch No	Supplier/Accounts Payable	Total Paid
8 Mar	256	Purchases	990.00
9 Mar	257	J Carey (Acc Pay)	660.00
12 Mar	258	Rent	1100.00
17 Mar	259	M Ibrihim (Acc Pay)	1155.00
17 Mar	260	Cartage	55.00
22 Mar	261	Stationery	88.00
25 Mar	262	J Mansoura (Acc Pay)	539.00
28 Mar	263	Purchases	385.00
31 Mar	B/S	EFTPOS fees	110.00



Cash Receipts Journal of .....

Date	Ref	Particulars	Purchases	Accounts Payable	Sundry Expense	GST Paid	Details	Bank



## Practice

### Practice activity 6

Use the information from the documents below to prepare the Cash Payments Journal.

#### **Qatar Luxury Furnishings**

##### **Cheque No 161**

Date 4 March  
To Soft Furnishings  
for Settlement of A/c

Amount \$935.00

#### **Qatar Luxury Furnishings**

##### **Cheque No 162**

Date 8 March  
To Cash  
for Purchases

Amount \$440.00

#### **Qatar Luxury Furnishings**

##### **Cheque No 163**

Date 9 March  
To Kitchen Distributors  
for Settlement of A/c

Amount \$7 315.00

#### **Qatar Luxury Furnishings**

##### **Cheque No 164**

Date 19 March  
To Cash  
for Purchases

Amount \$550.00

#### **Qatar Luxury Furnishings**

##### **Cheque No 165**

Date 24 March  
To DohaFurnDistributors  
for Settlement of A/c

Amount \$7 700.00

#### **Qatar Luxury Furnishings**

##### **Cheque No 166**

Date 26 March  
To DHL  
for Freight

Amount \$1100.00

### **Qatar Luxury Furnishings**

#### **Cheque No 167**

Date 26 March  
To QP Workshop  
for Repairs

Amount \$585.00

### **Qatar Luxury Furnishings**

#### **Cheque No 168**

Date 28 March  
To Cash  
for Wages

Amount \$500.00

### **Qatar Luxury Furnishings**

#### **Cheque No 169**

Date 30 March  
To Cash  
for Purchases

Amount \$110.00

### **Other information:**

The bank statement revealed that EFTPOS fees of \$45.00 had been deducted from our bank account on 31 March.

Cash Payments Journal of .....

Date	Ref	Particulars	Purchases	Accounts Payable	Sundry Expense	GST Paid	Details	Bank



## Practice

### Practice activity 7

From the following information about Abu Hamor Painting Service, write up the Cash Receipts and Cash Payments Journals for the month of January. The business is not registered for GST.

<b>Jan 1</b>	Purchased paint supplies from \$200 cash, cheque no 72.
<b>Jan 4</b>	Received service fees in cash of \$1 000, receipt no 27.
<b>Jan 5</b>	Received \$2 500 from B Armstrong in settlement of account, receipt no 28.
<b>Jan 7</b>	Paid \$150 for office expenses, cheque no 73.
	Paid wages of \$500, cheque no 74.
<b>Jan 9</b>	Received rent from tenant of \$500, receipt no 29.
<b>Jan 12</b>	Performed services for \$1 500 cash, receipt no 30.
<b>Jan 13</b>	Received \$10 Interest on investments, receipt no 31.
<b>Jan 14</b>	Paid wages of \$500, cheque no 75.

Cash Receipts Journal of

Date	Ref	Particulars	Purchases	Accounts Payable	Sundry Expense	GST Paid	Details	Bank

Cash Payments Journal of

Date	Ref	Particulars	Purchases	Accounts Payable	Sundry Expense	GST Paid	Details	Bank





## Practice

### Practice activity 8

From the following information about Fixit Smash Repairs, prepare the appropriate cash journals.

Cash at Bank	\$8 200 Dr
White & Sons	\$ 500 Dr
B Rudd	\$ 750 Dr
Capital	\$9 450 Cr

#### FIXIT Smash Repairs

##### Receipt No 279

To **White & Sons**  
for Settlement of account  
1 October  
Amount \$ 500.00

#### FIXIT Smash Repairs

##### Receipt No 280

To **B Rudd**  
for Settlement of account  
4 Oct  
Amount \$ 750.00

#### FIXIT Smash Repairs

##### Receipt No 281

To **Cash**  
for Services Performed  
7 Oct  
Amount \$ 2 200.00  
(incl GST)

#### FIXIT Smash Repairs

##### Receipt No 282

To **Cash**  
for Services Performed  
12 Oct  
Amount \$ 550.00  
(incl GST)

### **FIXIT Smash Repairs**

#### **Cheque No 74**

Date        1 Oct  
To            Cash  
for          Wages  
Amount     \$900.00

### **FIXIT Smash Repairs**

#### **Cheque No 75**

Date        3 Oct  
To            Mannai Motors  
for          Supplies  
Amount     \$770.00  
(incl GST)

### **FIXIT Smash Repairs**

#### **Cheque No 76**

Date        8 Oct  
To            Cash  
for          Wages  
Amount     \$900.00

### **FIXIT Smash Repairs**

#### **Cheque No 77**

Date        10 Oct  
To            Abu Hamor Garage  
for          Fuel  
Amount     \$55.00  
(incl GST)

Cash Receipts Journal of


Cash Payments Journal of


Now that we have completed the cash journals, we need to learn how to prepare the credit journals. A credit transaction is one that is based on the concept of 'buy now, pay later'. Many business transactions are carried out a credit basis.

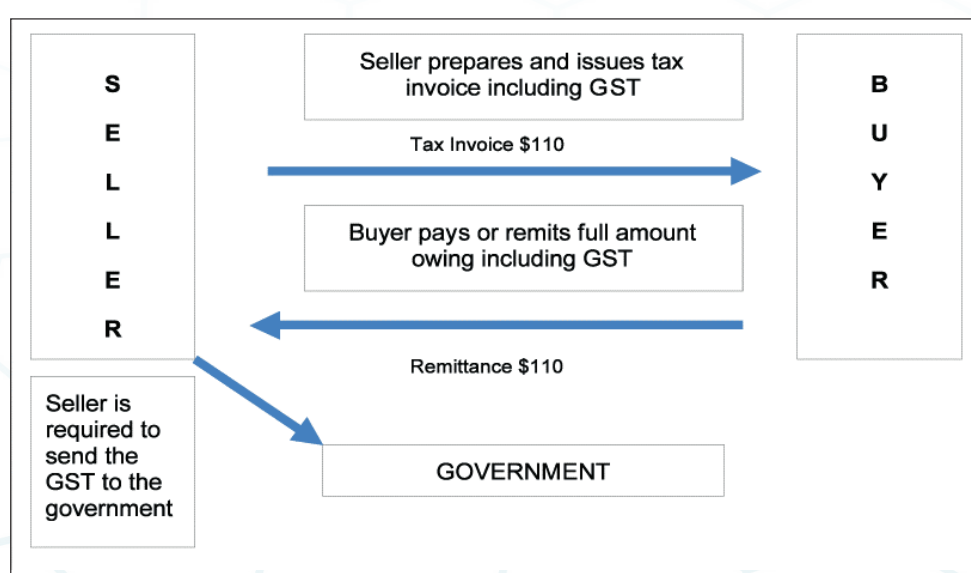
Credit transactions result in accounts receivable accounts (debtors), and account payable accounts (creditors).

Accounts receivable are those people or businesses that owe the business money as a result of a credit transaction. When we sell goods to customers or perform services for customers, we agree to terms of credit, ie they can pay us at a specified time, eg 7 days, 14 days, 30 days etc. We prepare an invoice when the transaction takes place so that we have a record of the business transaction. Information from these invoices will then be summarised in the sales journal.

The **Sales Journal** is a record of all of the credit sales or credit services performed by our business for a period of time, usually a month.

When the business transaction takes place, we prepare a tax invoice. The original copy of the tax invoice is issued to the customer and we retain the duplicate copy. The duplicate copy becomes the source document for the preparation of the Sales Journal.

GST is included on all tax invoices. The GST component is recorded separately in the Sales Journal.



We have already worked with the invoices that Ashraf prepares for Qatar Luxury Furnishings. A summary of the duplicate copies of invoices prepared for the month of October is shown below. Following is the Sales Journal.

#### TAX INVOICE

##### Qatar Luxury Furnishings

1 October 20XX No 1028  
To: J Al Ghanim  
Amount: \$10,000.00  
GST: \$1,000.00  
Total: \$11,000.00

#### TAX INVOICE

##### Qatar Luxury Furnishings

2 October 20XX No 1029  
To: H Al Thani  
Amount: \$12,450.00  
GST: \$1,245.00  
Total: \$13,695.00

#### TAX INVOICE

##### Qatar Luxury Furnishings

4 October 20XX No 1030  
To: Qatar Homes  
Amount: \$14,200.00  
GST: \$1,420.00  
Total: \$15,620.00

#### TAX INVOICE

##### Qatar Luxury Furnishings

5 October 20XX No 1031  
To: J Al Ghanim  
Amount: \$1,250.00  
GST: \$125.00  
Total: \$1,375.00

#### Sales Journal of Qatar Luxury Furnishings

Date	Invoice No	Particulars	Folio	Sales	GST Collected	Accounts Receivable
1 Oct	1028	J Al Ghanim		10,000.00	1,000.00	11,000.00
2 Oct	1029	H Al Thani		12,450.00	1,245.00	13,695.00
4 Oct	1030	Qatar Homes		14,200.00	1,420.00	15,620.00
5 Oct	1031	J Al Ghanim		1,250.00	125.00	1,375.00
				37,900.00	3,790.00	41,690.00
				Cr	Cr	Dr

We have previously looked at the purpose of the adjustment note. When goods are returned to the supplier or the supplier agrees to give an allowance, an adjustment note must be prepared and issued by the supplier. The reason for this may be that the goods were damaged in transit or perhaps the goods invoiced are not what was originally ordered.

The adjustment note is the evidence of the business transaction and becomes the source document for the sales returns and allowances journal.

The Sales Returns and Allowances Journal is a record of all the credit returns and allowances and summarises the adjustment notes that have been issued during the month.

The following is a summary of the adjustment notes prepared and issued by Qatar Luxury Furnishings during the month of October, followed by the Sales Returns and Allowances Journal.

#### TAX ADJUSTMENT NOTE

##### Qatar Luxury Furnishings

5 October 20XX      No 419  
To:                      Qatar Homes  
Amount:              \$480.00  
GST:                   \$48.00  
Total:                  \$528.00

#### TAX ADJUSTMENT NOTE

##### Qatar Luxury Furnishings

6 October 20XX      No 420  
To:                      H Al Thani  
Amount:              \$1,200.00  
GST:                   \$120.00  
Total:                  \$1,320.00

#### Sales Returns and Allowances Journal of Qatar Luxury Furnishings

Date	Adjustment No	Particulars	Folio	Sales Returns	GST Collected	Accounts Receivable
5 Oct	419	Qatar Homes		480.00	48.00	528.00
6 Oct	420	H Al Thani		1,200.00	120.00	1,320.00
				1,680.00	168.00	1,848.00
				Dr	Dr	Cr



## Practice

### Practice activity 9

Use the information below for Office Supplies wll to prepare the Sales Journal.

#### Summary of invoices issued

Date	Inv No	Customer/Accounts Receivable	Amount	GST Collected	Total Owing
3 Feb	9255	P Austin	1500.00	150.00	1650.00
6 Feb	A421	M Aziz	3550.00	355.00	3905.00
17 Feb	9145	M Hussain	1000.00	100.00	1100.00
24 Feb	AB785	P Austin	470.00	47.00	517.00

SALES JOURNAL OF						
Date	Invoice No	Particulars	Folio	Sales	GST Collected	Accounts Receivable



## Practice

### Practice activity 10

Using the information below, prepare the Sales Journal for Qatar Cleaning Contractors. You will have to calculate the GST for this exercise.

#### Summary of invoices issued

Date	Inv No	Customer/Accounts Receivable	Total Owing
9 Mar	2589	Al Dafna Stationery	880.00
12 Mar	5896	M Ibrihim	1320.00
16 Mar	5401	Aziz Supermarket	2530.00
28 Mar	N982	Mansoura Motors	1056.00

#### SALES JOURNAL OF

Date	Inv No	Customer/Accounts Receivable	Total Owing





## Practice

### Practice activity 11

Use the information below to prepare the Sales and Sales Returns and Allowances Journal.

#### Qatar Luxury Furnishings

##### TAX INVOICE

To	S Ibrihim
3 Feb	No 954
Amount	\$2 120.00
GST	\$ 212.00
Total:	\$2 332.00

#### Qatar Luxury Furnishings

##### TAX INVOICE

To	Gulf Showrooms
9 Feb	No 955
Amount	\$ 810.00
GST	\$ 81.00
Total:	\$ 891.00

#### Qatar Luxury Furnishings

##### TAX INVOICE

To	Desert Furniture
10 Feb	No 956
Amount	\$ 650.00
GST	\$ 65.00
Total:	\$ 715.00

#### Qatar Luxury Furnishings

##### TAX INVOICE

To	S Ibrihim
24 Feb	No 957
Amount	\$3 000.00
GST	\$ 300.00
Total:	\$3 300.00

#### Qatar Luxury Furnishings

##### TAX INVOICE

To	Global Design
24 Feb	No 958
Amount	
GST	
Total:	

#### Qatar Luxury Furnishings

##### TAX INVOICE

To	Desert Furniture
24 Feb	No 959
Amount	
GST	
Total:	

**Qatar Luxury Furnishings****TAX ADJUSTMENT NOTE**

To	S Ibrihim
4 Feb	No 780
Amount	\$ 300.00
GST	\$ 30.00
Total:	\$ 330.00

**Qatar Luxury Furnishings****TAX ADJUSTMENT NOTE**

To	Gulf Showrooms
12 Feb	No 781
Amount	\$ 100.00
GST	\$ 10.00
Total:	\$ 110.00

**Qatar Luxury Furnishings****TAX ADJUSTMENT NOTE**

To	Global Design
26 Feb	No 782
Amount	\$ 1050.00
GST	\$ 105.00
Total:	\$ 1155.00

Sales Journal of


Sales Returns And Allowances Journal of

Accounts payable are those people or businesses we owe money to as a result of a credit transaction. When we purchase goods from suppliers or have suppliers or vendors perform services for us on credit, they allow us a specified time to pay their account eg 7 days, 14 days, 30 days etc. We will receive an invoice when the transaction takes place and this is a record of the business transaction. Information from these invoices received will then be summarised in the Purchases Journal.

The **Purchases Journal** is a record of all of the credit purchases received by our business for a period of time, usually a month. It summarises all the invoices received.

The **Purchases Returns and Allowances Journal** is a record of all of the credit purchase returns and allowances received by our business and is a summary of the adjustment notes received during the month.

The following is a summary of tax invoices and adjustment notes received during the month of October, followed by the Purchases and Purchases Returns and Allowances Journal.



The adjustment note for damaged goods received is recorded in the Purchases Returns and Allowances Journal

**Doha Furniture Distributors****TAX INVOICE**

To	Qatar Luxury Furnishings
1 October	No 95421
Amount	\$6,650.00
GST	\$665.00
Total:	\$7,315.00

**QFS wll****TAX INVOICE**

To	Qatar Luxury Furnishings
3 October	No 1287
Amount	\$450.00
GST	\$45.00
Total:	\$495.00

**Doha Furniture Distributors****TAX INVOICE**

To	Qatar Luxury Furnishings
4 October	No 95438
Amount	\$4,210.00
GST	\$421.00
Total:	\$4,631.00

**Qatar Kitchen Supplies****TAX INVOICE**

To	Qatar Luxury Furnishings
6 October	No 7284
Amount	\$10,854.00
GST	\$1,085.40
Total:	\$11,939.00

**Doha Furniture Distributors****TAX ADJUSTMENT NOTE**

To	Qatar Luxury Furnishings
1 October	No 315
Amount	\$2,740.00
GST	\$274.00
Total:	\$3,014.00

**QFS wll****TAX ADJUSTMENT NOTE**

To	Qatar Luxury Furnishings
5 October	No 963
Amount	\$50.00
GST	\$5.00
Total:	\$55.00

Purchases Journal of Qatar Luxury Furnishings						
Date	Invoice No	Particulars	Folio	Purchases	GST Collected	Accounts Payable
1 Oct	95421	Doha Furniture Distributors		6,650.00	665.00	7,315.00
3 Oct	1287	QFS wll		450.00	45.00	495.00
4 Oct	95438	Doha Furniture Distributors		4,210.00	421.00	4,631.00
6 Oct	7284	Qatar Kitchen Supplies		10,854.00	1,085.40	11,939.40
				22,164.00	2,216.40	24,380.40
				Dr	Dr	Cr

Purchases Returns and Allowances Journal of Qatar Luxury Furnishings						
Date	Adjust Note No	Particulars	Folio	Purchases Returns	GST paid	Accounts Payable
1 Oct	315	Doha Furniture Distributors		2,740.00	274.00	3,014.00
5 Oct	963	QFS wll		50.00	5.00	55.00
6 Oct				2,790.00	279.00	3,069.00
				Cr	Cr	Dr



## Practice

### Practice activity 12

Using the information below for Office Decore, prepare the Purchases Journal.

#### Summary of invoices received

Date	Inv No	Supplier/accounts payable	Amount	GST Paid	Total Owing
1 Feb	285	M Al Bustan	500.00	50.00	550.00
5 Feb	A368	H Lawrence	460.00	46.00	506.00
24 Feb	9190	M Al Bustan	1000.00	100.00	1100.00
26 Feb	AB345	J Cowan	170.00	17.00	187.00

PURCHASES JOURNAL OF						
Date	Invoice No	Particulars	Folio	Purchases	GST Paid	Accounts Payable





## Practice

### Practice activity 13

Using the information below, prepare the Purchases Journal for Clean Easy wll. You will have to calculate the GST for this exercise.

#### Summary of invoices received

Date	Inv No	Supplier/Accounts Payable	Total Owing
3 Mar	4040	J Carey	660.00
7 Mar	2946	M Ibrihim	1155.00
14 Mar	0573	T Aziz	803.00
25 Mar	N562	J Mansoura	539.00

#### Purchases Journal of

Date	Inv No	Supplier/Accounts Payable	Total Owing



## Practice

### Practice activity 14

Use the information below to prepare the Purchases and Purchases Returns and Allowances Journal.

#### Doha Furniture Distributors

##### TAX INVOICE

To	Qatar Luxury Furnishings
1 Feb	No 954
Amount	\$7000.00
GST	\$ 700.00
Total:	\$7 700.00

#### Soft Furnishings

##### TAX INVOICE

To	Qatar Luxury Furnishings
4 Feb	No 421
Amount	\$ 850.00
GST	\$ 85.00
Total:	\$ 935.00

#### Kitchen Distributors

##### TAX INVOICE

To	Qatar Luxury Furnishings
10 Feb	No 547
Amount	\$6 650.00
GST	\$ 665.00
Total:	\$7 315.00

#### Soft Furnishings

##### TAX INVOICE

To	Qatar Luxury Furnishings
22 Feb	No 978
Amount	\$3 400.00
GST	\$ 340.00
Total:	\$3 740.00

**Gulf Furniture wll****TAX INVOICE**

To	Qatar Luxury Furnishings
24 Feb	No 2182
Amount	\$8 200.00
GST	\$ 820.00
Total:	\$ 9020.00

**Doha Furniture Distributors****TAX INVOICE**

To	Qatar Luxury Furnishings
28 Feb	No 984
Amount	\$4 500.00
GST	\$ 450.00
Total:	\$4 950.00

**Doha Furniture Distributors****TAX ADJUSTMENT NOTE**

To	Qatar Luxury Furnishings
2 Feb	No 386
Amount	\$ 240.00
GST	\$ 24.00
Total:	\$ 264.00

**Soft Furnishings****TAX ADJUSTMENT NOTE**

To	Qatar Luxury Furnishings
6 Feb	No 744
Amount	\$ 850.00
GST	\$ 85.00
Total:	\$ 935.00

**Gulf Furniture wll****TAX ADJUSTMENT NOTE**

To	Qatar Luxury Furnishings
26 Feb	No 5747
Amount	\$ 1000.00
GST	\$ 100.00
Total:	\$ 1100.00

Purchases Journal of


Purchases Returns Journal of




## Introduction to accounting and double entry

You have now learnt how to prepare and process a variety of business documents. These documents involved both cash and credit transactions. We then grouped similar transactions together to prepare the journals.

The journals are a summary of the source documents that have been received or prepared to provide evidence of the business transaction.

### Summary of journals

<b>Purchases Journal</b>	Records the credit purchase of goods (inventory items purchased for resale)
<b>Purchases Returns and Allowances Journal</b>	Records the return or allowances to credit purchases
<b>Sales Journal</b>	Records the credit sale of inventory
<b>Sales Returns and Allowances Journal</b>	Records the return or allowances to credit sales
<b>Cash Receipts Journal</b>	Records all transactions involving the receipt of cash
<b>Cash Payments Journal</b>	Records all transactions involving the payment of cash
<b>General Journal</b>	Records all transactions that cannot be recorded in one of the above specialised journals

There are special transactions that cannot be recorded in the above journals. We use the **General Journal** for this purpose. Following are some examples of when we would use the General Journal:

- When the owner contributes assets other than cash into the business
- Withdrawal of inventory or other assets by the owner
- Purchase of assets other than inventory, on credit
- Write off bad debts
- Contra entries
- Correction of error

Following on the next page are the General Journal entries that would be prepared to record the above transactions.

GENERAL JOURNAL					
Date	Document No	Particulars	Folio	Debit	Credit
1 Oct		Vehicle		10,500.00	
		Furniture		6,000.00	
		Equipment		2,800.00	
		Capital			19,300.00
		(Owner introduced assets into the business)			
2 Oct		Drawings		1,500.00	
		Purchases			1,500.00
		(Owner withdrew inventory for personal use)			
3 Oct		Computer		4,150.00	
		GST Paid		415.00	
		Computer Supplier			4,565.00
		(Bought computer on credit)			
4 Oct		Bad Debts		250.00	
		GST Collected		25.00	
		Accounts Receivable			275.00
		(Wrote off account receivable as a bad debt)			
5 Oct		Accounts Payable		1,000.00	
		Accounts Receivable			1,000.00
		(Contra entry)			
6 Oct		Motor Vehicle Expenses		250.00	
		Motor Vehicle			250.00
		(Correction of error)			





## Practice

### Practice activity 15

Use copies of the invoices issued for Qatar Sports Centre to prepare the Sales Journal.

#### TAX INVOICE

##### Qatar Sports Centre

1 Nov	No 1028
To	J Al Nasser
Amount	\$8,800.00
GST	\$880.00
Total:	\$9,680.00

#### TAX INVOICE

##### Qatar Sports Centre

12 Nov	No 1029
To	B Al Quaradi
Amount	\$12,450.00
GST	\$1,245.00
Total:	\$13,695.00

#### TAX INVOICE

##### Qatar Sports Centre

18 Nov	No 1030
To	Qatar Foundation
Amount	\$1,600.00
GST	\$160.00
Total:	\$1,760.00

#### TAX INVOICE

##### Qatar Sports Centre

25 Nov	No 1031
To	J Al Jaber
Amount	\$1,250.00
GST	\$125.00
Total:	\$1,375.00

Sales Journal of Qatar Sports Centre						
Date	Invoice No	Particulars	Folio	Sales	GST collected	Accounts Receivable



## Practice

### Practice activity 16

Use copies of the invoices and adjustment notes issued by Carnivaland to prepare the Sales and Sales Returns and Allowances Journal.

#### TAX INVOICE

##### Carnivaland

2 Sept	No 3145
To	J Bright
Amount	\$18,800.00
GST	\$1,880.00
Total:	\$20,680.00

#### TAX INVOICE

##### Carnivaland

9 Sept	No 3146
To	B Zainer
Amount	\$15,500.00
GST	\$1,550.00
Total:	\$17,050.00

#### TAX INVOICE

##### Carnivaland

15 Sept	No 3147
To	Doha School
Amount	\$1,600.00
GST	\$160.00
Total:	\$1,760.00

#### TAX INVOICE

##### Carnivaland

27 Sept	No 3148
To	S Lui
Amount	\$4250.00
GST	\$425.00
Total:	\$4,675.00

**TAX INVOICE****Carnivaland**

12 Sept                  No 914  
To                          B Zainer  
Amount                \$350.00  
GST                     \$ 35.00  
Total:                   \$385.00

**TAX INVOICE****Carnivaland**

29 Sept                  No 915  
To                          S Lui  
Amount                \$850.00  
GST                     \$ 85.00  
Total:                   \$935.00

**Sales Journal of Carnivaland**

Date	Invoice No	Particulars	Folio	Sales	GST collected	Accounts Receivable

Sales Returns and Allowances Journal of Carnivaland						
Date	Invoice No	Particulars	Folio	Sales Returns	GST collected	Accounts Receivable

•



## Practice

### Practice activity 17

Use the invoices received by Qatar Holdings to prepare the Purchases and Purchases Returns and Allowances Journal.

#### Doha Distributors

##### TAX INVOICE

To	Qatar Holdings
3 October	No 921
Amount	\$3,200.00
GST	\$ 320.00
Total:	\$3,520.00

#### QFS wll

##### TAX INVOICE

To	Qatar Holdings
9 October	No 187
Amount	\$4,810.00
GST	\$ 481.00
Total:	\$5,291.00

#### Doha Fruit Centre

##### TAX INVOICE

To	Qatar Holdings
13 October	No 9438
Amount	\$4,210.00
GST	\$ 421.00
Total:	\$4,631.00

#### Qatar Central

##### TAX INVOICE

To	Qatar Holdings
23 October	No 55884
Amount	\$854.00
GST	\$ 85.40
Total:	\$939.40

Doha Distributors		
TAX ADJUSTMENT NOTE		
To	Qatar Holdings	
8 October	No 315	
Amount		\$1,420.00
GST		\$ 142.00
Total:		\$1,562.00

QFS wll		
TAX ADJUSTMENT NOTE		
To	Qatar Holdings	
12 October	No 963	
Amount		\$150.00
GST		\$ 15.00
Total:		\$165.00



Purchases Journal of Doha Distributors						
Date	Invoice No	Particulars	Folio	Purchases	GST collected	Accounts Payable



Purchases Returns and Allowances Journal of Doha Distributors						
Date	Invoice No	Particulars	Folio	Purchases Returns	GST collected	Accounts Payable



## Practice

### Practice activity 18

Abdullah Al Dosary has commenced business operations as a plant nursery called Doha Plant Nursery. Prepare the General Journal entries for the following transactions for Doha Plant Nursery.

<b>January 1</b>	Abdullah contributed a Vehicle \$26,000, Inventories \$35,000 and Cash of \$20,000.
<b>January 4</b>	Bought Office Furniture on credit from BizFurn wll for \$2,850.
<b>January 11</b>	Wrote off an account receivable – J Hudson – for \$565.
<b>January 26</b>	The Cleaning account has been charged \$234 in error. This should have been charged to the Repairs account.
<b>January 29</b>	The owner withdrew Furniture worth \$150 for his own personal use.

GENERAL JOURNAL					
Date	Document No	Particulars	Folio	Debit	Credit

•



## Practice

### Practice activity 19

You are working as the Assistant to the Accountant for Yamin Trading. You are required to prepare the Purchases, Purchases Returns and Allowances, Sales, Sales Returns and Allowances, Cash Receipts and Cash Payments Journals for the month of September.

#### Summary of invoices issued

##### TAX INVOICE

##### Yamin Trading

2 Sept	No 8712
To	J Gamal
Amount	\$12,200.00
GST	\$1,220.00
Total:	\$13,420.00

##### TAX INVOICE

##### Yamin Trading

14 Sept	No 8713
To	P Ibrihim
Amount	\$15,500.00
GST	\$1,550.00
Total:	\$17,050.00

##### TAX INVOICE

##### Yamin Trading

18 Sept	No 8714
To	J Ahmed
Amount	\$3,950.00
GST	\$395.00
Total:	\$4,345.00

##### TAX INVOICE

##### Yamin Trading

24 Sept	No 8715
To	P Ibrihim
Amount	\$8,160.00
GST	\$816.00
Total:	\$8,976.00

Summary of adjustment notes issued

TAX ADJUSTMENT NOTE	
Yamin Trading	
15 Sept	No 8714
To	J Ahmed
Amount	\$3,950.00
GST	\$395.00
Total:	\$4,345.00

TAX ADJUSTMENT NOTE	
Yamin Trading	
20 Sept	No 1216
To	J Ahmed
Amount	\$1,200.00
GST	\$ 120.00
Total:	\$1,320.00

## Summary of invoices and adjustment notes received

### Doha Service Centre

#### TAX INVOICE

To	Yamin Trading
3 Sept	No 4872
Amount	\$3,200.00
GST	\$ 320.00
Total:	\$3,520.00

### QFS wll

#### TAX INVOICE

To	Yamin Trading
9 Sept	No 1158
Amount	\$6,950.00
GST	\$ 695.00
Total:	\$7,645.00

### Doha Engineering

#### TAX INVOICE

To	Yamin Trading
13 Sept	No 2187
Amount	\$6,950.00
GST	\$ 695.00
Total:	\$7,645.00

### Qatar Central Distributors

#### TAX INVOICE

To	Yamin Trading
23 October	No 5284
Amount	\$854.00
GST	\$ 85.40
Total:	\$939.40

### QBS wll

#### TAX ADJUSTMENT NOTE

To	Yamin Trading
10 Sept	No 228
Amount	\$855.00
GST	\$ 85.50
Total:	\$940.50

### Doha Engineering

#### TAX ADJUSTMENT NOTE

To	Yamin Trading
15 Sept	No 845
Amount	\$288.00
GST	\$ 28.80
Total:	\$316.80

## Summary of cash received

Yamin Trading	Receipt
15 Sept	No 475
Received from	J Gamal
For	Settlement of a/c
Amount (incl GST)	\$1,650.00
GST	\$150.00

Yamin Trading	Receipt
29 Sept	No 476
Received from	J Ahmed
For	Settlement of a/c
Amount (incl GST)	\$2,200.00
GST	\$200.00

Yamin Trading	
Cash Register Summary	
1 Sept	
Repairs	\$0
Maintenance	\$0
Engineering	\$250.00
Sales	\$175.00
Other	\$0
Sub Total	\$425.00
GST	\$42.50
Total	\$467.50

Yamin Trading	
Cash Register Summary	
4 Sept	
Repairs	\$800.00
Maintenance	\$600.00
Engineering	\$0
Sales	\$0
Other	\$0
Sub Total	\$1,400.00
GST	\$140.00
Total	\$1,540.00

Yamin Trading	
Cash Register Summary	
9 Sept	
Repairs	\$0
Maintenance	\$0
Engineering	\$200.00
Sales	\$855.00
Other	\$0
Sub Total	\$1,055.00
GST	\$105.50
Total	\$1,160.50

**Yamin Trading****Cash Register Summary**

15 Sept	
Repairs	\$0
Maintenance	\$0
Engineering	\$0
Sales	\$0
Other	\$55.00
Sub Total	\$55.00
GST	\$5.50
Total	\$60.50

**Yamin Trading****Cash Register Summary**

27 Sept	
Repairs	\$0
Maint	\$0
Engineer	\$415.00
Sales	\$280.00
Other	\$395.00
Sub Total	\$1,090.00
GST	\$109.00
Total	\$1,199.00

**EFTPOS Summary****5 Sept**

Repairs	\$2,212.50
Maint	\$11,850.00
GST	\$1,406.25
Total	\$15,468.75

**EFTPOS Summary****16 Sept**

Maint	205.50
Other	\$955.00
GST	\$116.05
Total	\$1,276.55



## Summary of cash paid

### Yamin Trading - Cheque Butt

12 Sept	No 3912
Paid to	Doha Fabrication
For	Purchases
Amount	\$5,800.00
GST	\$ 580.00
Total:	\$6,380.00

### Yamin Trading - Cheque Butt

13 Sept	No 3913
Paid to	Al Amari Trust
For	Rent
Amount	\$6,500.00
GST	\$ 650.00
Total:	\$7,150.00

### Yamin Trading - Cheque Butt

23 Sept	No 3914
Paid to	Qatar Events
For	Purchasing/freight
Amount	\$6,500.00/350.00
GST	\$ 685.00
Total:	\$7,535.00

### Yamin Trading - Cheque Butt

25 Sept	No 3915
Paid to	QTT wll
For	Purchases
Amount	\$8,250.00
GST	\$ 825.00
Total:	\$9,075.00

### Yamin Trading - EFT Summary

Date	4 Sept
Paid to	Kahramma
For	Government fee
Amount	\$545.00
GST	Exempt
Total:	\$545.00

### Yamin Trading - EFT Summary

Date	7 Sept
Paid to	Cash
For	Wages
Amount	\$1,750.00
GST	Exempt
Total:	\$1,750.00

The next step in the accounting process is to post the journal to the ledger.

Before we do this we need to review the **principles of double entry**. Revisit the work you completed in your **Introduction to Accounting** in Year 10.



## Practice

### Practice activity 20

Complete the table below

Type of account	Nature of account	Increase	Decrease
Revenues			
Expenses			
Assets			
Liabilities			
Owner's Equity			

Mohamed Al Atalya establishes his business as an Insurance Consultant on 1 April. Below are his business transactions for the first month.

<b>April 1</b>	Mohamed deposits \$100,000 into the business bank account
<b>April 2</b>	Mohamed pays Rent of \$2,500
<b>April 5</b>	Office Equipment purchased for cash \$5,000
<b>April 7</b>	Furniture purchased on credit from Al Dafna Furniture for \$8,000.
<b>April 14</b>	Paid Wages \$3,000
<b>April 16</b>	Received Service Fees for cash \$7,500
<b>April 18</b>	Completed Insurance Services on credit for Al Amadi Contracting for \$12,000
<b>April 22</b>	Paid Al Dafna Furniture \$3,000
<b>April 28</b>	Paid Wages \$3,000
<b>April 30</b>	Received \$6,000 from Al Amadi Contracting

We now analyse these transactions so that we can identify the accounts involved and which accounts will be debit or credit.

## Transaction analysis table

Date	Name of account	Type of account	Increase or decrease	Debit	Credit
April 1	Cash at Bank	Asset	Increase	100,000	
	Capital	Owner's Equity	Increase		100,000
April 2	Rent Expense	Expense	Increase	2,500	
	Cash at Bank	Asset	Decrease		2,500
April 5	Office Equipment	Asset	Increase	5,000	
	Cash at Bank	Asset	Decrease		5,000
April 7	Furniture	Asset	Increase	8,000	
	Al Dafna Furniture	Liability	Increase		8,000
April 14	Wages	Expense	Increase	3,000	
	Cash at Bank	Asset	Decrease		3,000
April 16	Cash at Bank	Asset	Increase	7,500	
	Service Fees	Revenue	Increase		7,500
April 18	Al Amadi Contracting	Asset	Increase	12,000	
	Service Fees	Revenue	Increase		12,000
April 22	Ad Dafna Furniture	Liability	Decrease	3,000	
	Cash at Bank	Asset	Decrease		3,000
April 28	Wages	Expense	Increase	3,000	
	Cash at Bank	Asset	Decrease		3,000
April 30	Cash at Bank	Asset	Increase	6,000	
	Al Amadi Contracting	Asset	Decrease		6,000

Review the Ledger and Trial Balance on the following pages. This has been prepared from the analysis table.

## Ledger of Mohamed al Atalya, Insurance Consultant

Date	Particulars	Debit	Credit	Balance	
<b>Service Fees</b>					
16 April	Cash at Bank		7,500	7,500	Cr
18 April	Al Amadi Contracting		12,000	19,500	Cr
<b>Rent</b>					
2 April	Cash at Bank	2,500		2,500	Dr
<b>Wages</b>					
14 April	Cash at Bank	3,000		3,000	Dr
28 April	Cash at Bank	3,000		6,000	Dr
<b>Cash at Bank</b>					
1 April	Capital	100,000		100,000	Dr
2 April	Rent		2,500	500 97	Dr
5 April	Office Equipment		5,000	92,500	Dr
14 April	Wages		3,000	89,500	Dr
16 April	Service Fees	7,500		97,000	Dr
22 April	Al Dafna Furniture		3,000	94,000	Dr
28 April	Wages		3,000	91,000	Dr
30 April	Al Amadi Contracting	6,000		97,000	Dr
<b>Al Amadi Contracting</b>					
18 April	Service Fees	12,000		12,000	Dr
30 April	Cash at Bank		6,000	6,000	Dr

Date	Particulars	Debit	Credit	Balance	
<b>Office Equipment</b>					
5 April	Cash at Bank	5,000		5,000	Dr
<b>Furniture</b>					
7 April	Al Dafna Furniture	8,000		8,000	Dr
<b>Al Dafna Furniture</b>					
7 April	Furniture		8,000	8,000	Cr
22 April	Cash at Bank	3,000		5,000	Cr
<b>Capital</b>					
1 April	Cash at Bank		100,000	100,000	Cr

## Trial Balance of Mohamed Al Atalya

As at 30 April 20 \_\_\_\_

Account name	Debit	Credit
Service Fees		19,500
Rent	2,500	
Wages	6,000	
Cash at Bank	97,000	
Al Amadi Contracting	6,000	
Office Equipment	5,000	
Furniture	8,000	
Al Dafna Furniture		5,000
Capital		100,000
	\$124,500	\$124,500



## Practice

### Practice activity 21

Write the definitions for the following 5 types of accounts:

Assets

Liabilities

Owner's Equity

Revenue

Expenses





## Practice

### Practice activity 22

Complete the following table.

Type of account	Nature of account	Increase	Decrease
Assets			
Liabilities			
Owner's Equity			
Revenue			
Expenses			



## Practice

### Practice activity 23

State the Accounting Equation



## Practice

### Practice activity 24

Indicate whether each of the following statements is true or false by ticking the correct column.

	True	False
Owner's equity is the amount of the owner's investment in the business.		
The accounting equation is the relationship between the total assets, liabilities and owner's equity for the business.		
The right-hand side of the ledger account is the debit side.		
Asset accounts have a debit nature.		
A trial balance is a list of ledger account and their balances prepared on a particular date.		
Revenue accounts have a debit nature.		



## Practice

### Practice activity 25

For each of the transactions below, complete the details in the table on the next page. (Exclude GST for the purposes of this exercise).

- Feb.**
- 1** Owner invested \$10 000 cash into the business.
  - 4** Bought Furniture for cash \$3 000.
  - 5** Bought Vehicle on credit for \$25 000 from Al Mannai Motors.
  - 9** Paid wages \$1 000.
  - 15** Sold goods for cash \$850.
  - 17** Paid Rent \$2 000.
  - 22** Paid Al Mannai Motors \$15 000.
  - 26** Sold goods on credit to M Jaywant for \$1 750.
  - 28** Bought goods for cash \$1 800.
  - 30** Bought goods on credit from Al Meera for \$450.





## Practice

### Practice activity 26

Using the table in Activity 5 to post the transactions to the ledger accounts below.

Date	Particulars	Debit	Credit	Balance	
Sales – R1					
Purchases E1					
Wages – E2					
Rent – E3					
Cash at Bank – A1					
M Jaywant – A2					
Furniture – A3					
Vehicle – A4					
Al Meera – L1					
Al Mannai Motors – L2					
Capital – OE 1					



## Practice

### Practice activity 27

Prepare a transaction analysis for the following transactions of Qatar Plumbing, post to the ledger and prepare a trial balance as at 30 June 20XX. (Exclude GST for the purposes of this exercise)

**June 10** Performed services for a local resident for \$1000 cash.

**June 12** Paid registration on vehicle, \$150.

**June 15** Performed services on account (credit) - \$1 200 for Simons wll

**June 17** Performed services for cash \$5 500

**June 18** Performed services for building contractor Al Jazi for \$3 700.

(Qatar Plumbing send them an account at the end of each month)

**June 20** Purchased Equipment (asset) for \$4 000 cash.







**Trial Balance of** .....

**As at** .....

Account Name	Debit	Credit



## Post journals to ledger

### Post journals to ledger accurately in accordance with organisational input standards

While the use of a transaction table is a good way to learn how to prepare ledgers, it is not practical from a business point of view. Business organisations can perform hundreds of business transactions per month. This is why we summarise transactions into specialised journals.

Let's review the procedures to record the Purchases Journal. You will recall that the source document for this transaction is the original of the GST Invoice received from the supplier. The invoice lists the goods purchased and how much they cost. If applicable, GST will be included on the invoice.

Review the four invoices below. These have all been received by Qatar Luxury Furnishings from different suppliers.

**Doha Furniture Distributors****TAX INVOICE**

To	Qatar Luxury Furnishings
1 October	No 95421
Amount	\$6,650.00
GST	\$665.00
Total:	\$7,315.00

**QFS wll****TAX INVOICE**

To	Qatar Luxury Furnishings
3 October	No 1287
Amount	\$450.00
GST	\$45.00
Total:	\$495.00

**Doha Furniture Distributors****Tax Invoice**

To	Qatar Luxury Furnishings
4 October	No 95438
Amount	\$4,210.00
GST	\$421.00
Total:	\$4,631.00

**Qatar Kitchen Supplies****Tax Invoice**

To	Qatar Luxury Furnishings
6 October	No 7284
Amount	\$10,854.00
GST	\$1,085.40
Total:	\$11,939.40

The above invoices are entered into the Purchases Journal. The journal shows the date of the transaction, the name of the supplier, the amount of the purchases, the GST and the total amount owing to the supplier or accounts payable. Note the post-ing instructions at the bottom of the last three columns.

Purchases Journal of Qatar Luxury Furnishings						
Date	Invoice No	Particulars	Folio	Purchases	GST Paid	Accounts Payable
1 Oct	95421	Doha Furniture Distributors		6,650.00	665.00	7,315.00
3 Oct	1287	QFS wll		450.00	45.00	495.00
4 Oct	95438	Doha Furniture Distributors		4,210.00	421.00	4,631.00
6 Oct	7284	Qatar Kitchen Supplies		10,854.00	1,085.40	11,939.40
				<u>22,164.00</u>	<u>2,216.40</u>	<u>24,380.40</u>
				Dr	Dr	Cr

The next step in the accounting process is to post this journal to the ledger.

## Ledger of Qatar Luxury Furnishings

Date	Particulars	Debit	Credit	Balance	
<b>Purchases – E1</b>					
6 October	Accounts Payable	22,164.00		22,164.00	Dr
<b>GST Paid – A1</b>					
6 October	Accounts Payable	2,216.40		2,216.40	Dr
<b>Doha Furniture Distributor – L1</b>					
1 October	Purchases and GST		7,315.00	7,315.00	Cr
4 October	Purchases and GST		4,631.00	11,946.00	Cr
<b>QFS wll – L2</b>					
3 October	Purchases and GST		495.00	495.00	Cr
<b>Qatar Kitchen Supplies – L3</b>					
6 October	Purchases and GST		11,939.40	11,939.40	Cr

Let's now look at the Purchases Returns and Allowances transactions.

Qatar Luxury Furnishings has received the following Adjustment Notes.

Doha Furniture Distributors		
Tax Adjustment Note		
To	Qatar Luxury Furnishings	
1 October	No 351	
Amount	\$2,740.00	
GST	\$274.00	
Total:	\$3,014.00	

QFS wll		
Tax Adjustment Note		
To	Qatar Luxury Furnishings	
4 October	No 963	
Amount	\$50.00	
GST	\$5.00	
Total:	\$55.00	

These will be recorded in the Purchases Returns and Allowances Journal as follows:

Purchases Returns and Allowances Journal of Qatar Luxury Furnishings						
Date	Adjust Note no	Particulars	Folio	Purchases Returns	GST Paid	Accounts Payable
1 Oct	315	Doha Furniture Distributors		2,740.00	274.00	3,014.00
4 Oct	963	QFS wll		50.00	5.00	55.00
				<u>2,790.00</u>	<u>279.00</u>	<u>3,069.00</u>
				Cr	Cr	Dr

When the Purchases Returns and Allowances Journal is posted to the ledger, the ledger will appear as follows:

### Ledger of Qatar Luxury Furnishings

Date	Particulars	Debit	Credit	Balance	
<b>Purchases – E1</b>					
6 October	Accounts Payable	22,164.00		22,164.00	Dr
<b>Purchases Returns and Allowances – E2</b>					
6 October	Accounts Payable		2,790.00	2,790.00	Cr
<b>GST Paid – A1</b>					
6 October	Accounts Payable	2,216.40		2,216.40	Dr
6 October	Accounts Payable		279.00	1,937.40	Dr
<b>Doha Furniture Distributor – L1</b>					
1 October	Purchases and GST		7,315.00	7,315.00	Cr
1 October	Purchases Returns and GST	3,014.00		4,301.00	Cr
4 October	Purchases and GST		4,631.00	8,932.00	Cr
<b>QFS wll – L2</b>					
3 October	Purchases and GST		495.00	495.00	Cr
4 October	Purchases Returns and GST	55.00		440.00	Cr
<b>Qatar Kitchen Supplies – L3</b>					
6 October	Purchases and GST		11,939.40	11,939.40	Cr



## Practice

### Practice activity 28

Using the information below for Office Decore, prepare the Purchases Journal and post to the Ledger.

#### Summary of invoices received

Date	Inv No	Supplier/accounts payable	Amount	GST Paid	Total Owing
1 Feb	285	M Al Bustan	500.00	50.00	550.00
5 Feb	A368	H Lawrence	460.00	46.00	506.00
24 Feb	9190	M Al Bustan	1000.00	100.00	1100.00
26 Feb	AB345	J Cowan	170.00	17.00	187.00

PURCHASES JOURNAL OF						
Date	Invoice No	Particulars	Folio	Purchases	GST Paid	Accounts Payable



## Ledger of

[illegible]



## Practice

### Practice activity 29

Using the information below, prepare the Purchases Journal for Clean Easy wll and post to the Ledger. You will have to calculate the GST for this exercise.

#### Summary of invoices received

Date	Inv No	Supplier/accounts payable	Total Owing
3 Mar	4040	J Carey	660.00
7 Mar	2946	M Ibrihim	1155.00
14 Mar	0573	T Aziz	803.00
25 Mar	N562	J Mansoura	539.00

#### Purchases Journal of

Date	Inv No	Supplier/accounts payable	Total Owing

## Ledger of

[illegible]



## Practice

### Practice activity 30

Use the information below to prepare the Purchases and Purchases Returns and Allowances Journal, post to the Ledger.

#### Doha Furniture Distributors

##### TAX INVOICE

To	Qatar Luxury Furnishings
1 Feb	No 954
Amount	\$7000.00
GST	\$ 700.00
Total:	\$7 700.00

#### Soft Furnishings

##### TAX INVOICE

To	Qatar Luxury Furnishings
4 Feb	No 421
Amount	\$850.00
GST	\$ 85.00
Total:	\$935.00

#### Kitchen Distributors

##### TAX INVOICE

To	Qatar Luxury Furnishings
10 Feb	No 547
Amount	\$6 650.00
GST	\$ 665.00
Total:	\$7 315.00

#### Doha Furniture Distributors

##### TAX INVOICE

To	Qatar Luxury Furnishings
22 Feb	No 978
Amount	\$3 400.00
GST	\$ 340.00
Total:	\$3 740.00

**Gulf Furniture wll****TAX INVOICE**

To	Qatar Luxury Furnishings
24 Feb	No 2182
Amount	\$8 200.00
GST	\$ 820.00
Total:	\$ 9020.00

**Doha Furniture Distributors****TAX INVOICE**

To	Qatar Luxury Furnishings
28 Feb	No 984
Amount	\$4 500.00
GST	\$ 450.00
Total:	\$4 950.00

**Doha Furniture Distributors****TAX ADJUSTMENT NOTE**

To	Qatar Luxury Furnishings
2 Feb	No 386
Amount	\$ 240.00
GST	\$ 24.00
Total:	\$ 264.00

**Gulf Furniture wll****TAX ADJUSTMENT NOTE**

To	Qatar Luxury Furnishings
6 Feb	No 744
Amount	\$ 850.00
GST	\$ 85.00
Total:	\$ 935.00

**Gulf Furniture wll****TAX ADJUSTMENT NOTE**

To	Qatar Luxury Furnishings
26 Feb	No 5747
Amount	\$1000.00
GST	\$ 100.00
Total:	\$1100.00

## Purchases Journal of



## Purchases Returns Journal of

## Ledger of

[illegible]

Let's review the procedures to record the sales journal. The source document for this transaction is the copy of the GST Invoice issued to the customer. The invoice lists the goods sold and how much is owing. If applicable, GST will be included on the invoice.

The following documents have been issued by Qatar luxury Furnishings and the Sales and Sales Returns and Allowances Journal prepared.

Tax Invoice	
From	Qatar Luxury Furnishings
1 October	No 1028
To	J Al Ghanim
Amount	\$10,000.00
GST	\$1,000.00
Total:	\$11,000.00

Tax Invoice	
From	Qatar Luxury Furnishings
2 October	No 1029
To	H Al Thani
Amount	\$12,450.00
GST	\$1,245.00
Total:	\$13,695.00

Tax Invoice	
From	Qatar Luxury Furnishings
4 October	No 1030
To	Qatar Homes
Amount	\$14,200.00
GST	\$1,420.00
Total:	\$15,620.00

Tax Invoice	
From	Qatar Luxury Furnishings
5 October	No 1031
To	J Al Ghanim
Amount	\$1,250.00
GST	\$125.00
Total:	\$1,375.00



Tax Adjustment Note	
To	Qatar Luxury Furnishings
5 October	No 419
To	Qatar Homes
Amount	\$480.00
GST	\$48.00
Total:	\$528.00

Tax Adjustment Note	
To	Qatar Luxury Furnishings
6 October	No 420
To	H Al Thani
Amount	\$1,200.00
GST	\$120.00
Total:	\$1,320.00



Sales Journal of Qatar Luxury Furnishings						
Date	Invoice No	Particulars	Folio	Sales	GST Collected	Accounts Receivable
1 Oct	1028	J Al Ghanim		10,000.00	1,000.00	11,000.00
2 Oct	1029	H Al Thani		12,450.00	1,245.00	13,695.00
4 Oct	1030	Qatar Homes		14,200.00	1,420.00	15,620.00
5 Oct	1031	J Al Ghanim		1,250.00	125.00	1,375.00
				<u>37,900.00</u>	<u>3,790.00</u>	<u>41,690.00</u>
				Cr	Cr	Dr

Sales Returns and Allowances Journal of Qatar Luxury Furnishings						
Date	Adjust no	Particulars	Folio	Sales Ret and All	GST Collected	Accounts Receivable
5 Oct	419	Qatar Homes		480.00	48.00	528.00
6 Oct	420	H Al Thani		1,200.00	120.00	1,320.00
				<u>1,680.00</u>	<u>168.00</u>	<u>1,848.00</u>
				Dr	Dr	Cr

## Ledger of Qatar Luxury Furnishings

Date	Particulars	Debit	Credit	Balance	
<b>Sales – R1</b>					
6 October	Accounts Receivable		37,900.00	37,900.00	Cr
<b>Sales Returns and allowances – R2</b>					
6 October	Accounts Receivable	1,680.00		1,680.00	Dr
<b>J Al Ghanim – A1</b>					
1 October	Sales and GST	11,000.00		11,000.00	Dr
5 October	Sales and GST	1,375.00		12,375.00	Dr
<b>H Al Thani – A2</b>					
2 October	Sales and GST	13,695.00		13,695.00	Dr
6 October	Sales Return and GST		1,320.00	12,375.00	Dr
<b>Qatar Homes – A3</b>					
4 October	Sales and GST	15,620.00		15,620.00	Dr
5 October	Sales Return and GST		528.00	15,092.00	Dr
<b>GST Collected – L1</b>					
6 October	Accounts Receivable		3,790.00	3,790.00	Cr
6 October	Accounts Receivable	168.00		3,622.00	Cr



## Practice

### Practice activity 31

Using the information below for Office Supplies wll, prepare the Sales Journal and post to the ledger.

#### Summary of invoices issued

Date	Inv No	Customer/Accounts Receivable	Amount	GST Collected	Total Owning
3 Feb	9255	P Austin	1500.00	150.00	1650.00
6 Feb	A421	M Aziz	3550.00	355.00	3905.00
17 Feb	9145	M Hussain	1000.00	100.00	1100.00
24 Feb	AB785	P Austin	470.00	47.00	517.00

SALES JOURNAL OF						
Date	Invoice No	Particulars	Folio	Sales	GST Collected	Accounts Receivable

Ledger of

Date	Particulars	Debit	Credit	Balance	



## Practice

### Practice activity 32

Using the information below, prepare the Sales Journal for Qatar Cleaning Contractors, post to the Ledger. You will have to calculate the GST for this exercise.

#### Summary of invoices issued

Date	Inv No	Customer/Accounts Receivable	Total Owing
9 Mar	2589	Al Dafna Stationery	880.00
12 Mar	5896	M Ibrihim	1320.00
16 Mar	5401	Aziz Supermarket	2530.00
28 Mar	N982	Mansoura Motors	1056.00

#### Sales Journal of

## Ledger of

[illegible]



## Practice

### Practice activity 33

Use the information below to prepare the Sales and Sales Returns and Allowances Journal, Journal, post to the Ledger.

#### Qatar Luxury Furnishings

##### TAX INVOICE

To	S Ibrihim	
3 Feb		No 954
Amount		\$2 120.00
GST		\$ 212.00
Total:		\$2 332.00

#### Qatar Luxury Furnishings

##### TAX INVOICE

To	Gulf Showrooms	
9 Feb		No 955
Amount		\$ 810.00
GST		\$ 81.00
Total:		\$ 891.00

#### Qatar Luxury Furnishings

##### TAX INVOICE

To	Desert Furniture	
10 Feb		No 956
Amount		\$ 650.00
GST		\$ 65.00
Total:		\$ 715.00

#### Qatar Luxury Furnishings

##### TAX INVOICE

To	S Ibrihim	
24 Feb		No 957
Amount		\$3 000.00
GST		\$ 300.00
Total:		\$3 300.00



Qatar Luxury Furnishings		
TAX INVOICE		
To	Global Design	
24 Feb	No 958	
Amount		\$5 800.00
GST		\$ 580.00
Total:		

Qatar Luxury Furnishings		
TAX INVOICE		
To	Desert Furniture	
27 Feb	No 957	
Amount		\$2 150.00
GST		
Total:		

Qatar Luxury Furnishings		
TAX ADJUSTMENT NOTE		
To	S Ibrihim	
4 Feb	No 780	
Amount		\$ 300.00
GST		\$ 30.00
Total:		\$ 330.00

Qatar Luxury Furnishings		
TAX ADJUSTMENT NOTE		
To	Gulf Showroom	
12 Feb	No 781	
Amount		\$ 100.00
GST		\$ 10.00
Total:		\$ 110.00

Qatar Luxury Furnishings		
TAX ADJUSTMENT NOTE		
To	Global Design	
26 Feb	No 782	
Amount		\$ 1050.00
GST		\$ 105.00
Total:		\$ 1155.00

Sales Journal of


Sales Returns And Allowances Journal of


## Ledger of

[illegible]

**Purchases Returns Journal of .....**


**Sales Journal of .....**


Sales Returns Journal of .....


## Ledger of

[illegible]





## Practice

### Practice activity 34

From the following transactions of Locks & Keys Security, prepare the appropriate journals and post to the Ledger.

<b>December 1</b>	Sold steel grill door to G McKenzie for \$990, tax invoice no 28
<b>December 2</b>	Sold goods to S Mason for \$660, tax invoice no 29
	Purchased assorted locks from B & R Locks work \$495, tax invoice no 4
<b>December 4</b>	Returned goods to B & R Locks valued at \$165, Adjustment Note no 126
<b>December 5</b>	S Mason returned goods worth \$220 that were purchased from us on 2 December, Adjustment Note 911
<b>December 9</b>	Sold window locks to The Bookstore for \$1650, tax invoice 30
<b>December 10</b>	Purchased security doors worth \$825 from Coastal Security tax invoice 89
<b>December 11</b>	We returned goods worth \$165 to Coastal Security Adjustment Note 25

**Purchases Journal of .....**



**Purchases Returns Journal of .....**

**Sales Journal of .....**


**Sales Returns Journal of .....**


**Ledger of** .....

[illegible]



## Practice

### Practice activity 35

The office accountant of Qatar Luxury Furnishings has provided you with the following Invoices and Adjustment Notes and has asked you to prepare the appropriate journals and post to the Ledger.

#### Copies of Invoices Issued

##### Qatar Luxury Furnishings

###### TAX INVOICE

To	M Aziz	
5 Feb		No 105
Amount		\$8 020.00
GST		\$ 802.00
Total:		\$8 822.00

##### Qatar Luxury Furnishings

###### TAX INVOICE

To	S Jazi	
9 Feb		No 106
Amount		\$2 410.00
GST		\$ 241.00
Total:		\$2 651.00

##### Qatar Luxury Furnishings

###### TAX INVOICE

To	Jarir Publishing	
11 Feb		No 107
Amount		\$ 480.00
GST		\$ 48.00
Total:		\$ 528.00

##### Qatar Luxury Furnishings

###### TAX INVOICE

To	A Hussain	
17 Feb		No 108
Amount		\$6 000.00
GST		\$ 600.00
Total:		\$6 600.00

**Qatar Luxury Furnishings****TAX INVOICE**

To	Al Emadi Constructions
23 Feb	No 109
Amount	\$1 120.00
GST	\$ 112.00
Total:	\$1 232.00

**Qatar Luxury Furnishings****TAX INVOICE**

To	Hallmark Stationery
25 Feb	No 110
Amount	\$4 120.00
GST	\$ 412.00
Total:	\$4 532.00

**Copies of Adjustment Notes Issued****Qatar Luxury Furnishings****TAX ADJUSTMENT NOTE**

To	S Jazi
12 Feb	No 801
Amount	\$ 410.00
GST	\$ 41.00
Total:	\$ 451.00

**Qatar Luxury Furnishings****TAX ADJUSTMENT NOTE**

To	Jarir Publishing
12 Feb	No 802
Amount	\$ 480.00
GST	\$ 48.00
Total:	\$ 528.00

**Qatar Luxury Furnishings****TAX ADJUSTMENT NOTE**

To	All Emadi Constructions
26 Feb	No 803
Amount	\$ 250.00
GST	\$ 25.00
Total:	\$ 275.00

**Copies of Invoices Received**

**Wholesale Furniture Distributors****TAX INVOICE**

To	Qatar Luxury Furnishings
5 Feb	No 954
Amount	\$12 000.00
GST	\$ 1 200.00
Total:	\$13 200.00

**Arabian Nights Furniture****TAX INVOICE**

To	Qatar Luxury Furnishings
7 Feb	No 7215
Amount	\$5 400.00
GST	\$ 540.00
Total:	\$5 940.00

**Desert Distributors****TAX INVOICE**

To	Qatar Luxury Furnishings
10 Feb	No 8217
Amount	\$8 250.00
GST	\$ 825.00
Total:	\$9 075.00

**Chair Wholesaler****TAX INVOICE**

To	Qatar Luxury Furnishings
12 Feb	No 71292
Amount	\$11 000.00
GST	\$ 1100.00
Total:	\$12 100.00

**The Outdoor Furniture Man****TAX INVOICE**

To	Qatar Luxury Furnishings
19 Feb	No B458
Amount	\$ 9 150.00
GST	\$ 915.00
Total:	\$10 065.00

**Wholesale Furniture Distributors****TAX INVOICE**

To	Qatar Luxury Furnishings
26 Feb	No 250
Amount	\$4 000.00
GST	\$ 400.00
Total:	\$4 400.00

**Copies of Credit Notes Received**

**Chair Wholesaler**

**TAX ADJUSTMENT NOTE**

**Qatar Luxury Furnishings**

14 Feb	No 458
Amount	\$ 1 000.00
GST	\$ 100.00
Total:	\$ 1 100.00

**Arabian Nights Furniture**

**TAX ADJUSTMENT NOTE**

**Qatar Luxury Furnishings**

16 Feb	No 148
Amount	\$ 2 400.00
GST	\$ 240.00
Total:	\$ 2 640.00

**The Outdoor Furniture Man**

**TAX ADJUSTMENT NOTE**

**Qatar Luxury Furnishings**

21 Feb	No 784
Amount	\$ 650.00
GST	\$ 65.00
Total:	\$ 715.00



**Purchases Journal of .....**


**Purchases Returns Journal of .....**


**Sales Journal of .....**


**Sales Returns Journal of .....**


**Ledger of** .....

[illegible]



## Practice

### Practice activity 36

**a** What journal is prepared from each of the documents below

Invoices Received	
Copies of Adjustment Notes Issued	
Adjustment Notes Received	
Copies of Invoices Issued	

**b** Complete the blanks numbered 1 – 10 in the journal below.

Sales Journal of Qatar Stationery						
Date	1)	Particulars	Folio	Sales	GST Collected	2)
11 Oct	1015	B Al Thani		600.00	60.00	660.00
18 Oct	1016	M Aziz		500.00	50.00	550.00
26 Oct	3)	B Al Thani		1,200.00	4)	1,320.00
28 Oct	1018	M Al Ghanim		1,250.00	5)	6)
				<u>3,550.00</u>	7)	8)
				Cr	9)	10)

**c** Complete the blanks numbered 1 – 10 in the journal below.

### Ledger of Qatar Stationery

Date	Particulars	Debit	Credit	Balance	
<b>Purchases – E1</b>					
6 October	1)	12,000.00		12,000.00	2)
<b>Purchases Returns and Allowances – E2</b>					
6 October	Accounts Payable		3)	240.00	Cr
<b>GST Paid – A1</b>					
6 October	Accounts Payable	1,200.00		1,200.00	Dr
6 October	Accounts Payable		24.00	4)	5)
<b>Doha Stationery Distributor – L1</b>					
1 October	Purchases and GST		5,500.00	5,500.00	Cr
1 October	Purchases Returns and GST	220.00		6)	Cr
4 October	Purchases and GST		3,300.00	7)	Cr
<b>QFS wll – L2</b>					
3 October	Purchases and GST		3,300.00	3,300.00	Cr
4 October	8)	44.00		9)	Cr
<b>Qatar Bookstore – L3</b>					
6 October	Purchases and GST		1,100.00	1,100.00	10)

**d** Prepare a Trial Balance for the completed ledger in the activity above.

Trial Balance of .....

As at .....

Account Name	Debit	Credit

The Purchases, Purchases Returns, Sales and Sales Returns Journals all record credit transactions. However, many business transactions are cash transactions. When a cash transaction takes place it must be recorded in either the Cash Receipts Journal or the Cash Payments Journal.

Examples of cash receipts will be cash sales, service fees for cash, receipts of cash from accounts receivable, interest received etc.

The source documents for cash receipts will be handwritten receipts, computer generated totals of cash sales dockets from the cash register, and the bank statement etc.

Examples of cash payments will be cash purchases, wages, rent, electricity, interest paid, payment to accounts payable, etc.

The source documents for cash payments will be cheque butts and bank statements etc.

The example of the cash receipts journal below is a simple one and assumes an analysis of sales is not required.

## Cash Receipts Journal of City Pharmacy

Date	Reference	Particulars	Cash Sales	Accounts Receivable	Sundry Receipts
March 1	Rec 455	T Rasic		1,500.00	
March 4	CRS	Cash Sales	500.00		
March 7	Rec 456	H Atalya		400.00	
March 7	CRS	Cash Sales	220.00		
March 7	B/S	Interest			225.00
			<u>720.00</u>	<u>1,900.00</u>	<u>225.00</u>
				Cr	Cr

See the posting instructions on the bottom line of the journal. This indicates where the figures will be posted to the ledger.

Because it is a Cash Receipts Journal, the Bank Account will be increasing. Therefore, it will be debit. All the other columns will be credit.

Sales are increasing, therefore they are credit.

Accounts Receivables is decreasing (Accounts Receivable is paying us, reducing their account). GST is not recorded in the receipt from an Account Receivable because it has already been recorded in the original credit sales transaction.

Sundry receipts will be either other revenue accounts or could be decreasing asset accounts eg the sale of assets for cash.

GST Collected is a liability account, increasing and therefore credit.

The Cash Receipts Journal is now posted to the ledger.

## Ledger of City Pharmacy

Date	Particulars	Debit	Credit	Balance	
<b>Sales</b>					
March 7	Cash at Bank		720.00	720.00	Cr
<b>Interest Received</b>					
March 7	Cash at Bank		225.00	225.00	Cr
<b>Cash at Bank</b>					
March 7	Sundry Receipts	2,917.00		2,917.00	Dr
<b>T Rasic</b>					
March 1	Cash at Bank		1,500.00	1,500.00	Cr
<b>H Atalya</b>					
March 7	Cash at Bank		400.00	400.00	Cr
<b>GST Collected</b>					
March 7	Sundry Receipts		72.00	72.00	Cr

The example of the Cash Payments Journal below is also a simple one and assumes a comprehensive analysis of payments or expenses is not required.

## Cash Payments Journal of City Pharmacy

Date	Reference	Particulars	Cash Sales	Accounts Receivable	Sundry Receipts	GST Collected
March 1	Rec 455	T Rasic		1,500.00		
March 4	CRS	Cash Sales	500.00			
March 7	Rec 456	H Atalya		400.00		
March 7	CRS	Cash Sales	220.00			
March 7	B/S	Interest			225.00	
			<u>720.00</u>	<u>1,900.00</u>	<u>225.00</u>	
			Cr	Cr	Cr	



See the posting instructions on the bottom line of the journal. This indicates where the figures will be posted to the ledger.

Because it is a Cash Payments Journal, the Bank Account will be decreasing. Therefore, it will be credit. All the other columns will be debit.

Purchases are increasing, therefore they are debit.

Accounts Payable is decreasing (we are paying the Account Payable and reducing what we owe them), therefore debit.

Sundry Payments will be either other expense accounts or could be increasing asset accounts eg the purchase of assets for cash.

GST paid is an asset account, increasing and therefore debit.

Wages and Bank Charges are exempted from GST. GST is not recorded in the payment to an Account Payable because it has already been recorded in the original credit purchase transaction.

The Cash Payments Journal is now posted to the Ledger.

## Ledger of City Pharmacy

Date	Particulars	Debit	Credit	Balance	
<b>Purchases</b>					
March 7	Cash at Bank	250.00		250.00	Dr
<b>Wages</b>					
March 6	Cash at Bank	1,100.00		1,100.00	Dr
<b>Rent</b>					
March 7	Cash at Bank	600.00		600.00	Dr
<b>Cleaning</b>					
March 7	Cash at Bank	35.00		35.00	Dr
<b>Bank Fees</b>					
March 7	Cash at Bank	25.00		25.00	Dr
<b>Cash at Bank</b>					
March 7	Sundry Payments		3,298.50	3,298.50	Cr
<b>GST Paid</b>					
March 7	Cash at Bank	88.50		88.50	Dr
<b>M Sawadi</b>					
March 1	Cash at Bank	1,200.00		1,200.00	Dr



## Practice

### Practice activity 37

Complete the blanks in the Cash Receipts and Cash Payments Journals below.

#### Cash Receipts Journal of The Centre

Date	Reference	Particulars	Cash Sales	Accounts 1)	Sundry Receipts	GST 2)
April 1	Rec 522	P Thompson		1,250.00		
April 4	CRS	Cash Sales	200.00			20.00
April 6	Rec 532	M Jazzi		1000.00		
April 6	CRC	Cash Sales	400.00			40.00
April 7	B/S	Interest			7)	
			<u>600.00</u>	<u>2,250.00</u>	8)	<u>60.00</u>
			Cr	Cr	Cr	Cr

#### Cash Payments Journal of The Centre

Date	Reference	Particulars	Cash Sales	Accounts 1)	Sundry Receipts	GST 2)
April 1	Rec 522	P Thompson		1,250.00		
April 4	CRS	Cash Sales	200.00			20.00
April 6	Rec 532	M Jazzi		1000.00		
April 6	CRC	Cash Sales	400.00			40.00
April 7	B/S	Interest			7)	
			<u>600.00</u>	<u>2,250.00</u>	8)	<u>60.00</u>
			Cr	Cr	Cr	Cr



## Practice

### Practice activity 38

Using the information below for Office Supplies wll, prepare the Cash Receipts Journal and post to the Ledger.

#### Summary of Receipts and Cash Register Summaries (CRS)

Date	Reference	Customer/Accounts Receivable	Amount	GST Collected	Total Received
5 Feb	925	P Austin	1650.00		1650.00
8 Feb	CRS	Cash Sales	380.00	38.00	418.00
19 Feb	926	M Hussain	1100.00		1100.00
22 Feb	CRS	Cash Sales	500.00	50.00	550.00

#### Cash Receipts Journal of .....

Date	Ref	Particulars	Cash Sales	Accounts Receivable	Sundry Receipts	GST Collected	Details	Bank

**Ledger of** .....

[illegible]



## Practice

### Practice activity 39

Using the information below, prepare the Cash Receipts Journal for Qatar Cleaning Contractors and post to the ledger. You will have to calculate the GST for this exercise.

**Summary of receipts issued, cash register summaries and bank statement information.**

Date	Reference	Customer/Accounts Receivable	Total Received
12 Mar	1154	Al Dafna Stationery	880.00
12 Mar	CRS	Cash sales	660.00
20 Mar	1155	Aziz Supermarket	2530.00
26 Mar	CRS	Cash Sales	1320.00
31 Mar	B/S	Bank Interest Received	17.50

Remember, Interest Revenue is exempted from GST.

**Cash Receipts Journal of .....**

Date	Ref	Particulars	Cash Sales	Accounts Receivable	Sundry Receipts	GST Collected	Details	Bank

**Ledger of** .....

[illegible]



## Practice

### Practice activity 40

Use the information from the documents below to prepare the Cash Receipts Journal and post to the Ledger.

#### Qatar Luxury Furnishings

##### Receipt No 258

To	S Ibrihim
2 March	
Amount	\$ 6000.00
GST	\$ 600.00
Total:	\$ 6600.00

#### Qatar Luxury Furnishings

##### Receipt No 259

To	Gulf Showrooms
12 March	
Amount	\$ 2100.00
GST	\$ 210.00
Total:	\$ 2310.00

#### Qatar Luxury Furnishings

##### Receipt No 260

To	Desert Furniture
23 March	
Amount	\$ 850.00
GST	\$ 85.00
Total:	\$ 935.00

#### Qatar Luxury Furnishings

##### Receipt No 261

To	S Ibrihim
27 March	
Amount	\$ 2110.00
GST	\$ 211.00
Total:	\$ 2321.00

#### Qatar Luxury Furnishings

##### Cash Register Summary

14 March	
Amount	\$12 500.00
GST	\$ 1 250.00
Total:	\$13 750.00

#### Qatar Luxury Furnishings

##### Cash Register Summary

27 March	
Amount	\$ 3 450.00
GST	\$ 345.00
Total:	\$ 3795.00



Cash Receipts Journal of .....

Date	Ref	Particulars	Cash Sales	Accounts Receivable	Sundry Receipts	GST Collected	Details	Bank

**Ledger of** .....

[illegible]



## Practice

### Practice activity 41

Using the information below for Office Decore, prepare the Cash Payments and post to the Ledger.

#### Summary of cheques issued and bank statement information.

Date	Cheque No	Supplier/Accounts Payable	Amount	GST Paid	Total Paid
3 Feb	714	M Al Bustan	500.00	50.00	550.00
9 Feb	715	H Lawrence	460.00	46.00	506.00
12 Feb	716	Wages	1000.00		1000.00
18 Feb	717	Rent	1500.00	150.00	
		Electricity	130.00	13.00	1793.00
26 Feb	718	J Cowan	170.00	17.00	187.00
28 Feb	B/S	Bank Fees	40.00		40.00

Remember, Bank Fees are exempted from GST.

#### Cash Payments Journal of .....

Date	Ref	Particulars	Purchases	Accounts Payable	Sundry Expenses	GST Paid	Details	Bank

**Ledger of** .....

[illegible]



## Practice

### Practice activity 42

Using the information below, prepare the Cash Payments Journal for Clean Easy wll and post to the ledger. You will have to calculate the GST for this exercise.

**Summary of cheques issued and bank statement information received.**

Date	Ch No	Supplier/Accounts Payable	Total Paid
8 Mar	256	Purchases	990.00
9 Mar	257	J Carey (Acc Pay)	660.00
12 Mar	258	Rent	1100.00
17 Mar	259	M Ibrihim (Acc Pay)	1155.00
17 Mar	260	Cartage	55.00
22 Mar	261	Stationery	88.00
25 Mar	262	J Mansoura (Acc Pay)	539.00
28 Mar	263	Purchases	385.00
31 Mar	B/S	EFTPOS fees	110.00

Cash Payments Journal of .....

Date	Ref	Particulars	Purchases	Accounts Payable	Sundry Expenses	GST Paid	Details	Bank

**Ledger of .....**

[illegible]



## Practice

### Practice activity 43

Using the information below, prepare the Cash Payments Journal for Clean Easy wll and post to the ledger. You will have to calculate the GST for this exercise.

#### Qatar Luxury Furnishings

Cheque No 161

Date 4 March

To Soft Furnishings

For Settlement of A/c

Amount \$935.00

#### Qatar Luxury Furnishings

Cheque No 162

Date 8 March

To Cash

For Purchases

Amount \$440.00

#### Qatar Luxury Furnishings

Cheque No 163

Date 9 March

To Kitchen Distributors

For Settlement of A/c

Amount \$7 315.00

#### Qatar Luxury Furnishings

Cheque No 164

Date 19 March

To Cash

For Purchases

Amount \$550.00

#### Qatar Luxury Furnishings

Cheque No 165

Date 24 March

To Doha Furn Distributors

For Settlement of A/c

Amount \$7 700.00

#### Qatar Luxury Furnishings

Cheque No 166

Date 26 March

To DHL

For Freight

Amount \$1100.00

#### Qatar Luxury Furnishings

Cheque No 167

Date 26 March

To QP Workshop

For Repairs

Amount \$585.00

#### Qatar Luxury Furnishings

Cheque No 168

Date 28 March

To Cash

For Wages

Amount \$500.00

#### Qatar Luxury Furnishings

Cheque No 169

Date 30 March

To Cash

For Purchases

Amount \$110.00

#### Other information:

The bank statement revealed that EFTPOS fees of \$45.00 had been deducted from our bank account on 31 March.



**Cash Payments Journal of** .....[illegible]

**LEDGER OF .....**

[illegible]



## Practice

### Practice activity 44

From the following information about Abu Hamor Painting Service, write up the Cash Receipts and Cash Payments Journals for the month of January and post to the Ledger. The ledger has opening balances for some accounts. The business is not registered for GST.

<b>Jan 1</b>	Purchased paint supplies from \$200 cash, cheque no 72.
<b>Jan 4</b>	Received service fees in cash of \$1 000, receipt no 27.
<b>Jan 5</b>	Received \$2 500 from B Armstrong in settlement of account, receipt no 28.
<b>Jan 7</b>	Paid \$150 for office expenses, cheque no 73.
	Paid wages of \$500, cheque no 74.
<b>Jan 9</b>	Received rent from tenant of \$500, receipt no 29.
<b>Jan 12</b>	Performed services for \$1 500 cash, receipt no 30.
<b>Jan 13</b>	Received \$10 Interest on investments, receipt no 31.
<b>Jan 14</b>	Paid wages of \$500, cheque no 75.

Cash Receipts Journal of

Date	Ref	Particulars	Service Fees	Accounts Receivable	Sundry Receipts	GST Collected	Details	Bank

Cash Payments Journal of

Date	Ref	Particulars	Purchases	Accounts Payable	Sundry Expenses	GST Paid	Details	Bank

## Ledger of .....

Date	Particulars	Debit	Credit	Balance	
<b>Service Fees</b>					
<b>Rent Revenue</b>					
<b>Interest Revenue</b>					
<b>Supplies Expense</b>					
<b>Office Expenses</b>					
<b>Wages</b>					
<b>Cash at Bank</b>					
Jan 1	Balance			10 000	Dr
<b>B Armstrong</b>					
Jan 1	Balance			2 500	Dr
<b>Capital</b>					
Jan 1	Balance			12 500	Cr



## Practice

### Practice activity 45

From the following information about Fixit Smash Repairs, prepare the appropriate journals and post to the Ledger. The business is registered for GST and has the following opening balances in the Ledger.

Cash at Bank	\$8 200 Dr
White & Sons	\$ 500 Dr
B Rudd	\$ 750 Dr
Capital	\$9 450 Cr

#### FIXIT Smash Repairs

##### Receipt No 279

To        **White & Sons**  
for       Settlement of account  
1 October  
Amount   \$ 500.00

#### FIXIT Smash Repairs

##### Receipt No 280

To        **B Rudd**  
for       Settlement of account  
4 Oct  
Amount   \$ 750.00

#### FIXIT Smash Repairs

##### Receipt No 281

To        **Cash**  
for       Services Performed  
7 Oct  
Amount   \$ 2 200.00  
(incl GST)

#### FIXIT Smash Repairs

##### Receipt No 282

To        **Cash**  
for       Services Performed  
12 Oct  
Amount   \$ 550.00  
(incl GST)

Cash Receipts Journal of


Cash Payments Journal of


**LEDGER OF .....**

[illegible]





## Practice

### Practice activity 46

From the following information about Al Saad Sports Store, write up the appropriate journals, post to the Ledger and prepare a Trial Balance. The business is registered for GST. The relevant opening Account balances at 1 August are as follows:

Cash at Bank	\$30 000 Dr
R Ibrihim	200 Dr
G Booth	200 Dr
G Aziz	800 Dr
GST Paid	2 750 Dr
T Ahmed	170 Cr
C Aboul	105 Cr
GST Collected	5 200 Cr
Capital	28 475 Cr

<b>Aug 1</b>	Paid T Ahmed \$159, cheque no 101.
	Adjustment note no 16 showing a \$11 adjustment received from T Ahmed.
<b>Aug 12</b>	Received \$200 from R Ibrihim, receipt no 29.
	Cash sales of \$165.
<b>Aug 13</b>	Purchased hockey sticks for cash \$110, cheque no 102.
	Sold goods for \$220 cash.
<b>Aug 24</b>	Paid \$110 for electricity and \$495 for rent, cheque no 103.
<b>Aug 25</b>	Bought a new vehicle for \$17 600 cash, cheque no 104.
<b>Aug 26</b>	Cash sales of \$880.
	Purchased sports shoes for \$242 cash, cheque no 105
	Adjustment note no 52 issued to G Booth for \$22.
<b>Aug 27</b>	G Booth settled his account in full (after consideration of adjustment) note)
	Cash sales of \$825.
	Paid C Aboul amount owing cheque no 106.
<b>Aug 30</b>	Cash purchase of tennis racquets for \$220, cheque no 107.

Sales Returns Journal of


Cash Receipts Journal of


Cash Payments Journal of


## Ledger of

[illegible]





Trial Balance of .....

As at .....

Account Name	Debit	Credit



## Practice

### Practice activity 47

From the following documents for Gulf Traders, owner T Fahad, prepare the appropriate journals, post to the Ledger and take out a Trial Balance. The business is a continuing one and the balances in the ledger accounts as at 1 July were as follows:

Cash at Bank	\$20 000 Dr
<i>Accounts Receivable</i>	
N Abdullah	11 800 Dr
I Faisal	460 Dr
Inventories	8 000 Dr
Furniture	16 000 Dr
<i>Accounts Payable</i>	
M Burney	1 500 Cr
W Hussain	1 000 Cr
Capital	53 760 Cr

Gulf Traders		
TAX INVOICE		
To	N Abdullah	
2 Jul		No 200
TOTAL		\$ 3 190.00
(Incl GST)		

Gulf Traders		
TAX INVOICE		
To	I Faisal	
10 Jul		No 201
TOTAL		\$ 1 749.00
(Incl GST)		

Gulf Traders		
TAX INVOICE		
To	N Abdullah	
28 Jul		No 202
TOTAL		\$1 980.00
(Incl GST)		

Gulf Traders		
TAX INVOICE		
To	P Clarke	
31 Jul		No 203
TOTAL		\$ 7 700.00
(Incl GST)		

**Gulf Traders**  
**TAX ADJUSTMENT NOTE**

To	N Abdullah
9 Jul	No 10
TOTAL	\$ 968.00
(Incl GST)	

**Gulf Traders**  
**TAX ADJUSTMENT NOTE**

To	I Faisal
29 Jul	No 11
TOTAL	\$ 330.00
(Incl GST)	

**M BURNEY**  
**TAX INVOICE**

To	GULF TRADERS
4 Jul	No 405
TOTAL	\$ 2 200.00
(Incl GST)	

**W HUSSAIN**  
**TAX INVOICE**

To	GULF TRADERS
15 Jul	No 60
TOTAL	\$ 1 892.00
(Incl GST)	

**W HUSSAIN**  
**TAX INVOICE**

To	GULF TRADERS
24 Jul	No 460
TOTAL	\$ 1 474.00
(Incl GST)	

**D PHILLIPS**  
**TAX INVOICE**

To	GULF TRADERS
31 Jul	No 98
TOTAL	\$ 440.00
(Incl GST)	

**W HUSSAIN**  
**TAX ADJUSTMENT NOTE**

To	GULF TRADERS
9 Jul	No 21
TOTAL	\$ 220.00
(Incl GST)	

**M BURNEY**  
**TAX ADJUSTMENT NOTE**

To	GULF TRADERS
9 Jul	No 40
TOTAL	\$ 2 200.00
(Incl GST)	



**GULF TRADERS****Receipt No 87**

To        N Abdullah  
For        Payment of account  
1 Jul  
Amount        \$11 800.00

**GULF TRADERS****Receipt No 88**

To        Qatar Real Estate  
For        Rent  
4 Jul  
Amount        \$2 200.00

**GULF TRADERS****Receipt No 89**

To        QNB  
For        Interest  
10 Jul  
Amount        \$ 500.00

**GULF TRADERS****Receipt No 90**

To        I Faisal  
For        Payment of account  
15 Jul  
Amount        \$1 600.00

**GULF TRADERS****Receipt No 91**

To        N Abdullah  
For        Payment of account  
31 Jul  
Amount        \$2 820.00

**GULF TRADERS****Receipt No 92**

To        Qatar Real Estate  
For        Rent  
31 Jul  
Amount        \$2 200.00

**GULF TRADERS****Cash Register Summary  
(incl GST)**

1 Jul        \$12 980.00

**GULF TRADERS****Cash Register Summary  
(incl GST)**

10 Jul        \$9,900.00

**GULF TRADERS****Cash Register Summary  
(incl GST)**

31 Jul        \$5 060.00

**GULF TRADERS****Cheque No 941**

Date 2 Jul  
To M Burney  
For Payment of Account  
Amount \$1 200

**GULF TRADERS****Cheque No 942**

Date 3 Jul  
To Cash  
For Wages  
Amount \$2 800

**GULF TRADERS****Cheque No 943**

Date 10 Jul  
To Cash  
For Wages  
Amount \$2 800

**GULF TRADERS****Cheque No 944**

Date 15 Jul  
To Kahraama  
For Electricity  
Amount \$1 672

**GULF TRADERS****Cheque No 945**

Date 17 Jul  
To Cash  
For Wages  
Amount \$2 800

**GULF TRADERS****Cheque No 946**

Date 23 Jul  
To Al Meera  
For Sundry Expenses  
Amount \$ 550

**GULF TRADERS****Cheque No 947**

Date 24 Jul  
To Cash  
For Wages \$ 2800  
Drawings \$1 000  
Amount \$3 800

**GULF TRADERS****Cheque No 948**

Date 31 Jul  
To Cash  
For Wages  
Amount \$2 800

**GULF TRADERS****Cheque No 949**

Date 31 Jul  
To Cash  
For Purchases  
Amount \$5 500

**Purchases Journal of .....**


**Purchases Returns Journal of .....**


**Sales Journal of .....**


**Sales Returns Journal of .....**


**Cash Receipts Journal of**


**Cash Payments Journal of**


## Ledger of

[illegible]









Trial Balance of .....

As at .....

Account Name	Debit	Credit



## Practice

### Practice activity 48

Write the appropriate journal next to the transactions below.

Records purchases of goods on credit	
Records adjustments made to goods purchased on credit	
Records sales of goods on credit	
Records the adjustment made to goods sold on credit	
Records the receipt of cash	
Records the payment of cash	

The activity above summarises the six types of transactions we have been working with so far. However, there are many transactions that do not fit neatly into one of these journals. For example, the purchase of an asset on credit. Although it is a credit purchase, it cannot be recorded in the Purchases Journal because it is not the purchase of goods for resale. The correction of errors is also another common transaction that we have to record and it does not fit into one of the journals above.

The General Journal accommodates all other business transactions that do not fit into one of the six specialised journals.

Following are examples of common General Journal transactions. See how the General Journal entries are posted to the Ledger.

## Opening entry

The opening entry will be recorded at the beginning of the life of the business. It will record the Assets and Liabilities that the owner introduces into the business.

## Example

M Haidar commences business as Haidar Camping Supplies on 1 January. He introduces the following Assets into the business.

Equipment	\$15,000
Vehicle	\$22,500
Inventories	\$12,000

## General Journal of Haidar Camping Supplies

Date	Particulars	Debit	Credit
January 1	Equipment	15,000.00	
	Vehicle	22,500.00	
	Inventories	12,000.00	
	Capital		49,500.00
(Owner commenced business and introduced assets)			

## Ledger of Haidar Camping Supplies

Date	Particulars	Debit	Credit	Balance	
<b>Equipment</b>					
January 1	Capital	15,000.00		15,000.00	Dr
<b>Vehicle</b>					
January 1	Capital	22,500.00		22,500.00	Dr
<b>Inventories</b>					
January 1	Capital	12,000.00		12000.00	Dr
<b>Capital</b>					
January 1	Sundry Accounts		49,500.00	49,500.00	Cr

## Purchase of an Asset on credit

As mentioned previously, when an Asset is purchased on credit, it will be recorded in the General Journal. If the Assets are purchased for cash, they will of course be recorded in the Cash Payments Journal.

### Example

Haidar Camping Supplies purchased Shop Fittings on credit from Qatar Shop Fitters for \$19,800.00 on 3 January. Tax Invoice A627 was issued.

### General Journal of Haidar Camping Supplies

Date	Particulars	Debit	Credit
January 3	Shop Fittings	18,000.00	
	GST Paid	1,800.00	
	Qatar Shop Fitters		19,800.00
(Invoice A627 received for Shop Fittings on credit)			

### Ledger of Haidar Camping Supplies

Date	Particulars	Debit	Credit	Balance	
Shop Fittings					
January 3	Qatar Shop Fitters	18,000.00		18,000.00	Dr
GST Paid					
January 3	Qatar Shop Fitters	1,800.00		1,800.00	Dr
Qatar Shop Fitters					
January 3	Shop Fittings and GST		19,800.00	19,800.00	Cr

## Sale of an Asset on credit

If an Asset is sold on credit, it will also be recorded in the General Journal.

### Example

Haidar Camping Supplies sold a vehicle on credit to Qatar Insurance wll for \$16,500.00 on January 6. Tax invoice 344 was issued.

### General Journal of Haidar Camping Supplies

Date	Particulars	Debit	Credit
January 6	Qatar Insurance wll	16,500.00	
	Vehicle		15,000.00
	GST Collected		1,500.00
(Sold vehicle on credit and issued tax invoice 344)			

### Ledger of Haidar Camping Supplies

Date	Particulars	Debit	Credit	Balance	
Vehicle					
January 6	Qatar Insurance wll		15,000.00	15,000.00	Cr
Qatar Insurance wll					
January 6	Shop Fittings and GST	16,500.00		16,500.00	Dr
GST Collected					
January 6	Qatar insurance wll		1,500.00	1,500.00	Cr

## Bad Debts

When it is discovered that an Account Receivable is unable to pay his account, we will write it off as a Bad Debt. We do this only when we are notified that the Receivable is unable to pay. It is better to remove the debt from our books than continue reporting it as an Account Receivable.

### Example

M Jackson has owed our business \$1,870.00 for over six months. We have just been notified that he is declared bankrupt and unable to pay his debts. On January 12 we decide to write off his account as a Bad Debt.

### General Journal of Haidar Camping Supplies

Date	Particulars	Debit	Credit
January 12	Bad debts	1,700.00	
	GST collected	170.00	
	M Jackson		1,870.00
(Wrote off Jackson's account as a bad debt)			

### Ledger of Haidar Camping Supplies

Date	Particulars	Debit	Credit	Balance	
Bad Debts					
January 12	M Jackson	1,700.00		1,700.00	Dr
M Jackson					
January 12	Bad Debts and GST Collected		1,870.00	1,870.00	Cr
GST Collected					
January 6	M Jackson	170.00		170.00	Dr

## Correction of errors

Occasionally, errors may be made in the records. It is preferable that these are corrected by way of a General Journal entry.

You will always have to identify the accounts involved, and determine whether the accounts are to be increased or decreased.

### Example

M Haidar has discovered that when he recorded his Rent Expense last month he also included his Electricity Account of \$300.00. The GST was recorded correctly. Show the General Journal entry to correct this error on 15 January.

### General Journal of Haidar Camping Supplies

Date	Particulars	Debit	Credit
January 15	Electricity	300.00	
	Rent		300.00
(Correction of error – electricity incorrectly recorded as rent)			

### Ledger of Haidar Camping Supplies

Date	Particulars	Debit	Credit	Balance	
<b>Rent</b>					
January 15	Electricity		300.00	300.00	Cr
<b>Electricity</b>					
January 15	Rent	300.00		300.00	Dr



## Practice

### Practice activity 49

Prepare the General Journal entries for each of the transactions below and post each to the ledger.

<b>1 May</b>	Mohamed Ashqar commenced business as Al Gharrafa Bookshop with the following Assets. Bank \$12,300, Account Receivable – A Thompson \$110, Computer \$5,150, Vehicle \$32,000.
<b>2 May</b>	Al Gharrafa Bookshop purchased a cash register for \$1,100, (including GST) Inv 447.
<b>3 May</b>	We are notified that A Thompson has been declared bankrupt. It was decided to write off Thompson's account as a Bad Debt.
<b>5 May</b>	The Repairs Account was charged \$100 incorrectly instead of Freight.

### General Journal of Al Gharrafa Bookshop

Date	Account Name	Debit	Credit







## Practice

### Practice activity 50

From the transactions of Metro Sports Store, prepare the necessary journals, post to the Ledger and take out a Trial Balance at 30 April. The business is registered for GST. The Ledger of Metro Sports Store shows the following opening balances at 1 April:

Cash in Hand	200 Dr
Cash at Bank	800 Dr
Accounts Receivable	
T Blake	100 Dr
L Gibson	220 Dr
Inventories	6 900 Dr
Vehicle	6 000 Dr
Equipment	10 000 Dr
Buildings	82 000 Dr
Land	82 000 Dr
Accounts Payable	
Fast Footwear	1 000 Cr
G Wall	200 C
Loan – QIB	4 000 Cr
Capital	?

<b>April 2</b>	Sold tennis racquets to T Blake for \$440 cash, receipt no 48.
	Purchased running shoes from Fast Footwear for \$660, tax invoice 251
	Paid \$1000 off the bank loan, cheque no 271.
	Cash sales of \$2 200.
<b>April 3</b>	Owner withdrew cash (Drawings) of \$800, cheque 272.
<b>April 4</b>	Sold vehicle on credit to Ahmed's Autos for \$6 600.
	Purchased basket balls from G Wall for \$440, tax invoice 163.
	Cash sales \$330.
<b>April 5</b>	T Blake settled his account in full, receipt no 49.
	Paid Fast Footwear \$500, cheque 273.
	Sold set of golf clubs to L Gibson for \$1 100, tax invoice 10.
<b>April 7</b>	Purchased footballs from G Wall for \$220, tax invoice no 75.
<b>April 8</b>	Returned goods to the value of \$110 to G Wall, adjustment note 81.
<b>April 10</b>	Cash sales \$2 200.
	Paid \$100 interest on loan cheque no 274.
<b>April 17</b>	Received an allowance for damaged goods from G Wall of \$11 adjustment note no 26.
<b>April 19</b>	L Gibson returned inventories to the value of \$22, adjustment note no. 97.
<b>April 20</b>	Cash sales of \$176.
	Received \$200 from L Gibson, receipt no 50.
<b>April 23</b>	Bought Land for \$66 000 incl GST from Sun & Sand Properties, repayable over 12 months.
<b>April 25</b>	Sold rowing machine to T Blake for \$660, tax invoice no 11.
<b>April 26</b>	Fast Footwear charged us \$20 interest on our overdue account.
<b>April 27</b>	Purchased inventories for \$220 cash from T Mason 039.
	Paid Quick News for Stationery \$110 and Advertising \$605 with cheque no 275.

## General Journal of

[illegible]

**Purchases Journal of** .....


**Purchases Returns Journal of** .....


**Sales Journal of** .....


**Sales Returns Journal of .....**


**Cash Receipts Journal of**


**Cash Payments Journal of**


## Ledger of

[illegible]













Trial Balance of .....

As at .....

[illegible]



## Extract a Trial Balance and interim reports

### Processing of special transactions

Special transactions refer to those transactions that do not occur frequently eg purchase and sale of Non-Current Assets such as Vehicles, Equipment etc and writing off Bad Debts.

We have already seen how to record the General Journal entries for these transactions and post them to the ledger.

Some other special transactions include the following:

#### 1 Introduction of additional Capital

When the owner introduces non-cash assets to commence a business a general journal entry is prepared to record this 'opening entry'. However, at various times throughout the life of the business, the owner may wish to introduce additional capital. This would be recorded in the cash receipts journal as follows:

Cash Receipts Journal (extract)

Date	Reference	Particulars	Cash sales	Accounts receivable	Sundry receivable	GST collected	Details	Bank
January 1	Rec 569	Capital			10,000.00			10,000.00

In this example, the owner has introduced an additional \$10,000.00 cash into the business.

#### 2 Withdrawal of cash by the owner

When the owner decides to withdraw cash from the business, an entry is recorded in the Cash Payments Journal as follows:

Cash payments journal (extract)

Date	Reference	Particulars	Cash sales	Accounts receivable	Sundry receivable	GST collected	Details	Bank
January 3	Ch 226	Drawings			5,000.00			5,000.00

A new account called Drawings is introduced to keep a separate record of the cash withdrawn by the owner.

### 3 Administration Fees payable and receivable on overdue accounts

When one business has established a credit account with another business, a simple contract will be agreed to by both parties outlining the terms and conditions of this credit agreement. Unless specified in this agreement, businesses cannot charge Interest on overdue accounts. However, where an account is overdue, the vendor can pass on any additional costs incurred in receiving payment from the debtor. Therefore, an Administration Fee is sometimes charged.

While Interest does not attract GST, Administration Fees and Charges will be subject to GST.

The General Journal entries below show how these charges will be recorded.

General Journal (extract)

Date	Particulars	Debit	Credit
January 3	M Sawadi (Account Receivable)	11.00	
	Administration Fee Receivable		10.00
	GST Collected		1.00
(Charged Sawadi Admin Fees on overdue account)			
January 4	Administration Fee Payable	10.00	
	GST Paid	1.00	
	Qatar Sport		11.00
(Qatar Sport charged us Admin Fees on our overdue account)			



## Practice

### Practice activity 51

From the following transactions of Rasgas Explorations, prepare the General Journal and post to the Ledger.

Extract of Account balances at 1 November:

Land	\$40 000 Dr
J Gerard	110 Dr
S Clegg	150 Dr

<b>1 Nov</b>	Wrote off the \$110 balance of Gerard's account as a bad debt.
<b>12 Nov</b>	Charged Clegg \$15 interest on his overdue account. (S Clegg November 1 balance \$150).
<b>13 Nov</b>	Bought a vehicle on credit from Qatar 4WD Centre for \$29700 incl GST.
<b>24 Nov</b>	Sold Land (\$40 000) on credit to Desert Properties for \$44 000 incl GST.
<b>30 Nov</b>	Incorrectly charged Wages \$150 instead of Cleaning.



## General Journal of

[illegible]

## Ledger of

[illegible]



## Accounting process – completion of cash and credit Journals, posting to the Ledger, Trial Balance and other interim Reports

The accounting process begins with the processing of source documents such as invoices, receipts etc.

From there, specialised Journals are prepared to summarise similar types of business transactions eg credit purchases, cash receipts etc.

These journals are then posted to the Ledger so we can easily analyse the history of a particular account eg Cash at Bank, Accounts Receivable, Sales etc.

A Trial Balance is then prepared so that we can check that double entry has occurred correctly in our Ledger accounts. It does not guarantee 100% accuracy.

A Profit and Loss Statement is prepared to show the net profit or net loss for the relevant accounting period.

A Balance Sheet is prepared to show the business Assets and Liabilities as at a particular point in time.

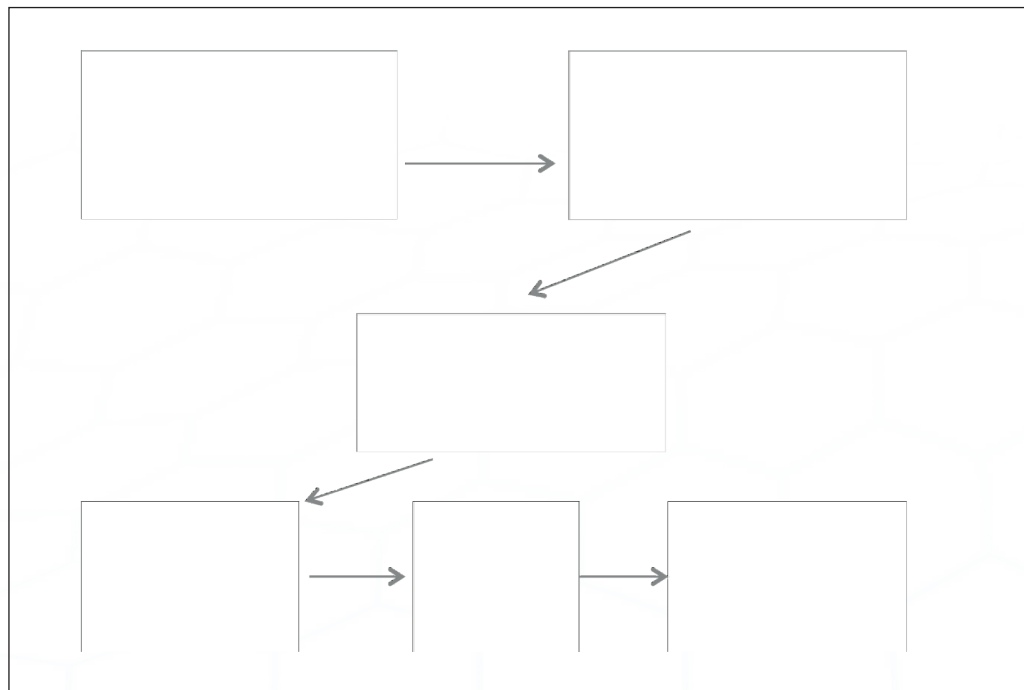


## Practice

### Practice activity 52

In the spaces below, write in the stages of the accounting process.

#### Accounting process



You should be familiar with the accounting process to the Trial Balance stage. As mentioned previously, the Trial Balance is a check of the double entry process in the Ledger. However, it does not give any indication of profitability. We have to prepare a Profit and Loss Statement to determine this figure.

To prepare a Profit and Loss Statement we deduct all the expenses from all the revenues. This statement can be prepared at any time and will show the profit for a period of time. These are prepared at least monthly to give business owners and managers information about the profitability of their business. The final Profit and Loss Statement for the financial year will include accruals and prepayments. We do not have to worry about these for the purposes of interim statements that may be prepared weekly or monthly.

The example below shows a simple Profit and Loss Statement for a service industry. During the month of May, the business has recorded a Net Profit of QR37,235.

### Example

Profit and Loss Statement for Badawi Financial Services for the month ended 30 May 20 \_\_\_\_

Service Fees	QR	QR
Accounting Fees	47,500.00	
Professional advice	38,550.00	86,050.00
Less Expenses		
Wages	18,500.00	
Rent	22,750.00	
Advertising	1,220.00	
Electricity	2,780.00	
Stationery	3,565.00	48,815.00
Net Profit		QR 37,235.00

The figures for the Profit and Loss Statement will come from the Trial Balance. Only Revenue and Expense account figures are used in the calculation of the net profit.

The balance sheet is another interim statement that can be prepared. The Balance Sheet is prepared as at a particular point in time and is valid at that point in time only. The Assets, Liabilities and Owner's Equity figures from the Trial Balance are used to prepare this report. Any profit or loss from the Profit and Loss Statement appears in the Owner's Equity section and either increases or decreases the owner's Capital figures. See the example below.

# Balance Sheet for Badawi Financial Services as at 30 May 20 \_\_\_\_

Assets	QR	QR
Cash at Bank	84,600.00	
Accounts Receivable	125,845.00	
GST Paid	17,250.00	
Vehicle	53,000.00	
Office Furniture	35,875.00	
Office Equipment	27,400.00	<u>343,970.00</u>
Represented by:		
<b>Liabilities</b>		
Accounts Payable	24,220.00	
GST Collected	850.00	
Loan – HSBC	55,000.00	80,070.00
<b>Owner's Equity</b>		
Stationery	3,565.00	48,815.00
Add Net Profit	37,235.00	<u>263,900.00</u>
		<u>343,970.00</u>

The figures for the Balance Sheet also come from the Trial Balance. The Asset, Liability and Owner's Equity figures are used to prepare the Balance Sheet.

Review the following example. A Trial Balance is provided and the Profit and Loss Statement and Balance Sheet have been prepared using these figures.

## Example

Trial balance of Mohamed Al Atalya as at 30 April 20 \_\_\_\_

Account Name	Debit	Credit
Service Fees		19,500.00
Administration Fees Received		1,250.00
Rent Expense	2,500.00	
Freight	1,860.00	
Wages	6,000.00	
Cash at Bank	97,000.00	
Al Amadi Contracting	6,000.00	
GST Paid	845.00	
Office Equipment	5,000.00	
Furniture	8,000.00	
Al Dafna Furniture		5,000.00
GST Collected		1,455.00
Capital		100,000.00
	<b>\$127,205.00</b>	<b>\$127,205.00</b>

Profit and Loss Statement for Mohamed Al Atalya for the period ended 30 April 20 \_\_\_\_

Service Fees	\$	\$
Accounting Fees	19,500.00	
Administration Fees	1,250.00	20,750.00
<b>Less Expenses</b>		
Rent	2,500.00	
Freight	1,860.00	
Wages	6,000.00	10,360.00
		<b>\$10,390.00</b>

Balance Sheet for Mohamed Al Atalya as At 30 April 20 \_\_\_\_

Assets	\$	\$
Cash at Bank	97,000.00	
Al Amadi Contracting	6,000.00	
GST Paid	845.00	
Office Equipment	5,000.00	
Office Furniture	8,000.00	<u>116,845.00</u>
Represented by:		
Liabilities		
Al Dafna Furniture	5,000.00	
GST Collected	1,455.00	6,455.00
Owner's Equity		
Capital	100,000.00	
Add Net Profit	10,390.00	<u>110,390.00</u>
		<u>116,845.00</u>



## Correction of errors

From time to time errors will occur in the process of recording business transactions. To correct an error, you should cross out the incorrect entry, write the correct entry above and initial. Your initial allows auditors or other people using the records to determine who made the correction.

If the error is not discovered until after the journals have been posted to the Ledger, a General Journal entry will be required to correct the error. We have already prepared these entries.

If you are using a computerised accounting system, it should be set up so that you have to prepare journal entries to correct errors. Some systems allow the user to go back and change original journal entries when mistakes are discovered. However, this is not an appropriate way to correct the error.



## Practice

### Practice activity 53

Using the Trial Balance below, prepare a Profit and Loss Statement for the period ended 30 June and a Balance Sheet as at 30 June.

#### AAA Finance Group

#### Trial Balance

As at 30 June 20

Service Fees		19 800
Administration Fees		300
Commission Revenue		5 250
Supplies Expense	9 820	
Insurance	1 500	
Rent Expense	1 800	
Sundry Expenses	300	
Wages	1 950	
Cash at Bank	39 045	
Corniche Coffee	2 805	
Dune Cruising wll	1 485	
GST Paid	1 627	
Furniture	3 000	
Marine Suppliers		5 522
GST Collected		2 460
Capital		30 000
	\$63 332	\$63 332

## Profit And Loss Statement of

## For Period Ended

[illegible]

## Balance Sheet of

**As at**[illegible]



## Practice

### Practice activity 54

Using the Trial Balance below, prepare a Profit and Loss Statement for the period ended 30 November and a Balance Sheet as at 31 December.

#### Northern City Finance

#### Trial Balance

As at 31 December 20

Service Fees		2 310
Administration Fees		162
Supplies Expense	940	
Electricity	100	
Stationery	400	
Sundry Expenses	100	
Wages	230	
Cash in Hand	100	
Cash at Bank	805	
G Hall	660	
Desert Racing Club	713	
M Saed	219	
GST Paid	768	
Inventories	3 390	
Furniture	15 000	
Equipment	2 000	
Buildings	48 000	
Land	40 000	
Al Jazeera Bookshop		2 458
Star Traders		2 200
GST Collected		438
Capital		105 923
Drawings	66	
	\$113 491	\$113 491

## Profit And Loss Statement of

## For Period Ended

[illegible]

## Balance Sheet of

**As at**

[illegible]







# Accounting

## **Student Activities**

### Semester2

## Activity 1

The following selected taxed transactions were completed by Nasser Al-Malki Company:

Date	Transaction
Sept. 16	Sold merchandise on account to Al-Rayan Company, sales invoice no. ,1032 5,980\$.
Sept. 20	Sold merchandise on account to Doha Company, sales invoice no. 1033, \$10,950.
Sept. 25	Sold merchandise on account to Stars Company, sales invoice no. 1034, \$950.
Sept. 27	Doha Company returned \$980 of merchandise relating to sales invoice no. 1033. Nasser Al-Malki Company issued credit memo no. 131.

Record the transactions above into the Sales Journal of Nasser Al-Malki Company.

Sales journal of Nasser Al-Malki Company						
Date	Invoice No	Particulars	Folio	Sales Cr	GST Collected Cr	Accounts Receivable Dr
Total						

Sales returns and allowances journal of Nasser Al-Malki Company						
Date	Adjust note no	Particulars	Folio	Sales Ret. & Allow. Dr	GST Collected Dr	Accounts Receivable Cr
Total						

**Post the journals above into the ledger.**

Sales - (General Ledger)					
Date	Particulars	Debit	Credit	Balance	Dr/Cr

GST Collected - (General Ledger)					
Date	Particulars	Debit	Credit	Balance	Dr/Cr

Sales returns and allowances - (General Ledger)					
Date	Particulars	Debit	Credit	Balance	Dr/Cr

Al-Rayan Company - (Subsidiary Ledger)					
Date	Particulars	Debit	Credit	Balance	Dr/Cr

Doha Company - (Subsidiary Ledger)					
Date	Particulars	Debit	Credit	Balance	Dr/Cr

Stars Company - (Subsidiary Ledger)					
Date	Particulars	Debit	Credit	Balance	Dr/Cr

Accounts Receivable - (General Ledger)					
Date	Particulars	Debit	Credit	Balance	Dr/Cr

## Activity 2

The following selected transactions **BEFOR GST** were completed by Fahad Al-Kawari Company W.L.L (transactions amounts **DOESN'T INCLUDE GST**):

Date	Transaction
Aug. 5	Bought merchandise on account for \$9,150 from Turkish Supplies Co. invoice no. 0198, terms 2/10, n/30.
Aug. 11	Bought supplies on account from Nichols Trading company, invoice no. 3520, \$10,750, terms 5/7, n/30.
Aug. 15	Received credit memo no. 170 from Turkish Supplies Company, \$550, for merchandise returned.
Aug. 20	Bought merchandise on account from Viva America Company, invoice no. 1580, \$8,980, terms 1/10, n/30.
Aug. 25	Received credit memo no. 350 from Nichols Trading Company, \$125 for returns on supplies purchased August 11.

Record the above transactions into Purchases Journal.

Purchases journal of Fahad Al-Kawari Company W.L.L						
Date	Invoice No	Particulars	Folio	Purchases Dr	GST paid Dr	Accounts payable Cr
Total						

Record the above transactions in the Purchases Returns and Allowances Journal:

Purchases returns and allowances journal of Fahad Al-Kawari Company W.L.L						
Date	Adjust note no	Particulars	Folio	Purchases Cr	GST paid Cr	Accounts payable Dr
Total						

General Journal			
Date	Particulars	Debit	Credit

***Post the journals above into the ledger.***

Purchases - (General Ledger)					
Date	Particulars	Debit	Credit	Balance	Dr/Cr

Purchases returns and allowances - (General Ledger)					
Date	Particulars	Debit	Credit	Balance	Dr/Cr

GST Paid - (General Ledger)					
Date	Particulars	Debit	Credit	Balance	Dr/Cr

Turkish Supplies Company - (Subsidiary Ledger)					
Date	Particulars	Debit	Credit	Balance	Dr/Cr

Nichols Trading company - (Subsidiary Ledger)					
Date	Particulars	Debit	Credit	Balance	Dr/Cr

Viva America Company - (Subsidiary Ledger)					
Date	Particulars	Debit	Credit	Balance	Dr/Cr

Supplies - (General Ledger)					
Date	Particulars	Debit	Credit	Balance	Dr/Cr

Accounts Payable - (General Ledger)					
Date	Particulars	Debit	Credit	Balance	Dr/Cr

### Activity 3

***What journal is prepared for each of the transactions below?***

Sale of products on account	Recorded in →
Providing services on account	Recorded in →
Receipt of cash from any source	Recorded in →
Purchase of items on account	Recorded in →
Payment of cash for any purpose	Recorded in →

### Activity 4

***The major sources of cash receipt in a business are as follows:***

- 1- .....
- 2- .....
- 3- .....
- 4- .....
- 5- .....
- 6- .....
- 7- .....



## Activity 5

***June selected transactions were completed by Khalid Al-Sewadi Company W.L.L Wholesale Supply. Sales and Purchases transactions include (GST).***

Date	Transaction
June 1	Owner invested \$200,000 with cash, receipt no. 001
June 3	Purchase Merchandise on Credit for \$35,000 from Al-Mari Trading Co., terms 3/15, n/30, invoice no. 128.
June 5	Cash sale of \$11,000, sales receipt no. 002, less a 2% percent trade discount.
June 8	Credit sale of \$20,000 to Salem Enterprises W.L.L, terms 5/10, n/30 invoice no. 090.
June 15	Purchased equipment on account for \$65,000 cheque no. 034.
June 18	Issue debit memo no 0014, for \$3,000 to Salem Enterprises W.L.L for merchandised returned.
June 19	Credit sale of \$4,500 to Rashid Traders Co., invoice no. 0091.
June 20	Received credit memo no. 234 of \$2,000 for merchandised we returned to Al-Mari Trading Co. for the invoice no. 128
June 23	Purchased cash merchandised from Al-Mari Trading Co for \$15,000, less a 2% percent trade discount. cheque no. 0010.
June 25	Purchase Merchandise on Credit for \$13,500 from Al-Mari Trading Co., terms 5/7, n/30, invoice no. 181
June 29	Paid the due amount to Al-Mari Trading Co., settlement for due balance. cheque number 0289
June 30	Received a cheque number 00983 from Salem Enterprises W.L.L, for settlement invoice number 0210.
June 30	Paid office rent for June month for \$5,000, receipt no. 0011.

### ***Required:***

- 1 Prepare Special Journal and General Journal.
- 2 Determine debit and credit account/s in each journal.



### Cash receipts journal of Khalid Al-Sewadi Company W.L.L Wholesale

Date	Reference	Particulars	Sales .....	Accounts receivable .....	Other receipts .....	GST collected .....	Bank/Cash .....
Total							

### Cash payments journal of Khalid Al-Sewadi Company W.L.L Wholesale

Date	Reference	Particulars	Purchases .....	Accounts Payable .....	Other Payments .....	GST collected .....	Bank/Cash .....
Total							

### Purchases journal of of Khalid Al-Sewadi Company W.L.L Wholesale

Date	Reference	Particulars	Purchases .....	GST paid .....	Accounts payable .....
Total					

### Purchases Returns & Allowances journal of of Khalid Al-Sewadi Company W.L.L Wholesale

Date	Reference	Particulars	Purchases Returns .....	GST paid .....	Accounts payable .....

Sales journal of of Khalid Al-Sewadi Company W.L.L Wholesale					
Date	Reference	Particulars	Sales .....	GST Collected .....	Accounts Receivable .....
Total					

Sales Returns & Allowances of Khalid Al-Sewadi Company W.L.L Wholesale					
Date	Reference	Particulars	Sales Returns .....	GST Collected .....	Accounts Receivable .....
Total					

General Journal of Khalid Al-Sewadi Company W.L.L Wholesale				
Date	Reference	Particulars	Debit	Credit

## Activity 6

**Choose the correct answer:**

- 1** Each of the following is a subsidiary ledger except the:
  - a** Accounts receivable ledger.
  - b** Accounts payable ledger.
  - c** Customers' ledger.
  - d** General ledger.
  
- 2** Credit purchases of equipment or supplies other than merchandise are recorded in the:
  - a** Cash payments journal.
  - b** Cash receipts journal.
  - c** General journal.
  - d** Purchases journal.
  
- 3** Credit Sales of equipment or supplies other than merchandise are recorded in the:
  - a** Cash payments journal.
  - b** Cash receipts journal.
  - c** General journal.
  - d** Purchases journal.
  
- 4** Credit purchases of merchandise are recorded in the:
  - a** Cash payments journal.
  - b** Cash receipts journal.
  - c** General journal.
  - d** Purchases journal.

**5** Credit sales of merchandise are recorded in the:

- a** Cash payments journal.
- b** Cash receipts journal.
- c** General journal.
- d** Sales journal.

**6** Sales return and Allowances Journal will Record:

- a** Credit sale.
- b** Return of credit sales return of goods.
- c** Credit Purchases.
- d** Return of credit purchases.

**7** Purchase return and Allowances Journal will Record:

- a** Credit sale.
- b** Return of credit sales return of goods.
- c** Credit Purchases.
- d** Return of credit purchases.

**8** Account Payable are:

- a** Suppliers that company owe them money.
- b** Suppliers who owes company (business) money to.
- c** People who Own the company.
- d** All the above.

**9** Account receivables are:

- a** Customers that our company owe them money.
- b** Customers who owes company (business) money to.
- c** People who Own the company.
- d** All the above.

## Activity 7

**Indicate the journal in which each of the following transactions should be recorded by Nasser Al-Hajri Company during December 2021:**

Transaction	Type of Journal	Dr	Cr
1- Issued Check No. 610 for December rent.			
2- Issued sales Invoice for merchandise on account to New Stars Co.			
3- Received check from New Stars Co in payment of due balance.			
4- Purchased a vehicle on account from A.A.A. Abdulghani & Bros Co. - Toyota and Lexus.			
5- Purchased office equipment on account from Doha Trading Co.			
6- Issued Invoice of merchandise.			
7. Issued Check for salaries expense.			
8. Received check from Al-Deera Co. in payment of due balance.			
9- Purchased office supplies on account from. Abdulla & Bros Co.			
10- Received credit memo/note for returned of merchandise purchased damaged in shipment.			
11- Issued credit memo/note for returned of merchandise sold damaged.			
12- Sold merchandise on account to Saleh Co.			
13- Purchased merchandise on account from Fast Link Co.			
14- Purchased vehicle on account from Al-Khour Trading Co.			

Transaction	Type of Journal	Dr	Cr
15- Issue credit note to a customer for the return of damaged goods.			
16- Received collection from customer within the 3% discount period.			
17- Purchased merchandise for cash.			
18- Paid a creditor within the 3% discount period.			
19- Received cheque from Viva Qatar Co. for payment the due balance.			
20- Paid freight on merchandise purchased.			
21- Received cash refund from supplier for merchandise returned.			
22- Received credit memo from Al-Slam Co. for merchandise damaged in shipment.			
23- Payment for creditors on account.			
24- Return of merchandise sold for credit.			
25- Collection on account from customers.			
26- Sale of land for cash.			
27- Sale of land on credit to City Star Co.			
28- Sale of merchandise for cash.			
29- Payment of employee wages			
30- Purchase of merchandise on account.			
31- Received freight bill from Stars Shipping Co.			



## Bad & Doubtful Debts

If a firm finds that it is impossible to collect a debt, then that debt should be written off as a **bad debt**. This could happen if the debtor is suffering a loss in business or has gone bankrupt and cannot pay the debt. **A bad debt is therefore an expense of the firm.**

### **Bad debt definition:**

A debt which the debtor will not be able to pay.

## Activity 1

Rashid Al-Mari Trading Company sold QAR 50,000 of good to Al-Shamal Enterprises on 5 January 2015, but he became bankrupt. On 16 February 2015, we sold QAR 240,000 of goods to Al-Rayan Enterprises He managed to pay QAR 200,000 on 17 May 2015, but it became obvious that he would never be able to pay the final QAR 40,000.

When we draw up the final accounts to 31 December 2015, we decided to write these off as bad debts.

### Required:

- 1 Prepare journal entry and ledger for the customer Al-Shamal.
- 2 Prepare journal entry and ledger for the customer Al-Rayan.

For Al-Shamal Enterprises		
Account	Debit	Credit

For Al-Rayan Enterprises		
Account	Debit	Credit



## Activity 2

Tamim Al-Kaabi Co. use the percentage-of-sales basis in 2018 to record bad debts expense. It estimates that 2% of net credit sales will become uncollectible. Sales are \$800,000 for 2018, sales returns, and allowances are \$45,000.

### **Required:**

Prepare the journal entry to record bad debts expense in 2018.

Account	Debit	Credit

.....

.....

### Activity 3

**Blue Star Co.** uses the percentage-of-receivables basis to record bad debts expense. It estimates that 1% of accounts receivable will become uncollectible. A/R are \$450,000 at the end of the year.

Prepare the adjusting journal entry to record bad debt expense for the year.

Account	Debit	Credit



# Accounting Errors and Correction

## Complete Reversal of Entries

### Activity 4

Complete reversal of entries errors occurs when the correct amount is posted to the correct accounts, but the debits and credits have been reversed. For example, if a cash sale is made for \$10,000 and posted incorrectly as follows:

Account	Debit	Credit
Sales	10,000	
Cash		10,000

#### Step 1

The original entry must be reversed as follows:

Account	Debit	Credit

#### Step 2

The correct entry must be made as follows:

Account	Debit	Credit

## Activity 5

The following trial balance of Fahd Al-Kawari Est. December 31, 2018, prepare income statement, owners' equity statement and balance sheet in the presented tables below.

Fahd Al-Kawari Est.		
Trial balance as of 31, 2018		
Account Name	Debit	Credit
Cash	18,000	
Notes Receivable	98,300	
Accounts Receivable	57,800	
Inventory	39,100	
Land	50,000	
Building	185,000	
Equipment	381,700	
Accumulated Depreciation		110,000
Accounts Payable		33,600
Long-term loan		244,600
Unearned Revenue		189,600
Notes Payable		18,000
Capital		500,000
Patent	174,600	
Withdrawals	7,000	
Service Revenue		280,000
Salaries Expense	143,000	
Advertising Expense	14,000	
Insurance Expense	23,300	
Utilities Expense	21,000	
Miscellaneous Expense	45,000	
Interest Expense	8,000	
Goodwill	110,000	
<b>Totals</b>	<b>1,375,800</b>	<b>1,375,800</b>

Fahd Al-Kawari Est		
Income Statement for the year ended 31-12-2018		
	Partial	Total

Fahd Al-Kawari Est.	
Changes in Owner's Equity Statement, as of 31-12-2018	
Description	Amount

**Fahd Al-Kawari Est.**

## Balance Sheet

## Assets

## Liabilities & Owner's Equity

[illegible]

## Activity 6

The following trial balance of Doha Trading Est. December 31, 2020, prepare income statement, owners' equity statement and balance sheet in the presented tables below.

Doha Trading Est.		
Trail Balance as of 31-12-2020		
Account	Debit	Credit
Cash	116,500	
Accounts receivable	17,600	
Office Supplies	3,000	
Inventory	13,050	
Equipment	75,000	
Accumulated depreciation		12,000
Accounts payable		9,450
Salary payable		6,600
Unearned revenue		14,000
Capital		265,350
Revenue		32,000
Goodwill	125,500	
Long-term loan		155,000
Withdrawals	1,950	
Depreciation expense	5,000	
Salary expense	16,000	
Land	97,500	
Insurance expense	18,300	
Rent Expense	5,000	
<b>Total</b>	<b>494,400</b>	<b>494,400</b>

Doha Trading Est.		
<i>Income Statement for the year ended 31-12-2020</i>		
	Sub	Total

Doha Trading Est.	
<i>Changes in Owner's Equity Statement as of 31-12-2020</i>	
Description	Amount



**Doha Trading Est.**

## Assets

## Liabilities & Owner's Equity

[illegible]

## Activity 7

The following selected balances of Viva Qatar Est. on December 31, 2020. Required, prepare balance sheet in the table below.

Account	Balance
Cash	70,500
Buildings	880,250
Franchises	648,055
Rent payable	76,123
Equipment	491,593
Notes Receivable	48,975
Furniture	321,340
Goodwill	907,450
Short-term loan	1,005,100
Machinery	775,303
Accumulated Depreciation	410,222
Capital	6,141,437
Patent	444,000
Copy Rights	801,800
Accounts Receivable	347,110
Accounts Payable	97,225
Long-term loan	995,690
Unearned Revenue	418,050
Notes Payable	100,140
Inventory	502,155
Office Supplies	65,485
Vehicles	715,495
Trademark	558,926
Withdrawals	37,200
Land	1,750,000
Salaries payable	129,500
Pre-paid Rent	78,450
Long-term Notes Payable	70,600

**Viva Qatar Est.**

## Assets

## Liabilities & Owner's Equity

[illegible]

## Activity 8

**Choose the correct answer:**

- 1** The first item listed under current liabilities is usually:
  - a** accounts payable.
  - b** notes payable.
  - c** salaries payable.
  - d** taxes payable.
  
- 2** Complete reversal of entries errors occurs when the:
  - a** Entry missed from accounting records.
  - b** Correct accounts, wrong amounts
  - c** Correct amount and account, entries reversed.
  - d** none of the above.
  
- 3** Office Equipment is classified in the balance sheet as:
  - a** a current asset.
  - b** a non-current asset.
  - c** an intangible asset.
  - d** all the above is true.
  
- 4** "Mr. Fahad Al-Mari used his own cash to pay for his business monthly rental, what are the correct accounting transactions?
  - a** debit - Cash, Credit – Rent Expense
  - b** debit - Rental, Credit - Cash
  - c** debit - Rental, Credit - Bank
  - d** none of the above.

**5** All the following are owners' equity accounts except

- a** Net profit for the year.
- b** Capital.
- c** Notes receivable.
- d** Retained Earnings.

**6** On a classified balance sheet, current assets are listed:

- a** in alphabetical order.
- b** with the largest amounts first.
- c** in the order of liquidity.
- d** all the above is true.

**7** A current asset is:

- a** the last asset purchased by a business.
- b** an asset which is currently being used to produce a product.
- c** usually found in the income statement.
- d** an asset a company expects to convert to cash within one year.

**8** Which of the following is a commonly used base to create the provision for doubtful debts?

- a** Total purchases
- b** Total credit sales
- c** Total current assets
- d** Total current liabilities

**9** An asset that can be used in the business or held for a longer period, usually more than a year.

- a** non-current Asset
- b** current Asset
- c** Current Liability
- d** long Term Liability

**10** What is the purpose of making a provision for depreciation in the accounts?

- a** To charge the cost of fixed assets against profits
- b** To show the current market value of fixed asset
- c** To make cash available to replace fixed assets.
- d** To make a provision for repairs

**11** What is the one asset that can NEVER be depreciated?

- a** Furniture
- b** Land
- c** Machinery
- d** Land Improvements

**12** The first item listed under current liabilities is usually

- a** accounts payable.
- b** notes payable.
- c** salaries payable.
- d** taxes payable.

**13** Office Equipment is classified in the balance sheet as

- a** a current asset.
- b** a non-current asset.
- c** an intangible asset.
- d** all the above is true.

**14** A current asset is

- a** the last asset purchased by a business.
- b** currently being used to produce a product or service.
- c** usually found as a separate classification in the income statement.
- d** a company expects to convert to cash or use up within one year.

**15** Liabilities are generally classified on a balance sheet as

- a** small liabilities and large liabilities.
- b** present liabilities and future liabilities.
- c** tangible liabilities and intangible liabilities.
- d** current liabilities and long-term liabilities.

**16** On a classified balance sheet, current assets are listed

- a** in alphabetical order.
- b** with the largest dollar amounts first.
- c** in the order of liquidity.
- d** in the order of acquisition.

**17** Current liabilities are

- a** obligations that the company is to pay within the current year.
- b** listed in the balance sheet in order of their expected maturity.
- c** listed in the balance sheet, starting with accounts payable.
- d** should not include long-term debt that is expected to be paid within the next year.

**18** “Mr. Ali Al-Kawari purchased equipment for his business for cash”. Based on the transaction, what are the correct account transactions?

- a** Debit - Cash, Credit - Equipment
- b** Debit - GST, Credit - Cash
- c** Debit - Equipment, Credit – Accounts Payable
- d** None of the above.



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**النشبل**  
**AL SHEBL**