

Name: KEY

CHAPTER 2 NOTES

RECORDING DEPARTMENTAL SALES AND CASH RECEIPTS

2.1 – DEPARTMENTAL SALES ON ACCOUNT AND SALES RETURNS AND ALLOWANCES

DEPARTMENTAL SALES ON ACCOUNT

- *Realization of Revenue* (summarize) - record transactions when they occur, even if payment will be received later

JOURNALIZING SALES ON ACCOUNT

Sample Problem (Work Together 2.1)

The sales journal for Manhattan Beach Swimwear is provided below. Manhattan Beach has two departments: Swimwear and Accessories. Journalize each of the following sales on account. The sales tax rate is 6%. Source document is abbreviated as follows: sales invoice, S.

- Sept 1. Sold a bathing suit to Emily Branford for \$40, plus sales tax. S12.
 10. Sold three beach mats to Roger Minkow for \$75, plus sales tax. S13.
 14. Sold bathing suits to Oak Grove High School Swim Team for \$310. No sales tax. S14.
 18. Sold beach towel to Sara Nunez for \$15, plus sales tax. S15.
 24. Sold a beach umbrella to Emily Branford for \$70, plus sales tax. S16.

SALES JOURNAL

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DATE	ACCOUNT DEBITED	SALE NO.	POST. REF.	ACCOUNTS RECEIVABLE DEBIT	SALES TAX PAYABLE CREDIT	SALES CREDIT		
						SWIMWEAR	ACCESSORIES	
1 Sept	Emily Branford	12	110	42 40	2 40	40 00		1
10	Roger Minkow	13	120	75 00	4 50		75 -	2
14	Oak Grove High School	14	140	310 -		310 -		3
18	Sara Nunez	15	130	15 90	90		15 -	4
24	Emily Branford	16	110	74 20	4 20		70 -	5
30	TOTALS			522 -	12 -	350 -	160 -	6
				(1205)	(2230)	(405)	(4205)	7

JOURNALIZING SALES RETURNS AND ALLOWANCES

- credit memorandum - source doc prepared by the vendor to show amount deducted for returns & allowances

Sample Problem, continued (Work Together 2.1)

The general journal for Manhattan Beach Swimwear is provided below. Manhattan Beach has two departments: Swimwear and Accessories. Journalize each of the following sales returns and allowances. The sales tax rate is 6%. Source document is abbreviated as follows: credit memorandum, CM.

- Sept 15. Granted credit to Roger Minkow for one beach mat returned, \$25, plus sales tax from sales invoice S13. Issued CM23.
30. Granted credit to Sara Nunez as an allowance for a defective beach towel, \$15, plus sales tax from sales invoice S15. Issued CM24.

GENERAL JOURNAL							PAGE 18
	DATE	ACCOUNT TITLE	DOC NO.	POST. REF.	DEBIT	CREDIT	
1	2019 Sept 15	SALES RETURNS & ALLOW - ACCESS	CM23	4215	25 -		1
2		SALES TAX PAYABLE		2130	1 50		2
3		AR/ROGER MINKOW		1205		26 50	3
4	30	SALES RETURNS & ALLOW - ACCESS	CM24	4215	15 -		4
5		SALES TAX PAYABLE		2130	90		5
6		AR/SARA NUNEZ		1205		15 90	6

POSTING FROM A SALES JOURNAL AND GENERAL JOURNAL

Sample Problem, continued (Work Together 2.1)

The partial accounts receivable and general ledgers for Manhattan Beach Swimwear is provided below.

- Post the items that are to be posted individually from the sales journal.
- Post the items that are to be posted individually from the general journal.
- Prove and rule the sales journal. Post the totals to the general ledger.

General Ledger

ACCOUNT Accounts Receivable						ACCOUNT NO. 1205	
DATE		ITEM	POST REF.	DEBIT	CREDIT	BALANCE	
						DEBIT	CREDIT
Sep	1	Balance	v			1 558 75	
	15		G18		26 50	1 585 25	
	30		G18		15 90	1 601 15	
	30		S9	522-		2 038 35	

ACCOUNT Sales Tax Payable						ACCOUNT NO. 2230	
DATE		ITEM	POST REF.	DEBIT	CREDIT	BALANCE	
						DEBIT	CREDIT
Sep	1	Balance	v				123 20
	15		G18	1 50			121 70
	30		G18	90			120 80
	30		S9		12 -		132 80

ACCOUNT Sales—Swimwear						ACCOUNT NO. 4105	
DATE	ITEM	POST	DEBIT	CREDIT	BALANCE		
		REF.			DEBIT	CREDIT	
10/15 Sept 30		89		350 -		350 -	

ACCOUNT Sales Returns and Allowances—Swimwear						ACCOUNT NO. 4115	
DATE		ITEM	POST REF.	DEBIT	CREDIT	BALANCE	
						DEBIT	CREDIT

ACCOUNT Sales—Accessories					ACCOUNT NO. 4205	
DATE	ITEM	POST	DEBIT	CREDIT	BALANCE	
		REF.			DEBIT	CREDIT
10/15 Sept 30		89		100 -		100 -

ACCOUNT Sales Returns and Allowances—Accessories						ACCOUNT NO. 4215	
DATE	ITEM	POST REF.	DEBIT	CREDIT	BALANCE		
					DEBIT	CREDIT	
10/15 Sept 15		G18	25 -		25 -		
30		G18	15 -		40 -		

Accounts Receivable Ledger

Customer Emily Branford						Customer No. 110	
DATE		ITEM	POST. REF.	DEBIT	CREDIT	DEBIT BALANCE	
Sep	1	Balance	v			55	00
	1		89	42	40	97	40
	24		89	74	20	171	60

Customer Roger Minkow						Customer No. 120	
DATE		ITEM	POST. REF.	DEBIT	CREDIT	DEBIT BALANCE	
Sep	1	Balance	v			136 00	
	10		89	79 50		215 50	
	15		G18		16 50	189 -	

Customer Sara Nunez

Customer No. 130

DATE		ITEM	POST. REF.	DEBIT	CREDIT	DEBIT BALANCE
Sep	1	Balance	v			48 50
	18		SG	15 90		64 40
	30		G18		15 90	48 50

Customer Oak Grove High School Swim Team

Customer No. 140

DATE		ITEM	POST. REF.	DEBIT	CREDIT	DEBIT BALANCE
Sep	1	Balance	v			70 00
	14		SG	310 -		380 -

2.2 – JOURNALIZING AND POSTING CASH RECEIPTS

DEPARTMENTAL CASH RECEIPTS

JOURNALIZING A CASH RECEIPT WITH A SALES DISCOUNT

Sample Problem (Work Together 2.2)

The cash receipts journal for Norwalk Interiors is provided below. Norwalk Interiors has two departments, Furniture and Carpeting, and offers credit terms of 2/10, n/30. Journalize each of the following cash receipts transactions. The sales tax rate is 6%. Source document is abbreviated as follows: receipt, R.

- Feb. 1. Received a check from Filo Raines for furniture purchased January 25 on S231 for \$1,272, less discount. R343.
 7. Received a check from Carlee Hanks for furniture purchased on February 1 on S232 for \$848, less discount. R344.

JOURNALIZING A CASH RECEIPT WITH A SALES RETURN AND SALES DISCOUNT

- **Sales Discount** - CASH DISCOUNT ON SALES, 2/10, n/30 = 2% discount if paid in 10 days, or net (total) due in 30 days

Sample Problem, continued (Work Together 2.2)

Continue to use the Cash Receipts Journal started above.

- Feb. 12. Received cash on account from Melinda Ashworth, \$2,908.64 for five area carpets, purchased on February 4 on S230 for \$3,180.00, less CM29 (\$200.00 plus sales tax), less discount. R345.

Sales return:

Sales Return Amount (CM29)	x	Add 6% Sales Tax	=	Total Sales Return Amount
<u>200</u>	x	<u>1.06</u>	=	<u>212</u>

Sales invoice after return:

Sales Invoice Amount (S230)	-	Sales Return Amount	=	Sales Invoice Amount after Return
<u>3180</u>	-	<u>212</u>	=	<u>2968</u>

Sales Discount:

Sales Invoice Amount after Return	x	2% Sales Discount	=	Sales Discount Amount
<u>2968</u>	x	<u>2%</u>	=	<u>59.36</u>

Amount owed on invoice:

Sales Invoice Amount after Return	-	Sales Discount Amount	=	Amount Owed on Invoice
<u>2968</u>	-		=	<u>\$2,908.64</u>

JOURNALIZING CASH AND CREDIT CARD SALES

Sample Problem, continued (Work Together 2.2)

Continue to use the Cash Receipts Journal started above. The sales tax rate is 6%. Source document is abbreviated as follows: terminal summary, TS.

- Feb. 14. Recorded cash and credit card sales: carpeting, \$3,074; furniture, \$3,286; plus sales tax. TS81.
- 19. Recorded cash and credit card sales: carpeting, \$2,112; furniture, \$2,862; plus sales tax. TS82.
- 21. Recorded cash and credit card sales: carpeting, \$2,851; furniture, \$4,103; plus sales tax. TS83.
- 28. Recorded cash and credit card sales: carpeting, \$2,967; furniture, \$2,803; plus sales tax. TS84.

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CASH RECEIPTS JOURNAL									
DATE	ACCOUNT TITLE	DOC. NO.	POST. REF.	GENERAL		ACCOUNTS RECEIVABLE CREDIT	SALES TAX PAYABLE CREDIT		CASH DEBIT
				DEBIT	CREDIT		FURNITURE	CARPETING	
1	FLORIANOS	R343	130			177-			124636
7	Carlo Hank	R344	120			848-			86104
12	MELINDA ASINOVICH	R345	110			1908.64			3808.64
14		TS81	✓				3180-	3074-	64160
19		TS82	✓				1807-	111-	5237.44
21		TS83	✓				4103-	1851-	7371.24
28		TS84	✓				1803-	1967-	6116.20
28	TOTALS					5088	13054-	11004-	30487.72
						(1705)	(4103)	(4204)	(1105)
							(4110)	(4210)	

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5088

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30487.72

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30487.72

POSTING FROM A CASH RECEIPTS JOURNAL

Sample Problem, continued (Work Together 2.2)

Continue to use the Cash Receipts Journal started above. The partial accounts receivable ledger and partial general ledger for Norwalk Interiors are provided below.

1. Post the items that are to be posted individually.
2. Prove and rule the cash receipts journal. Post the totals to the general ledger.

General Ledger

ACCOUNT Cash						ACCOUNT NO. 1105			
DATE		ITEM	POST REF.	DEBIT	CREDIT	BALANCE			
						DEBIT		CREDIT	
Feb	1	Balance	V	30 487 72		43 340 00			
	18		CR 21	30 487 72		13 917 48			
						73 827 72			

ACCOUNT Accounts Receivable						ACCOUNT NO. 1205	
DATE		ITEM	POST REF.	DEBIT	CREDIT	BALANCE	
						DEBIT	CREDIT
Feb	1	Balance	v		5088 7	5 724 00	
	18		CR 21		5088 7	496 486	

ACCOUNT Sales Tax Payable						ACCOUNT NO. 2230	
DATE		ITEM	POST REF.	DEBIT	CREDIT	BALANCE	
						DEBIT	CREDIT
Feb	1	Balance	v				3 870 00
	18		CR 21		1 443 48		5 313 48

ACCOUNT Sales—Furniture						ACCOUNT NO. 4105	
DATE	ITEM	POST REF.	DEBIT	CREDIT	BALANCE		
					DEBIT	CREDIT	
2019 Feb 18		CR 21		13 054 -		13 054 -	

ACCOUNT Sales Discount—Furniture						ACCOUNT NO. 4110	
DATE	ITEM	POST	DEBIT	CREDIT	BALANCE		
		REF.			DEBIT	CREDIT	
2019 Feb 28		CR 21	42 40		42 40		

ACCOUNT Sales—Carpeting					ACCOUNT NO. 4205	
DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE	
					DEBIT	CREDIT
2019 Feb. 18		CR21		11 004 -		11 004 -

ACCOUNT Sales Discount—Carpeting					ACCOUNT NO. 4210	
DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE	
					DEBIT	CREDIT
2019 Feb 18		CR21	59 36	0	59 36	

Accounts Receivable Ledger

Customer Melinda Ashworth					Customer No. 110	
DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE	
					DEBIT	CREDIT
Feb 1	Balance	v			3 286 00	
12		CR21		29682 3108		1185318

Customer Carlee Hanks					Customer No. 120	
DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE	
					DEBIT	CREDIT
Feb 1	Balance	v			848 00	
7		CR21		848 -		

Customer Filo Raines					Customer No. 130	
DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE	
					DEBIT	CREDIT
Feb 1	Balance	v			1 590 00	
1		CR21		1272 -		318 -

ORDER OF POSTING FROM JOURNALS

The order to post journals is listed as follows:

1. Sales Journal
2. Purchases Journal
3. General Journal
4. Cash Receipts Journal
5. Cash Payments Journal

This posting order generally places the debits and credits in the accounts in the order that the transactions occurred.