

Prepare Financial Reports

Accounting

Banking G11

Year 11

Semester 1

LEARNER RESOURCE

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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:



Practice

This icon is used to highlight an ideal time to test your knowledge or practice 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 preparation 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 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:

- Check and verify supporting documentation
- Prepare deposit facility and lodge flows
- Prepare and process banking and petty cash documents
- Prepare and process invoices for payment to creditors and for debtors
- Prepare journals and batch monetary items.



Introduction

You are about to commence 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 interim reports.



Check and verify supporting documentation:

Identifying, checking and recording information

All businesses rely on information being recorded accurately and being accessible when required.

Throughout this unit, we will use the imaginary business of Ashraf Nasser, a luxury furniture retailer, to highlight workplace examples.

Ashraf Nasser owns a furniture business in Al Sadd called Qatar Luxury Furnishings.

Ashraf does not like computers and prefers to record all the information related to his business on paper.

Ashraf has been very busy recently, and he has not been able to locate some of his paperwork. Ashraf has a customer who has sent a cheque to pay for their purchases but he cannot find it. Another customer was sent the wrong dining table. Several customers are complaining about receiving incorrect invoices.



Practice

Practice activity 1

Read the scenario above and identify the problems that Ashraf has.

.....

.....

.....

.....

.....



Paper work should be filed accurately so that it can be easily accessed

In the space below, write down some suggestions you could offer Ashraf to help him solve his problems.

.....

.....

.....

.....

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.....

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.....

All business documents need to be checked for accuracy. This applies to documents we prepare as well as documents we receive. Business decisions will be made based on these documents, so it is very important that they are checked for accuracy.

What sort of information would we be looking for?

All businesses will be different. However, the most common pieces of information would include the following:

- Names – the correct name and title of the person we have had communication with should be checked. It is also important that we check for the accuracy of the business or company name.
- Addresses – it will be important to check that shipping and postal addresses are known and accurate. Other contact details should also be checked, such as telephone and fax numbers, email and web addresses. Check to see that there are enough digits in the telephone number and that the email and web address is consistent with standard Internet protocols.
- Financial details – where amounts of money are involved, it is extremely important that this information is checked. The amount in words needs to be checked against the amount in figures.
- Dates – it is important that all documents are dated correctly.
- Account and customer numbers – these can be very long and it is very easy to enter digits twice, omit digits or reverse digits. In Australia, all businesses must have an Australian Business Number (TIN). These are 11 digits long, so care must be taken entering these details. In Qatar, businesses have a Tax identification Number (TIN).



Practice

Practice activity 2

See how good you are at checking information. The information in Column A is correct. Check the information in Column B and circle any errors that you find.

Column A	Column B
<i>Mr Ahmad Wasem</i>	<i>Mr Ahmed Wasem</i>
<i>PO Box 213 Doha</i>	<i>PO Box 231 Doha</i>
<i>1214 Salwa Road</i>	<i>1214 Salwa Road</i>
<i>54.185\$</i>	<i>185.45\$</i>
<i>21 May 2011</i>	<i>21 May 2011</i>
<i>TIN 43678435929</i>	<i>TIN 43678433929</i>



Practice

Practice activity 3

The information in Column A is correct. Check the information in Column B and circle any errors that you find in Column B.

Column A	Column B
<i>135.78\$</i>	<i>135.87\$ 135.78\$</i>
<i>PO Box 5395</i>	<i>PO Box 5395</i>
<i>Mr J W Thompson</i>	<i>Mr J W Thomson</i>
<i>Apartment 1214</i>	<i>Apartment 1214</i>
<i>TIN 25487962428</i>	<i>TIN 25787962428</i>
<i>15 November 20xx</i>	<i>15 November 20xx</i>
<i>Mr Haider Al Hussain</i>	<i>Mr Hader Al Hussain</i>
<i>Inv No 25412</i>	<i>Inv No 25421</i>





Practice

Practice activity 4

The information in Column A is correct. Check the information in Column B and circle any errors that you find in Column B.

Column A	Column B
<i>Mr Ahmed Wasen</i>	<i>Mr Ahmed Wasem</i>
<i>PO Box 3313 Doha</i>	<i>PO Box 3133 Doha</i>
<i>55 Abu Hamour Road</i>	<i>155 Abu Hamour Road</i>
<i>QR 653.21</i>	<i>QR 635.12</i>
<i>22 May 20xx</i>	<i>20 May 20xx</i>
<i>TIN 43678435929</i>	<i>TIN 43687435929</i>
<i>Inv No AS546</i>	<i>Inv No A5546</i>
<i>Due Date 12 October 20xx</i>	<i>Due Date 15 October 20xx</i>

All employees will see private and confidential information from time to time. This knowledge should never be disclosed outside the office.

We have identified the type of information, but what documents will contain this information?

The following list contains the documents you may use to complete your daily tasks:

- application forms
- claim forms
- petty cash vouchers
- invoices
- purchase orders
- receipts

- adjustment notes
- statements
- deposit books
- delivery dockets
- remittance advice

RECEIPT		No.: 1005
QATAR LUXURY FURNISHINGS ABN 48 741 588 952 5878 Salwa Road Al Sadd		
Received from: Al Mourjhan Contracting PO Box 4583 Doha		
Description	Amount	
Payment of invoice 4589	\$1250 -----	
The sum of One thousand two hundred and fifty dollars -----		
Date: 1 October 2011	Received by: F J Nasser	

CALCULATION FORM		
Denomination	Quantity	Value
Notes		
\$100	3	300
\$50	5	250
\$20	4	80
\$10	7	70
\$5	8	40
Coins		
\$2	15	30
\$1	33	33
50c	12	6
20c	80	16
10c	24	2.40
5c	50	2.50
TOTAL		\$829.90

DELICIOUS SWEETS	
ABN 55 214 587 963	
TAX INVOICE	
	\$
* 500 g Choc hollows	\$16.60
* 5kg choc bears	\$37.30
2 Subtotal	\$53.90
Total	\$53.90
Cash	\$55.00
Change	\$1.10
* Taxable items	
Total includes GST	\$4.90

QATAR BANK					
Al Sadd Branch					
BANK STATEMENT					
Statement of Current Account		Account Name	Qatar Luxury Furnishing		
		Account Number	11223 78524		
Date	Particulars	Debit	Credit	Balance	
Oct 1	Brought forward			125845	Cr
	Deposit		12970	138815	Cr
2	Deposit		2050	140865	Cr
	Ch 2458	6550		134315	Cr
	Ch 2547	5800		128515	Cr
3	Ch 2549	6850		121665	Cr
	Deposit		14755	136420	Cr
	EFTPOS		13975	150395	Cr
	Interest (Term Deposit - 78524A)		135	150530	Cr
	Deposit		635	151165	Cr
4	EFTPOS		1815	152980	Cr
	EFT (Kahramaa)	545		152435	Cr
	EFT (Doha Stat)	1750		150685	Cr
	Ch 2462	465		150220	Cr
	EFT (Misc transfers)	3255		146965	Cr
5	EFTPOS fees	415		146550	Cr

An example of some of the business documents used in this unit



Practice

Practice activity 5

Use the invoice on the following page to identify and record the information on the following table.

<i>TIN for Qatar Luxury Furnishings</i>	
<i>Invoice number</i>	
<i>Date of invoice</i>	
<i>Address of Qatar Luxury Furnishings</i>	
<i>TIN for Al Rayaah Constructions</i>	
<i>Price of one director's chair</i>	
<i>Quantity and colour of office chairs</i>	
<i>Discount rate and amount</i>	
<i>Cost of freight</i>	
<i>GST amount</i>	
<i>Invoice total</i>	

Qatar Luxury Furnishings
 TIN 48 741 568 952
 5878 Salwa Road
 Al Sadd Qatar
 3358 9625
 ashraf@luxuryfurnishings.qa

INVOICE

Invoice number: B78258

Invoice date: 1 March 20XX

Customer information

Billing address

Company: Al Rayaah Constructions
TIN: 56 231 978 582
Name: Omar Ali Hadad
Address: PO Box 1254
 Al Rayaah
City: Qatar

Shipping method: courier

Quantity	Product description	Amount (each)	Amount
3	Office chairs – orange	250.00	750.00
3	Deluxe office desks	425.00	1,275.00
1	Director chair	650.00	650.00
1	Boardroom table	1,350.00	1,350.00
Subtotal:			4,025.00
Trade discount 5%:			201.25
Subtotal:			3,823.75
Freight:			55.00
GST:			387.87
Grand total:			4,266.62



Practice

Practice activity 6

Refer to the invoice on the next page and answer the following questions.

What is the TIN for Doha Contracting?

What is the invoice number and date of the invoice?

What is the price of a white office chair and how many have been invoiced?

What is the rate of discount and the amount of trade discount?

What is the rate of GST and the amount of GST?

What is the invoice total?

Qatar Luxury Furnishings

TIN 48 741 568 952

5878 Salwa Road

Al Sadd

Qatar

3358 9625

ashraf@luxuryfurnishings.qa

INVOICE

Invoice Number:

48214

Invoice Date:

13 Sept 20XX

Customer Information:**Billing Address:**

Company: Doha Contracting Co
 TIN: 12 741 852 964
 Name: Omar Ali Hadad
 Address: Al Markhyra Road
 Madinat Khalifa North
 City: Qatar

Shipping Method: Courier

Qty	Product Description	Amount Each	Amount
5	Office Chairs - white	250	1250.00
3	Deluxe Office Desks	425	1275.00
1	Director Chair	650	650.00
1	Boardroom Table	1350	1350.00
	Subtotal:		4525.00
	Trade discount 5%		226.25
	Subtotal:		4298.75
	Freight:		75.00
	GST:		437.37
	Grand Total:		4810.62



Supporting documentation:

What happens to the documents after they have been received and checked for accuracy?

The information that is provided to the business must also be transferred accurately into the business records so that it can be used effectively. It may be your task to process and record the information. Alternatively, you may have to send the information to appropriate personnel. This could include your manager or supervisor, or it may be information that has to go to the accounts department or specific personnel, such as the accounting officer, payroll officer, cashier or petty cashier.



Practice

Practice activity 7

Your supervisor has handed you the following invoices and asked you to prepare a summary of those that are not yet paid. You are to record the details of the 'unpaid' invoices in the summary below.

SUMMARY OF INPAID INVOICES				
Date	Invoice No	Customer Name	GST	Invoice Total

Doha Furniture Distributors**TAX INVOICE**

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

QFS wll**TAX INVOICE**

To: Qatar Luxury Furnishings
 3 October No 1287
 Amount: 450.00
 GST: **PAID** 45.00
 Total: 495.00

Doha Furniture Distributors**TAX INVOICE**

To: Qatar Luxury Furnishings
 4 October No 95438
 Amount: 4,210.00
 GST: **PAID** 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 Fruit & Produce**TAX INVOICE**

To: Qatar Luxury Furnishings
 10 October No 25841
 Amount: 5,300.00
 GST: **PAID** 530.00
 Total: **PAID** 5,830.00

Qatar Stationery**TAX INVOICE**

To: Qatar Luxury Furnishings
 13 October No 8041
 Amount: 820.00
 GST: 82.00
 Total: 902.00

QBS**TAX INVOICE**

To: Qatar Luxury Furnishings
 18 October No 48065
 Amount: 950.00
 GST: 95.00
 Total: 1,045.00

Cosy Cushions**TAX INVOICE**

To: Qatar Luxury Furnishings
 24 October No 2941
 Amount: 14,250.00
 GST: **PAID** 1,425.00
 Total: 15,675.00

Prepare deposit facility and lodge flows: deposit facilities

An organisation will have to decide which type of deposit facility is most appropriate for its purposes. Those businesses that receive large amounts of cash, cheques or electronic funds transfer at point of sale (EFTPOS) will use a deposit form. These have been discussed previously. Alternatively, where businesses receive payments electronically, they will organise to print direct debit transaction reports. This enables them to track deposits into their bank account.

Organisations will also have to decide which method of banking is most appropriate for them. They can deposit the funds personally or arrange for third-party security companies to do their banking for them.



Practice

Practice activity 8

What type of deposit facility and form will businesses use if they receive large amounts of cash, cheques or EFTPOS?

What security precautions can a business take with relation to the banking of cash deposits?

What document or report will a business use to track their electronic banking details?

Balancing deposit facilities

When the bank deposit is prepared, care should be taken to ensure the cash and cheques are counted accurately. Machines can be used to count the different denominations of notes and to sort and count coins. Organisations will own these machines or will use the bank's facilities.

Use calculation forms (see the next section), to assist in correctly counting the deposits. The deposit will also be checked by the bank.



All deposits will be checked by the bank teller



Practice

Practice activity 9

What facilities can you use to ensure that cash is counted correctly prior to banking?

What form can you use to assist in correctly counting cash deposits?

In the table below, list the denomination of Qatari and Australian notes and coins.

Qatar		Australia	
Notes	Coins	Notes	Coins



Practice

Practice activity 10

Complete the calculation form for Qatari currency.

CALCULATION FORM

Denomination	Quantity	Value
<i>Notes - QR</i>		
500	5	
100	4	
50	3	
10	7	
5		
1	14	
<i>Coins - Dirhams</i>		
50	15	
25	33	
TOTAL		





Practice

Practice activity 11

Complete the calculation form for Australian currency.

CALCULATION FORM

Denomination	Quantity	Value
<i>Notes - \$</i>		
<i>\$100</i>	<i>19</i>	
<i>\$50</i>	<i>36</i>	
<i>\$20</i>	<i>82</i>	
<i>\$10</i>	<i>45</i>	
<i>\$5</i>	<i>21</i>	
<i>Coins</i>		
<i>\$2</i>	<i>26</i>	
<i>\$1</i>	<i>14</i>	
<i>50 cents</i>	<i>18</i>	
<i>20 cents</i>	<i>64</i>	
<i>10 cents</i>	<i>35</i>	
<i>5 cents</i>	<i>12</i>	
<i>TOTAL</i>		

Security and safety precautions

Ashraf was concerned about the problems he was experiencing with his paperwork. He contracted a financial professional to observe his current practices and make recommendations for improvement.

It was decided that Qatar Luxury Furnishings urgently review their banking procedures. See appendix 1 for the security and safety procedures to be implemented with banking deposits.

Businesses will establish internal procedures that they want their employees to comply with. For example, a retail outlet receiving large quantities of cash will have processes in place to ensure banking is done regularly throughout the day. A wholesaler will have processes in place to ensure they accurately record the movement of inventories in and out of the business.

Businesses will also have to comply with government legislation. A summary of the legislation and regulators in both Australia and Qatar is provided on the following pages.

AUSTRALIA

Legislation	Summary
Trade Practices Act	Introduced to protect consumers from unfair business practices such as false or misleading advertising, defective goods or services etc. As well as protecting consumers, the Act is also meant to promote competition and fair trading by business owners.
Income Tax Act	Income tax is payable each year by both individuals and companies. This is administered by the Australian Taxation Office (ATO).
Privacy Act	Many organisations collect, handle and store financial and other personal information about members of the public. The Privacy Act ensures that organisations put in place appropriate procedures so that this information is not disclosed to the public
Fair Work Act	Fair Work Australia (FWA) is a tribunal established to administer the wages and employment conditions of Australia's workers. Other issues such as unfair dismissal, industrial action and dispute resolution are also managed by the Tribunal.
Anti-Discrimination Act	The anti-discrimination board administers this Act which covers discrimination such as sex, race, age, disability, human rights and equal opportunity.
Occupational Health and Safety Act	WorkSafe Australia is the authority responsible for communicating workplace health and safety legislation to Australian businesses.
Financial Transaction Reporting Act and Anti-Money Laundering and Counter-Terrorism	Banks and any other dealers in cash, including currency dealers and casinos, must report suspicious transactions, transactions over A10\$ 000 and international funds transfers to Australian Transaction Reports and Analysis Centre (AUSTRAC). Any suspicious transactions or customers must be reported.

QATAR

Legislation	Summary
Consumer Protection Law ("Know your rights")	Established to protect the rights of all consumers, to protect consumers from unfair and false advertisements and to ensure labelling information is appropriate.
Income Tax	Income tax Law in Qatar is covered by Law No 21 of 2009. It identifies what sources of income are taxable, rates of tax and what companies are excluded from the taxation law.
Data Protection Law (DPL)	Business organisations are obliged to comply with certain restrictions and obligations relating to the collection, disclosure and safekeeping of personal data.
Labor Law	The Ministry of Labour and Social Affairs is responsible for the enforcement of laws related to working conditions and OHS by employers and workers.
Anti Money Laundering Law (No 4 of 2010) Law on Combatting Terrorism (No 3 of 2004) AML/CFT	<p>The Qatar Central Bank (QCB) and the Qatar Financial Centre Regulatory Authority (QFCRA) are both responsible for the prevention and detection of money laundering and terrorist financing.</p> <p>The Suspicious Transaction Reporting Guide is also used as a means of combatting money laundering and terrorism financing.</p>



Practice

Practice activity 12

Column A below lists some of the legislation that organisations will have to comply with. In Column B, give an additional example of how this legislation impacts on individual companies.

Column A	Column B
Occupational health and safety	<i>A business provides ergonomic office chairs for all employees</i>
Privacy	<i>A business refuses to release email addresses of its customers</i>
Taxation	<i>A company has to pay company tax</i>
Antidiscrimination	<i>A business cannot discriminate on the basis of age</i>

Fair work	<i>An employee is entitled to annual leave</i>
Trade practices	<i>A business stops supplying its product because it has become aware that it is defective</i>
Financial transactions reporting	<i>A customer regularly changes their bank account details and post office box addresses</i>



Practice

Practice activity 13

Match the name of the Australian legislation to the definitions in the table below.

LEGISLATION	SUMMARY
	<i>Introduced to protect consumers from unfair business practices such as false or misleading advertising, defective goods or services etc. As well as protecting consumers, the Act is also meant to promote competition and fair trading by business owners.</i>
	<i>Income tax is payable each year by both individuals and companies. This is administered by the Australian Taxation Office (ATO).</i>
	<i>Many organisations collect, handle and store financial and other personal information about members of the public. The Privacy Act ensures that organisations put in place appropriate procedures such that this information is not disclosed to the public.</i>
	<i>Fair Work Australia (FWA) is a tribunal established to administer the wages and employment conditions of Australia's workers. Other issues such as unfair dismissal, industrial action and dispute resolution are also managed by the Tribunal.</i>
	<i>The anti-discrimination board administers this act which covers discrimination such as sex, race, age, disability, human rights and equal opportunity.</i>

	<i>Worksafe Australia is the authority responsible for communicating workplace health and safety legislation to Australian businesses.</i>
	<i>Banks and any other dealers in cash, including currency dealers and casinos, must report suspicious transactions, transactions over A10000\$ and international funds transfers to Australian Transaction Reports and Analysis Centre (AUSTRAC). Any suspicious transactions or customers must be reported.</i>

Proof of lodgement

When employees take cash deposits to the bank, it is important that they receive proof of lodgement from the bank. The bank teller will check the cash, cheque and credit card details to ensure that they match the deposit form. The teller stamps the organisation's tear-off butt in the deposit book as evidence of the transaction.

The stamped deposit slip is the organisation's proof of lodgement. This will be used by the accounting department to enter and record the deposit into the accounting records.



All stamped deposit forms should be retained as proof of lodgement



Practice

Practice activity 14

What proof does a business organisation have that they have lodged cash at the bank?

This proof provides evidence to the accounting department to record the deposit. What accounting journal will record this deposit?

Prepare and process banking and petty cash documents

Cash is an important asset to any business therefore, strict controls need to be implemented to ensure that only authorised personnel have access to cash.

Ashraf was concerned about the problems he was experiencing in managing his banking procedures, so he sought the help of an Accountant . As a result of the recommendations of this financial professional, Qatar Luxury Furnishings has created policies and procedures for processing all their financial transactions. See Appendix 2 for a list of internal controls over banking transactions that Ashraf Nasser will now implement in his business.

Deposits and withdrawals

What is involved in the deposit and withdrawal of cash?

In this section, we will assume cash means notes and coins. We will look at non-cash transactions, such as cheques, BPay and debit and credit cards later.

Why is cash so important?

- *Most business transactions eventually lead to the business receiving cash (cash receipts), or paying cash (cash payments).*
- *Cash is easily stolen or misappropriated, so adequate controls must be implemented to help ensure that people with dishonest intentions are detected.*



Practice

Practice activity 15

Some organisations receive more cash (notes and coins), than others. In the following table, indicate with a tick whether the following businesses are most likely to receive cash, cheques, BPay, debit and credit cards.

Business	Notes/ coins	Cheque	BPay	Debit card	Credit card
<i>Carrefour</i>					
<i>Jewellery shop in Landmark</i>					
<i>New car sales</i>					
<i>Building contracting company</i>					
<i>Coffee shop in Souq Waqif</i>					

Where cash (notes and coins) is received from a customer, the business must prepare some form of documentary evidence. See Appendix 2, procedure number 1. A receipt will be raised as evidence of this transaction.

Businesses using cash registers will issue a copy of the cash register docket to the customer. The most important thing with counter sales is to ensure that the amount of money received has been correctly recorded. The most common form of internal control over cash sales is the cash register. It should be positioned so that the customer can see the amounts being entered and the total amount that has to be paid.

A cash register summary is produced at the end of the day which is a summary of each sale made during the day. For control purposes, it is a simple matter to compare this total with the amount of cash in the till, minus any 'float' from the start of the day's trading. If these two amounts do not correspond, the manager is alerted and a decision is made on what will be done.

It is important that the operator cannot adjust the amounts on the cash register tape. For this reason, the key to the machine is generally kept by a supervisor and, if an error is made, the supervisor is called over to adjust and initial the error.

In Australia, the cash register docket is the customer's tax invoice as it records the Good and Services Tax (GST) included in the price of the goods.

The following is an example of a tax invoice produced from the cash register.

DELICIOUS SWEETS

TIN55214587963

TAX INVOICE

	QR
* 500 g Choc hollows	16.60
* 5 kg choc bears	37.30
2 Subtotal	53.90
Total	53.90
Cash	55.00

Where the business does not have a cash register, a receipt will have to be manually prepared. The details will be entered into a specially prepared prenumbered receipt book. The receipt should indicate the date the cash was received, from whom and how much. Again, two copies will be prepared. The original is given to the customer and the duplicate is retained by the business as documentary evidence of the transaction.

Ashraf was concerned about the problems he was experiencing in managing his banking procedures, so he sought the help of an Accountant . As a result of the recommendations of this financial professional, Qatar Luxury Furnishings has created policies and procedures for processing all their financial transactions. See Appendix 2 for a list of internal controls over banking transactions that Ashraf Nasser will now implement in his business.

Receipt no: 1005

Qatar Luxury Furnishings

TIN48741568952

5878 Salwa Road

Al Sadd

Received from:

Al Mourjhan Contracting

PO Box 4583

Doha

Description

Payment of invoice 4589

The sum of one thousand two hundred and fifty Qatar Riyals

Date: 1 October 20XX

Received by: F J Nasser

How is the cash prepared for banking?

All cash will be taken from the cash register to a secure room for counting. All notes will be put into individual denominations (Aus \$100, \$50, \$20, \$10, \$5) and coins (Aus \$2, \$1, 50c, 20c, 10c, 5c). A calculation form similar to the one following can be used to assist in counting the correct amount of cash to be deposited.

CALCULATION FORM		
Denomination	Quantity	Value
<i>Notes - \$</i>		
\$100	3	300
\$50	5	250
\$20	4	80
\$10	7	70
\$5	8	40
<i>Coins</i>		
\$2	15	30
\$1	33	33
50 c	12	6
20 c	80	16
10 c	24	2.40
5 c	50	2.50
TOTAL		\$829.90

The notes should be sorted into the same denomination, all facing the same way, with the transparent window in the bottom right-hand corner. Each denomination should be bundled into groups of 10 and secured with a rubber band.

The coins will also be separated into different denominations and put into plastic bags.

The information from the calculation form can be transferred onto the deposit form. When the deposit form and the cash is taken to the bank, the teller will count the notes and weigh or use a coin counting machine to check the value of the coins. The teller will then tick and initial the deposit form to confirm that it is correct.

What banking documents are prepared?

Banks will supply their customers with deposit books containing deposit forms printed with the name of the customer or business and the bank branch and account details.

As mentioned previously, totals from a calculation form will be entered onto this deposit form and taken to the bank. After the bank has checked that the cash counted is the same as what is on the deposit form, they will credit the customer's bank account. The customer copy of the deposit form is retained in the deposit form as evidence of this transaction.

If the business wants to withdraw cash from their account, they will need to complete either a withdrawal form or a cheque or use their debit card. The use of debit cards at Automated Teller Machines (ATMs) is now more popular than completing a form and lining up at a bank. However, there are still circumstances that require employees to obtain cash from the bank, eg petty cash reimbursement. The organisation may not want to issue debit cards to employees. They may prefer to have staff withdraw cash at the same time that they are depositing funds. Businesses will usually withdraw cash by completing a cheque made out to cash and signed by the appropriate personnel.



Cash can be withdrawn from an account either at the bank or the ATM

What organisational safety procedures should be followed when banking?



Businesses that deposit and withdraw large sums of money should take precautions to ensure the safety of their staff as well as to protect their cash.

The following procedures should be observed:

- Banking should be done at least once per day and more often if the business receives large sums of cash.
- Cash should be removed from cash registers on a regular basis throughout the day and deposited into time locked safes for security, prior to banking.
- Vary the time of day that banking is done.
- Complete all paperwork, deposits, withdrawals, cheques etc, in the office prior to banking.
- Employees responsible for banking activities should be trusted and authorised personnel.
- Many businesses will use the services of a security company for all banking tasks.

Ashraf has a business account in the name of Qatar Luxury Furnishings with the Qatar Bank. Ashraf banks at the Al Sadd branch and his account number is 78524. This business account is a current account and the bank has supplied Ashraf with a deposit book and a cheque book. Ashraf uses the deposit book to make deposits into his account and uses the cheque book when he pays a supplier or to take cash out of his account.

The following is an example of the deposit form used by Ashraf Nasser.

DEPOSIT		DEPOSIT - SAVINGS ACCOUNT					
		ACCOUNT NO:		78524			
		BRANCH:		Al Sadd			
		DATE:		____ / ____ / 20XX			
DATE	<i>Details of cheques</i>			NOTES			
____ / ____ / 20XX	DRAWER	BANK	BRANCH	COINS			
ACCOUNT NO							
78524							
AMOUNT							
QR _____							
Teller Initials	PAID IN BY		Commission	Teller	No of cheques		
	(Signature)						
	CREDIT				Total		
	Qatar Luxury Furnishings						
	TIN 48 741 568 952						
001 11223 78524	001 11223 78524						



Practice

Practice activity 16

Use the document on the next page to answer the following questions.

<i>What type of document is this?</i>	
<i>What is Delicious Sweets' TIN?</i>	
<i>Is this tax invoice correctly designed? Why or why not?</i>	
<i>How much GST is included in this receipt?</i>	
<i>If this was not a GST invoice and GST was not charged, what would the total be</i>	
<i>How much cash did the customer give to the shop assistant?</i>	
<i>How much change did the shop assistant give the customer?</i>	
<i>What currency denominations do you think the shop assistant would have given the customer in change?</i>	
<i>What is the total of this document?</i>	



DELICIOUS SWEETS

TIN55214587963

TAX INVOICE

	\$
* 500 g Choc hollows	16.60
* 5 kg choc bears	37.30
2 Subtotal	53.90
Total	53.90
Cash	55.00
* Taxable items	
Total includes GST	4.90\$



Practice

Practice activity 17

payment of invoice 3167. Using the current date, complete the receipt below.

RECEIPT		No.: 1007
Qatar Luxury Furnishings TIN48741568952 5878 Salwa Road Al Sadd		
Received from:		
Description	Amount	
	QR -----	
The sum of		
Date:	Received by:	





Practice

Practice activity 18

Complete the calculation form below.

QATAR DIRECT		
Calculation Form		
Denomination	Quantity	Value
Notes QR		
500	14	
100	62	
50	47	
10	38	
5	26	
1	41	
Total Notes		
Coins - Dirham		
50	12	
25	8	
Total Coins		



Practice

Practice activity 19

Your manager has counted the cash takings for the day and entered the details onto the calculation form below. He has asked you to complete this form. He wants to check this against the cash register record.

QATAR DIRECT

Calculation Form

Denomination	Quantity	Value
<i>Notes QR</i>		
\$ 500	12	
\$ 100	24	
\$ 50	37	
\$ 10	54	
\$ 5	17	
<i>Total Notes</i>		
<i>Coins - Dirham</i>		
\$ 2	63	
\$ 1	78	
50c	37	
20c	85	
10c	63	
5c	36	
<i>Total Coins</i>		



Practice

Practice activity 20

Use the completed calculation form from Activity 18 to prepare the deposit form below. Use the current date.

QATAR BANK		DEPOSIT – SAVINGS ACCOUNT			
		QATAR BANK		ACCOUNT NO	88522
		BRANCH		Doha City	
		DATE		____/____/20XX	
DATE	Details of cheques		NOTES		
/ / 20XX	DRAWER	BANK	BRANCH	COINS	
ACCOUNT NO					
88522					
AMOUNT					

	PAID IN BY	Commission	No of cheques	Teller	
	(Signature)				
Teller Initials	CREDIT	Total			
	QATAR DIRECT				
	ABN 48 741 568 952				
001 11223 78524	001 11223 78524				



Practice

Practice activity 21

Use the completed calculation form from Activity 19 and the summary of cheques to be deposited to prepare the deposit form below. Use the current date.

DRAWER	BANK	BRANCH	AMOUNT
Haris Niaz	QNB	Landmark	257.65
Kader Hussain	IBQ	Central Doha	2,695.00
Layla Saad	Barwa	Airport	5,250.00

DEPOSIT – SAVINGS ACCOUNT							
QATAR BANK	QATAR BANK	ACCOUNT NO		88522			
		BRANCH		Doha City			
		DATE		____ / ____ / 20XX			
DATE	Details of cheques			NOTES			
/ / 2XX1	DRAWER	BANK	BRANCH	COINS			
ACCOUNT NO							
88522							
AMOUNT							
	PAID IN BY		Commission	No of cheques	Teller		
	(Signature)						
Teller Initials	CREDIT				Total		
	QATAR STRATEGIES						
	ABN 48 741 568 952						
001 11223 78524	001 11223 78524						



Practice

Practice activity 22

Your manager has asked you to prepare a deposit form to bank the day's takings. Complete the calculation form below and use the summary of the cheques received for the day to prepare this deposit form.

QATAR DIRECT		
Calculation Form		
Denomination	Quantity	Value
Notes QR		
500	14	
100	38	
50	46	
10	166	
5	68	
1	33	
Total Notes		
Coins - Dirham		
50	24	
25	14	
Total Coins		

DRAWER	BANK	BRANCH	AMOUNT
Ali Bin Ali Travel	IBQ	Airport	QR3,852
Pearl Restaurant	Doha Bank	Al Gharafa	QR4,915
Gulf Air	QNB	Al Waab	QR1,374

QATAR BANK		DEPOSIT – SAVINGS ACCOUNT				
		ACCOUNT NO		88522		
QATAR BANK		BRANCH		Doha City		
		DATE		____ / ____ / 20XX		
DATE	Details of cheques				NOTES	
/ / 20XX	DRAWER	BANK	BRANCH	COINS		
ACCOUNT NO						
88522						
AMOUNT						
	PAID IN BY		Commission	No of cheques	Teller	
	(Signature)					
Teller Initials	CREDIT				Total	
	Doha Couriers					
	ABN 48 741 568 952					
	001 11223 78524					

Non-cash transactions (cheques and card transfers)

So far, we have only looked at the deposit and withdrawal of cash, eg notes and coins.

Most businesses will use non-cash methods to pay suppliers and receive funds from customers.

Non-cash transactions will include:

- cheques
- electronic transfers including BPay
- EFTPOS including debit and credit cards.

The following is an example of the cheque form used by Ashraf Nasser. Ashraf's business has a current account with the Qatar Bank and they have supplied him with a cheque book containing these forms. As well as the bank name, branch and account number, the cheque number, the business name and TIN are also preprinted on the cheque book. The cheque butt provides documentary evidence of the financial transaction.

When Ashraf pays a supplier by cheque, the supplier deposits the cheque into their bank account. The supplier's bank then presents the cheque to the Qatar Bank. The Qatar Bank then pays the supplier's bank and deducts the funds from the account of Qatar Luxury Furnishings.

<p>QATAR BANK Al Sadd Branch</p> <p>_____ 20 _____</p> <p>To: _____</p> <p>For: _____</p> <p>Qatar Luxury Furnishings TIN 48 741 568 952</p> <p>001 11223 78524</p>	<p>QATAR BANK Al Sadd Branch</p> <p>_____ 20 _____</p> <p>Pay _____ or Bearer</p> <p>The sum of _____</p> <p>_____ QR _____</p> <p>Qatar Luxury Furnishings _____</p> <p>TIN 48 741 568 952</p> <p style="text-align: right;">Signature/s</p> <p>001 11223 78524</p>
--	--

The three parties to a cheque are:

- Drawer – the person who writes the cheque
- Drawee – the bank that provides the cheque book
- Payee – the person or organisation the cheque is written out to.

It is important to keep the cheque book in a secure location within the business premises. Usually, the owner of the company will be responsible for signing all cheques. In some situations, they may allow other authorised employees to be signatories to the cheque account. Some organisations will require at least two people to sign each cheque.

You should always insert two parallel lines across the face of the cheque and write the words 'not negotiable' between the lines. This provides maximum protection if the cheque is lost or stolen.

The exception to this is if you want to withdraw cash from your account.

The cheque butt provides evidence of the business transaction and should be completed. A remittance advice may also accompany the cheque advising the supplier what the payment is for. All payments should be reconciled with the bank statement at least monthly.



Always write 'not negotiable' across the face of the cheque for security

What happens when cheques are received?

Businesses will receive cheques from customers to pay accounts. It is important that procedures are in place and appropriate documents are prepared as a record of this transaction.

When the cheque is received, the organisation needs to be able to identify who the cheque is from and what accounts the cheque is paying. Usually a remittance advice will accompany the cheque indicating what invoice numbers are being paid.

The validity of the cheques received then needs to be checked. The date should be current, the correct business name (payee), the words and figures must agree and the cheque should be signed.

After validating the cheques, a receipt will be prepared and will provide evidence of the business transaction.

The cheque will then be deposited into the bank account. Refer back to the deposit form for Qatar Luxury Furnishings and note where the cheque details are recorded.

Ashraf often receives cheques from customers to pay for the purchase of their furniture. Ashraf will validate the cheque, prepare a receipt and deposit the cheque into his business current account with the deposit form. There is a section on the deposit form to record details of the cheques being deposited.

How are electronic transfers different?

Electronic transfers occur when organisations use the Internet to transfer funds from their business bank account to the bank account of another business they owe money to. Direct deposit and BPay are the two methods of Internet banking.

BPay is a common way to electronically pay an account owing. You need to know the BPay number and your reference number. BPay is used by large organisations. They will supply their customers with a special BPay number, as well as a specific customer reference number. These must be entered when using the Internet to BPay accounts.

A direct deposit allows a transfer to be made from one bank account to another. All that is required is the branch number (BSB or Swift code), account number and bank account name. When making direct deposits, it is important to provide a reference so that the business receiving the funds can identify what the money is for. Use invoice numbers, account or customer numbers as the reference.

Documentary evidence is required of this transaction and it is important to print a copy of the receipt for all electronic transfers.

The bank statement will provide a record of electronic transfers into one bank account from the customers. When reconciling the records with the bank statement, electronic payments transferred into the account will have to be recorded. A receipt will be issued to the customer acknowledging receipt of the funds. This receipt will be a source document we will use later in the accounting process.



Business organisations prefer electronic transfers rather than having to go into the bank

Banks are very aware of the security issue arising from Internet banking. They require customers to use passwords to login to the bank's Internet site. All banks use different methods and different levels of security to ensure customers can safely use the Internet to conduct their banking.

What is the difference between a debit card and a credit card?

EFTPOS is offered by most businesses to customers who wish to pay for their purchase with either a debit or credit card.

The customer will swipe their card through the electronic machine and enter a personal identification number (PIN).

Two printed dockets are made as evidence of the transaction. The customer keeps one and the merchant business retains the other. These documents will be checked off against the amounts deposited into the business bank account at the end of the day. The bank will make one transfer into the business account.

The money is transferred from the customer's bank account (debit card), or the cardholder's bank (credit card), into the business bank account. If it is a credit card, the customer's bank will add the transaction to the monthly statement.

The EFTPOS system will check that the card is not stolen and has not expired. It will also check that there are sufficient funds or access to sufficient funds to process the transaction.

Ashraf Nasser receives cash in the form of notes and coins. These are recorded in his cash register.

Ashraf also finds that some customers pay by cheque. When this happens, Ashraf has a pre-printed receipt book next to the cash register and he manually writes out a receipt for the customer.

Ashraf also finds that many customers use debit and credit cards. Ashraf has rented an EFTPOS machine from the Qatar Bank to process these transactions.

Ashraf checks these dockets at the end of the day against the amount of money that his bank transfers into his account each night. Ashraf uses the Internet to do this and at the same time, checks to see if any customers have used a direct deposit facility to deposit funds into his bank account.



Practice

Practice activity 23

Many businesses will use non-cash methods to pay suppliers and receive payment from customers.

List the different types of non-cash transactions.

List and explain the 3 parties to a cheque.



Practice

Practice activity 24

The current date is 28 October. Your supervisor has left for the day and has asked you to prepare cheques for payment of the outstanding account payables. He wants to take advantage of any discount offered by our suppliers. Your supervisor will sign the cheques when he comes back to the office tomorrow morning.

Summary of outstanding account payables

Account Payable	Amount Due	Due Date	Discount if paid by due date
<i>Qatar Laundry</i>	<i>QR 755</i>	<i>31 October</i>	<i>5%</i>
<i>Gulf Travel</i>	<i>QR 3,455</i>	<i>31 October</i>	<i>2.4%</i>
<i>Pearl Hotel</i>	<i>QR 1,230</i>	<i>25 October</i>	<i>3%</i>
<i>Landmark Technicians</i>	<i>QR 500</i>	<i>1 November</i>	<i>5%</i>

QATAR BANK
Doha City Branch

_____ 20 _____

To: _____

QR _____

For _____

Gulf Insulation
ABN48 741 568952
001 11223 78524

QATAR BANK
Doha City Branch

_____ 20 _____

Pay _____ or Bearer

The sum of _____

_____ QR _____

Gulf Insulation
ABN 48 741568 952
001 11223 78524

Signature/s

QATAR BANK
Doha City Branch

_____ 20 _____

To: _____

QR _____

For _____

Gulf Insulation
ABN48 741 568952
001 11223 78524

QATAR BANK
Doha City Branch

_____ 20 _____

Pay _____ or Bearer

The sum of _____

_____ QR _____

Gulf Insulation
ABN 48 741568 952
001 11223 78524

Signature/s

QATAR BANK
Doha City Branch

_____ 20 _____

To: _____

QR _____

For _____

Gulf Insulation
ABN48 741 568 952
001 11223 78524

QATAR BANK
Doha City Branch

_____ 20 _____

Pay _____ or Bearer

The sum of _____

_____ QR _____

Gulf Insulation
ABN 48 741568 952
001 11223 78524

Signature/s

QATAR BANK
Doha City Branch

_____ 20 _____

To: _____

QR _____

For _____

Gulf Insulation
ABN48 741 568 952
001 11223 78524

QATAR BANK
Doha City Branch

_____ 20 _____

Pay _____ or Bearer

The sum of _____

_____ QR _____

Gulf Insulation
ABN 48 741568 952
001 11223 78524

Signature/s

Reconciliation of banking documents

We have seen how important it is to have important controls over cash. Our policies and procedures will ensure that we maintain appropriate documentation as evidence of financial transactions between our business and those of our suppliers and customers.

Similarly, we need to be able to reconcile or check our records with those of the bank. As you can imagine, it would be a very time-consuming process to match all our duplicate deposit forms, receipts and EFTPOS dockets with the bank statement. To overcome this, we prepare cash books so that we can summarise these transactions.

The following table shows which source documents are used to prepare the cash books.

<i>Financial transaction</i>	<i>Source documents</i>	<i>Cash book</i>
<i>Receipt of money</i>	<i>Receipt</i> <i>Cash register summary</i> <i>EFTPOS dockets</i> <i>Bank statement</i>	<i>Cash receipts book</i>
<i>Payment of money</i>	<i>Cheque butt</i> <i>Debit/credit card docket</i> <i>Bank statement</i>	<i>Cash payments book</i>

At the end of each week, Ashraf enters the details of his cash transactions into his cash books. This provides him with a summary of the cash received and cash paid and Ashraf can use the columns of the cash books to analyse his income and expenses.

Each week, Ashraf also reconciles his cash books with the bank's record and prepares a bank reconciliation statement.

In the following pages are examples of the cash books used by Qatar Luxury Furnishings and the bank statement received from the Qatar Bank.

CASH RECEIPTS

Date	Reference	Particulars	Lounge	Dining
1 October	Rec 211	J Al Ghanim	11,250.00	
	CRS	Cash sales		
2 October	CRS	Cash sales	800.00	600.00
3 October	Rec 212	H Al Thani		
	CRS	Cash sales		
	EFTPOS	EFTPOS sales	2,125.00	11,850.00
4 October	CRS	Cash sales		
	EFTPOS	EFTPOS sales		
5 October	CRS	Cash sales		

*CRS = Cash Register
Summary*

EFTPOS = Electronic funds transfer

PTS BOOK

	Carpet	Kitchen	Bedroom	Other	Bank
	650.00			225.00	
	250.00	175.00		420.00	12,970.00
				650.00	2,050.00
			12,450.00		
	200.00	855.00		1,250.00	14,755.00
00					13,975.00
				635.00	635.00
			955.00	860.00	1,815.00
	415.00	280.00	395.00	1,245.00	2,335.00

nds transfer at point of sale Rec = Receipt

CASH PAYMENTS

Date	Reference	Particulars	Purchases	Freight
1 October	Ch 2457	Doha Furn Dist	5,800.00	
	Ch 2458	Al Amari Trust		
2 October	Ch 2459	Doha Furn Dist	6,500.00	350.00
3 October	Ch 2460	QFS wll	8,250.00	
	EFT	Kahramaa		
	EFT	Doha Stationery		
4 October	Ch 2461	Repairs		
	Ch 2462	Petty cash reimb		
5 October	EFT	Wages		
	Ch 2463	Al Basara Corp	6,625.00	

Ch = Cheque EFT = Electronic funds transfer (including bank transfers)

MENTS BOOK

ght	Stationery	Wages	Rent	Other	Bank
					5,800.00
			6,550.00		6,550.00
00					6,850.00
					8,250.00
				545.00	545.00
	1,750.00				1,750.00
				500.00	500.00
				465.00	465.00
		3,255.00			3,255.00
					6,625.00

ding BPay)

QATAR BANK Al Sadd Branch					
BANK STATEMENT					
Statement of current account		Account name:		Qatar Luxury Furnishing	
		Account number :		11223 78524	
Date	Particulars	Debit	Credit	Balance	
1 October	Brought forward			125,845.00	Cr
	Deposit		12,970.00	138,815.00	Cr
2 October	Deposit		2,050.00	140,865.00	Cr
	Ch 2458	6,550.00		134,315.00	Cr
3 October	Ch 2457	5,800.00		128,515.00	Cr
	Ch 2459	6,850.00		121,665.00	Cr
	Deposit		14,755.00	136,420.00	Cr
	EFTPOS		13,975.00	150,395.00	Cr
	Interest (Term deposit – 78524A)		135.00	150,530.00	Cr
4 October	Deposit		635.00	151,165.00	Cr
	EFTPOS		1,815.00	152,980.00	Cr
	EFT (Kahramaa)	545.00		152,435.00	Cr
	EFT (Doha Stat)	1,750.00		150,685.00	Cr
	Ch 2462	465.00		150,220.00	Cr
5 October	EFT (Misc transfers)	3,255.00		146,965.00	Cr
	EFTPOS fees	415.00		146,550.00	Cr



Practice

Practice activity 25

Complete the following table showing which source documents are used to prepare the appropriate cash books.

<i>Financial transaction</i>	<i>Source documents</i>	<i>Cash book</i>
<i>Receipt of money</i>	<ul style="list-style-type: none">••••	
<i>Payment of money</i>	<ul style="list-style-type: none">•••	



Practice

Practice activity 26

Answer the questions below with reference to the cash receipts journal.

Cash Receipts Journal of Mr Handyman								
Date	Receipt No	Received from	Cleaning	Carpentry repairs	Painting	Plumbing	Other	Bank
			QR	QR	QR	QR	QR	QR
Nov1	109	I Bush			150			150
3	110	J McGill	175					175
14	111	A Petro				80		
	112	R Tiler		125				205
25	113	B Reynolds					165	165
28	114	T Simpson	60					60
			QR235	QR125	QR150	QR80	QR165	QR755

How much was received for painting services?

What service earned the most money for Mr Handyman and how much?

What service earned the least money for Mr Handyman and how much?

What does the 'Other' column represent?

Why does the QR80 received from A Petro not appear in the bank column?

What was the total cash received during November?



Practice

Practice activity 27

Enter the following transactions into the cash receipts journal of Ali Ahmed, a plumber. Prepare totals for each column and cross check your calculations.

Nov 1	Received QR880 for installing a new shower, receipt no 10.
8	Received QR1 100 from Dana Nassar for new kitchen plumbing, receipt no11.
12	Received QR440 for replacing old pipe, receipt 12.
	Received QR25 commission for the recommendation of another plumber for a job. Receipt no 13.
23	Received QR1560 from Claude Georges for plumbing new bathroom, receipt no 14.
25	Repaired burst water main for cash QR220, receipt no 15.

<i>Date</i>	<i>Receipt No</i>	<i>Received from</i>	<i>Plumbing repairs and old work</i>	<i>Plumbing (new work)</i>	<i>Other</i>	<i>Bank</i>
			QR	QR	QR	QR



Practice

Practice activity 28

Answer the questions below with reference to the cash payments journal.

<i>Cash Payments Journal of Mr Handyman</i>								
<i>Date</i>	<i>Cheque No</i>	<i>Paid</i>	<i>Supplies</i>	<i>Equipment</i>	<i>Telephone</i>	<i>Vehicle expenses</i>	<i>Other</i>	<i>Bank</i>
			QR	QR	QR	QR	QR	QR
Nov 4	278	Qatar Hardware	255					255
4	279	Qatar Post Office					35	35
14	280	Ooredoo–Telephone charges			122			
		Ooredoo - Modem		250				372

26	281	Qatar Hardware		325		150		475
29	282	Gulf paint Supplies	340					340
			QR595	QR575	QR122	QR150	QR35	QR1477

How much was paid for supplies?

What did Equipment cost during the month?

What was the largest expense item and how much did it cost?

What does the 'Other ' column represent?

Why does the QR122 paid on 14 November not appear in the bank column?

What was the total cash paid during November?



Practice

Practice activity 29

Enter the following transactions into the cash payments journal of Ali's Natural Food Products. Prepare totals for each column and cross check your calculations.

Oct 1	<i>Paid wages of QR500 cheque no 27.</i>
6	<i>Paid electricity account of QR200 cheque no 28.</i>
17	<i>Purchased supplies for QR1200 cheque no 29.</i>
19	<i>Drew cheque no 30 for Drawings for QR550 and Postage QR50</i>
21	<i>Paid wages of QR500 cheque no 31.</i>
26	<i>Bought supplies for QR850 cheque no 32.</i>

Date	Cheque No	Paid	Wages	Supplies	Postage	Other	Bank
			\$	\$		\$	\$



Practice activity 30

From the following information, prepare the cash receipts and cash payments journals for Al Bader's Painting Service. Prepare totals for each column and cross check your calculations.

Oct 1	Purchased paint supplies for QR200 cheque no 72.
4	Received service fees of QR1000, receipt no 27.
5	Received QR2500 from B Armstrong in settlement of account receipt no 28.
7	Paid QR150 for office expenses cheque no 73.
	Paid wages of QR450 cheque no 74.
9	Received rent from tenant of QR700 receipt no 29.
12	Performed services for QR1500 receipt no 30.
13	Received QR10 interest on investments receipt no 31.
14	Paid wages of QR450 cheque no 75

[illegible]

Cash Payments Journal of

<i>Date</i>	<i>Cheque No</i>	<i>Paid</i>	<i>Wages</i>	<i>Supplies</i>	<i>Office expenses</i>	<i>Other</i>	<i>Bank</i>
			QR	QR	QR	QR	QR



Practice

Practice activity 31

Answer the following questions with reference to the bank statement on the next page.

What is the name of the bank customer?

What was the opening and closing bank balance?

What does the abbreviation Cr stand for?

Does a Cr balance mean that the customer has money in the bank or does the customer owe the bank money?

Explain the transactions on October 2.

What does EFTPOS stand for?

QATAR BANK
Al Sadd Branch

BANK STATEMENT

Statement of current account	Account name:	Qatar Business Training
	Account number:	11223 78524

Date	Particulars	Debit	Credit	Balance	
1 October	Brought forward			125,845.00	Cr
	Deposit		12,970.00	138,815.00	Cr
2 October	Deposit		2,050.00	140,865.00	Cr
	Ch 2458	6,550.00		134,315.00	Cr
3 October	Ch 2457	5,800.00		128,515.00	Cr
	Ch 2459	6,850.00		121,665.00	Cr
	Deposit		14,755.00	136,420.00	Cr
	EFTPOS		13,975.00	150,395.00	Cr
	Interest (Term deposit – 78524A)		135.00	150,530.00	Cr
4 October	Deposit		635.00	151,165.00	Cr
	EFTPOS		1815.00	152,980.00	Cr
	EFT (Kahramaa)	545.00		152,435.00	Cr
	EFT (Doha Stat)	1,750.00		150,685.00	Cr
	Ch 2462	465.00		150,220.00	Cr
5 October	EFT (Misc transfers)	3,255.00		146,965.00	Cr
	EFTPOS fees	415.00		146,550.00	Cr

Preparation of a bank reconciliation statement

Following is the process for completing the reconciliation process using the cash books and bank statement for Qatar Luxury Furnishings for the first week of October.

Step 1

Compare the cash receipts book with the credit column of the bank statement. Tick the deposit amounts that appear in both cash receipts book and the credit column of the bank statement.

Take a note of the unticked items in both the cash receipts book and the credit column of the bank statement.

Step 2

Repeat the process with the cash payments book and the debit column of the bank statement. Take note of the unticked items in both records.

CASH RECEIPTS

Date	Reference	Particulars	Lounge	Dining
1 October	Rec 211	J Al Ghanim	11,250.00	
	CRS	Cash sales		
2 October	CRS	Cash sales	800.00	600.00
3 October	Rec 212	H Al Thani		
	CRS	Cash sales		
	EFTPOS	EFTPOS sales	2,125.00	11,850.00
4 October	CRS	Cash sales		
	EFTPOS	EFTPOS sales		
5 October	CRS	Cash sales		

REIPTS BOOK

g	Carpet	Kitchen	Bedroom	Other	Bank
	650.00			225.00	
	250.00	175.00		420.00	12,970.00
0				650.00	2,050.00
			12,450.00		
	200.00	855.00		1,250.00	14,755.00
0.00					13,975.00
				635.00	635.00
			955.00	860.00	1,815.00
	415.00	280.00	395.00	1,245.00	2,335.00

CASH PAYM

Date	Reference	Particulars	Purchases	Frei
1 October	Ch 2457	Doha Furn Dist	5,800.00	
	Ch 2458	Al Amari Trust		
2 October	Ch 2459	Doha Furn Dist	6,500.00	350.
3 October	Ch 2460	QFS wll	8,250.00	
	EFT	Kahramaa		
	EFT	Doha Stationery		
4 October	Ch 2461	Repairs		
	Ch 2462	Petty cash reimb		
5 October	EFT	Wages		
	Ch 2463	Al Basara Corp	6,625.00	

MENTS BOOK

ght	Stationery	Wages	Rent	Other	Bank
					5,800.00
			6,550.00		6,550.00
00					6,850.00
					8,250.00
				545.00	545.00
	1,750.00				1,750.00
				500.00	500.00
				465.00	465.00
		3,255.00			3,255.00
					6,625.00

QATAR BANK Al Sadd Branch						
BANK STATEMENT						
Statement of current account		Account name:		Qatar Luxury Furnishing		
		Account number:		11223 78524		
Date	Particulars	Debit		Credit		Balance
1 October	Brought forward					125,845.00 Cr
	Deposit			12,970.00	✓	138,815.00 Cr
2 October	Deposit			2,050.00	✓	140,865.00 Cr
	Ch 2458	6,550.00	✓			134,315.00 Cr
3 October	Ch 2547	5,800.00	✓			128,515.00 Cr
	Ch 2549	6,850.00	✓			121,665.00 Cr
	Deposit			14,755.00	✓	136,420.00 Cr
	EFTPOS			13,975.00	✓	150,395.00 Cr
	Interest (Term Deposit – 78524A)			135.00		150,530.00 Cr
4 October	Deposit			635.00	✓	151,165.00 Cr
	EFTPOS			1,815.00	✓	152,980.00 Cr
	EFT (Kahramaa)	545.00	✓			152,435.00 Cr
	EFT (Doha Stat)	1,750.00	✓			150,685.00 Cr
	Ch 2462	465.00	✓			150,220.00 Cr
5 October	EFT (Misc transfers)	3,255.00	✓			146,965.00 Cr
	EFTPOS fees	415.00				146,550.00 Cr

Step 3

The unticked items in the bank statement are items that have not been recorded. Often, the bank statement becomes the documentary evidence for these transactions. Now enter the unticked items from the credit column of the bank statement into the cash receipts book.

Step 4

The unticked items in the debit column of the bank statement have to be entered into the cash payments book.

Step 5

Add the columns of the cash book down and enter the totals. Double check your calculations by checking the totals across as well.

The cash books on the following pages have been completed after steps 3 – 5.

CASH RECEIPTS

Date	Reference	Particulars	Lounge	Dining
1 October	Rec 211	J Al Ghanim	11,250.00	
	CRS	Cash sales		
2 October	CRS	Cash sales	800.00	600.00
3 October	Rec 212	H Al Thani		
	CRS	Cash sales		
	EFTPOS	EFTPOS sales	2,125.00	11,850.00
4 October	CRS	Cash sales		
	EFTPOS	EFTPOS sales		
5 October	CRS	Cash sales		
	B/S	Interest		
			14,175.00	12,450.00

PTS BOOK

g	Carpet	Kitchen	Bedroom	Other	Bank
	650.00			225.00	
	250.00	175.00		420.00	12,970.00
0				650.00	2,050.00
			12,450.00		
	200.00	855.00		1,250.00	14,755.00
0.00					13,975.00
				635.00	635.00
			955.00	860.00	1,815.00
	415.00	280.00	395.00	1,245.00	2,335.00
				135.00	135.00
0.00	1,515.00	1,310.00	13,800.00	5,420.00	48,670.00

CASH PAYMENTS

Date	Reference	Particulars	Purchases	Fre
1 October	Ch 2457	Doha Furn Dist	5,800.00	
	Ch 2458	Al Amari Trust		
2 October	Ch 2459	Doha Furn Dist	6,500.00	35
3 October	Ch 2460	QFS wll	8,250.00	
	EFT	Kahramaa		
	EFT	Doha Stationery		
4 October	Ch 2461	Repairs		
	Ch 2462	Petty cash reimb		
5 October	EFT	Wages		
	Ch 2463	Al Basara Corp	6,625.00	
	B/S	EFTPOS fees		
			27,175.00	35

MENTS BOOK

Weight	Stationery	Wages	Rent	Other	Bank
					5,800.00
			6,550.00		6,550.00
0.00					6,850.00
					8,250.00
				545.00	545.00
	1,750.00				1,750.00
				500.00	500.00
				465.00	465.00
		3,255.00			3,255.00
					6,625.00
				415.00	415.00
0.00	1,750.00	3,255.00	6,550.00	1,510.00	41,005.00

Step 6

Prepare the cash at bank account extract of the ledger of Qatar Luxury Furnishings using the completed cash books.

Qatar Luxury Furnishings					
Ledger (extract)					
Date	Particulars	Debit	Credit	Balance	
1 October	Balance			125,845.00	Dr
5 October	Cash receipts	48,670.00		174,515.00	Dr
	Cash payments		41,005.00	133,510.00	Dr

Step 7

Prepare the bank reconciliation statement. The closing balance of the bank account in the ledger should equal the reconciled bank statement closing.

Bank reconciliation statement		
Qatar Luxury Furnishings		
As at 5 October		
	\$	\$
Credit balance as per bank statement		146,550.00
Add deposits not yet in bank		2,335.00
Less unpresented cheques:		148,885.00
No 2460	8,250.00	
No 2461	500.00	
No 2463	6,625.00	15,375.00
Balance as per bank account (ledger)		133,510.00

Practise the bank reconciliation process by completing the following activities



Practice

Practice activity 32

From the following information;

- Compare the cash receipts and cash payments journal extracts with the Bank Statement
- Complete the cash receipts and cash payment journals extracts for Zainer's Photographic Shop.
- Post the journals to the cash at bank account.
- Prepare a bank reconciliation statement as at 30 June.
- The cash at bank account has an opening Dr balance of \$200.

Cash Receipts Journal of Zainer's Photographic Shop (extract)

Date	Receipt No	Particulars	Bank
June 1	CRS	Sales	400
9	16	R Viduker	1200
11	CRS	Sales	300
16	17	J Massan	100
23	CRS	Sales	150
29	CRS	Sales	39

Cash Payments Journal of Zainer's Photographic Shop (extract)

Date	Cheque No	Particulars	Other	Bank
June 1	276	Wages		600
9	277	M Renwick		900
17	278	Purchases		800
27	278	Rent	150	
		Electricity	150	300

Bank of Qatar

Bank Statement for Zainer's Photographic Shop

Date	Particulars	Debit	Credit	Balance
June 1	Balance			200 Cr
1	C/c		400	600 Cr
3	Cheque Book	5		595 Cr
9	C/c		1200	1795 Cr
11	C/c		300	2095 Cr
14	276	600		1495 Cr
16	C/c		100	1595 Cr
18	277	900		695 Cr
23	C/c		150	845 Cr
29	Bank charges	10		835 Cr
30	Deposit – R Stone		450	1285 Cr

Ledger (extract) Zainer's Photographic Shop

Date	Particulars	Debit	Credit	Balance
<i>Cash at bank a/c</i>				

Bank reconciliation statement of Zainer's Photographic Shop



Practice

Practice activity 33

From the following information;

- Compare the cash receipts and cash payments journal extracts with the Bank Statement
- Complete the cash receipts and cash payment journals extracts for Sam's Cleaning Services.
- Post the journals to the cash at bank account.
- Prepare a bank reconciliation statement as at 31 October.

Bank reconciliation statement of Sam's Cleaning Services

As at 30 September

Credit balance as per bank statement		7894
Add deposits not credited		626
Less unpresented cheques		
No 751	56	
723	749	
726	210	
727	90	
728	56	1281
Debit balance as per bank account		7359



Cash Receipts Journal of Sam's Cleaning Services (extract)

<i>Date</i>			<i>Bank</i>
<i>Oct 7</i>	<i>CRS</i>		<i>796</i>
<i>10</i>	<i>Rec 185</i>		<i>172</i>
<i>15</i>	<i>Rec 186</i>		<i>624</i>
<i>20</i>	<i>CRS</i>		<i>100</i>
<i>31</i>	<i>CRS</i>		<i>600</i>

Cash payments journal of Sam's Cleaning Services

<i>Date</i>			<i>Bank</i>
<i>Oct 1</i>	<i>729</i>		<i>260</i>
<i>3</i>	<i>730</i>		<i>186</i>
<i>7</i>	<i>731</i>		<i>970</i>
<i>10</i>	<i>732</i>		<i>432</i>
<i>15</i>	<i>733</i>		<i>42</i>
<i>20</i>	<i>734</i>		<i>56</i>
<i>21</i>	<i>735</i>		<i>115</i>
<i>23</i>	<i>736</i>		<i>21</i>
<i>25</i>	<i>737</i>		<i>136</i>
<i>29</i>	<i>738</i>		<i>12</i>

Bank of Qatar

Bank Statement for Sam's Cleaning services

Date	Particulars	Debit	Credit	Balance
Oct 1	Balance			7894 Cr
	C/c		626	8520 Cr
	723	749		7771 Cr
2	728	65		7715 Cr
7	C/c		796	8511 Cr
10	C/c		172	8683 Cr
	730	186		8497 Cr
	732	432		8065 Cr
	Fee	5		8060 Cr
15	C/c		624	8684 Cr
	Deposit – R Dawson		122	8806 Cr
	726	210		8596 Cr
17	729	260		8336 Cr
21	C/c		100	8436 Cr
24	734	56		8380 Cr
	727	90		8290 Cr
28	737	136		8154 Cr
30	Cheque book	10		8144 Cr

Ledger (extract) Zainer's Photographic Shop

Date	Particulars	Debit	Credit	Balance
<i>Cash at bank a/c</i>				

Bank Reconciliation Statement of Sam's Cleaning Services

Process petty cash transactions

Good internal control requires that all payments by business organisations should be made by cheque. However, all businesses will have minor expenses that they have to pay for and it is inconvenient to write a cheque to pay for these items.

Therefore, a system of petty cash will be implemented that ensures small amounts of cash can be used to pay for these minor expenses. Petty cash will be used to pay for items such as small items of stationery, fares, staff amenities such as tea, coffee and sugar, postage and so on.

Initially, a sum of money will be drawn from the bank and these funds will be used to pay for the petty cash expenses.

The money will be given to the petty cashier and it is that person's responsibility to keep accurate petty cash records.

As small payments are made, a voucher is prepared and signed and the receipt for the expenditure will be attached to the petty cash voucher. This provides evidence of the transaction.

The details of the voucher will be entered into a petty cash book or entered into the computer system.

On a regular basis, eg weekly or monthly, the petty cash fund will be reimbursed with the funds that have been spent. This means the balance of the petty cash fund will be back up to its original amount. This process is known as the imprest system of petty cash.



Petty cash

Ashraf Nasser uses a petty cash system in his business, Qatar Luxury Furnishings. We will see what is involved in recording petty cash transactions for Ashraf's business.

The first thing that Ashraf did was to prepare a 'cash' cheque. Ashraf took the cheque to the bank and withdrew cash. Ashraf gave this cash to one of his junior employees and explained to him that he would now become the petty cashier. Ashraf also supplied him with a security cash box, blank petty cash vouchers and a petty cash book.

Let's now look at what happened to set up the petty cash system.

The following cheque shows how much Ashraf withdrew to establish his petty cash fund.

QATAR BANK Al Sadd Branch 1 October 20XX To: Cash For: Petty Cash QR 250.00 Qatar Luxury Furnishings TIN 48 741 568 952 <u>004 11223 78524</u>	QATAR BANK Al Sadd Branch 1 October 20XX Pay Cash or Bearer The sum of Two Hundred and Fifty Qatar Riyals QR250.00 Qatar Luxury Furnishings TIN 48 741 568 952 Ashraf Nasser Signature/s
---	---

Ashraf instructed his petty cashier that he was to complete a petty cash voucher every time he took money out of the petty cash tin. He then had to attach the receipt for the payment to the voucher.

The first person to require petty cash was Ashraf himself. Ashraf spent 13.20 on coffee and sugar for the lunch room. Ashraf hands the receipt to the petty cashier.

The petty cashier prepares the petty cash voucher and attaches the receipt for the expense to the voucher. He then gives Ashraf 13.20 from the petty cash tin.

This means that at any point in time, the cash in the tin and the amounts written on the vouchers will add up to the original petty cash amount the petty cashier was given.

Look at the following petty cash voucher and receipt.

The Corner Shack	
TIN 55 214 587 369	
TAX INVOICE	
	QR
* 500 g coffee	7.15
* 5 kg sugar	6.05
2 Subtotal	13.20
Total	13.20
Cash	20.00
Change	6.80
* Taxable items	
Total includes GST	1.20

PETTY CASH VOUCHER		
Qatar Luxury Furnishings		
TIN 55 214 587 963		
Voucher No	1001	
Date	1 October 20XX	
Details	Account	QR
Coffee and sugar	Staff amenities	13.20
	GST	1.20
P Allen	A Nasser	
Signed	Approved	

The petty cash voucher must record details of the payment as well as what account the payment will be recorded against. The GST must also be entered onto the voucher.

The petty cash voucher acts as a source document for the petty cash book. The petty cashier uses the vouchers to write up the petty cash book.

Pierce Allen is the employee appointed by Ashraf Nasser to become the petty cashier. Pierce has so far received the 250 in cash and has prepared a petty cash voucher for 13.20\$. It is his task to enter all the petty cash vouchers and reimbursements into the petty cash book.

The completed petty cash book for Qatar Luxury Furnishings is as follows.

<i>Amount received</i>	<i>Date</i>	<i>Details</i>	<i>Voucher No</i>	<i>Amount Paid</i>	<i>GST</i>	<i>Staff amenities</i>	<i>Stationery</i>	<i>Fares</i>	<i>Sundry Expenses</i>
250.00	1 Oct	Cheque 004							
	1 Oct	Corner Shack	1001	13.20	1.20	12.00			

All money received by the petty cashier must be entered into the 'Amount received' column.

The details from the voucher are then entered into the petty cash book. The total amount paid is recorded and the GST component is recorded separately, showing the net amount for the actual expense item.

In the petty cash book above, 13.20 has been paid for the coffee and sugar. 1.20 is the GST component of this expense. The actual expense for the coffee and sugar is therefore 12.00 and is recorded in the appropriate column.

The petty cashier continues writing out vouchers and entering the details into the petty cash book for the month of October. Over the page is an example of what the petty cash book looks like for the month of October.

At the end of the month, the petty cash book will be totalled to ensure the correct amount of cash remains in the petty cash tin. Remember, the cash left at the end of the month plus the total amount of all the vouchers written out, **MUST** equal the original amount of money received.

A reimbursement cheque will be prepared and presented to the bank to get additional cash to replenish the petty cash fund. The amount of the reimbursement cheque will equal the amount of all the vouchers written out during the month.

The petty cash book is then balanced off.

The petty cashier balances the petty cash book at the end of October. Look at the completed petty cash book for Qatar Luxury Furnishings for the month of October.

Amount received	Date	Details	Voucher No	Amount Paid	GST	Staff amenities	Stationery	Fares	Sundry Expenses
250.00	1 Oct	Cheque 004							
	1 Oct	Corner Shack	1001	13.20	1.20	12.00			
	3 Oct	Jamir Stationery	1002	19.80	1.80		18.00		
	7 Oct	Corner Shack	1003	16.50	1.50	15.00			
	12 Oct	Al's Taxi Service	1004	35.20	3.20			32.00	
	17 Oct	Jamir Stationery	1005	15.40	1.40		14.00		
	20 Oct	Freight Forwarders	1006	44.00	4.00				40.00
	22 Oct	Corner Shack	1007	23.10	2.10	21.00			
				167.20	15.20	48.00	32.00	32.00	40.00
		Balance		82.80					
250.00				250.00					
82.80		Balance							
167.20		Cheque 021							

Steps to balance off the petty cash book

1. Total all columns. Cross check your work by adding totals across to ensure they equal the 'amount paid' total.
2. Subtract the total of the amount paid column (amount spent during the month) from the amount of money to commence the petty cash fund. This is the balance left in the petty cash tin.
3. Total the 'amount received' and 'amount paid' columns. They should now equal.
4. Re-enter the balance of funds left in the petty cash tin in the 'amount received' column.
5. Enter the amount of the reimbursement cheque (represents the amount of money spent during the month and to be added to the fund to replenish it to the original imprest amount).

Read Appendix 3. These are the organisational controls Qatar Luxury Furnishings has implemented over their petty cash procedures.

Employees sometimes treat petty cash transactions as less important than normal cash transactions. Read how petty cash irregularities can occur.

Petty cash irregularities occur when the amount taken from the petty cash tin does not match the amounts given on the receipts or recorded on the petty cash voucher or entered into the petty cash book. Irregularities could also exist where the receipts are not satisfactory.

This can happen when:

- staff do not obtain receipts
- staff obtain incorrect receipts
- staff do not submit receipts
- the petty cash office does not check the validity of the receipt
- the petty cash officer does not record the expenses in the petty cash book or records the expenses incorrectly.

To resolve the problem, two processes must occur. Firstly, the records and receipts should be reconciled to identify where the error has occurred. Secondly, processes should be implemented to ensure the error does not occur again.

There should be a nominated person that the petty cash officer has to report to. Usually, this will be a member of the finance department.



Petty cash tin



Practice

Practice activity 34

You are required to complete the following petty cash activities:

- Prepare a cheque for QR200 to establish the petty cash fund.
- Prepare vouchers for the following petty cash expenses.

Accounts to be used are as follows:

Advertising, Postage, Cartage, Stationery, Other Expenses

Sept 16 Paid Doha News for advertising, QR 25.50, voucher no 1.

Sept 17 Paid for stamps, QR7, voucher no 2.

Paid for cartage, QR20, voucher no 3.

Sept 18 Paid Doha Deliveries for cartage, QR25, voucher no 4.

Paid Jarir Stationers for stationery, QR33, voucher no 5.

Sept 19 Bought stamps, QR25, voucher no 6.

Sept 20 Bought milk for staff amenities room, QR11, voucher no 7

Bought a ream of paper, QR4, voucher no 8.

QATAR BANK Doha City Branch _____ 20 _____ To: _____ QR _____ For _____ AB Lighting ABN 48 741 568 952 001 11223 78524
--

QATAR BANK Doha City Branch _____ 20 _____ Pay _____ or Bearer The sum of _____ _____ QR _____ AB Lighting ABN 48 741 568 952 001 11223 78524 Signature/s
--

AB LIGHTING
Petty Cash Voucher

Voucher No _____
Date _____

Details	Account	QR

Petty Cash Officer

AB LIGHTING
Petty Cash Voucher

Voucher No _____
Date _____

Details	Account	QR

Petty Cash Officer

AB LIGHTING
Petty Cash Voucher

Voucher No _____
Date _____

Details	Account	QR

Petty Cash Officer

AB LIGHTING
Petty Cash Voucher

Voucher No _____
Date _____

Details	Account	QR

Petty Cash Officer

AB LIGHTING
Petty Cash Voucher

Voucher No _____

Date _____

Details	Account	QR
_____	_____	_____
_____	_____	_____
_____	_____	_____

Petty Cash Officer

AB LIGHTING
Petty Cash Voucher

Voucher No _____

Date _____

Details	Account	QR
_____	_____	_____
_____	_____	_____
_____	_____	_____

Petty Cash Officer

AB LIGHTING
Petty Cash Voucher

Voucher No _____

Date _____

Details	Account	QR
_____	_____	_____
_____	_____	_____
_____	_____	_____

Petty Cash Officer

AB LIGHTING
Petty Cash Voucher

Voucher No _____

Date _____

Details	Account	QR
_____	_____	_____
_____	_____	_____
_____	_____	_____

Petty Cash Officer



Practice

Practice activity 35

You are required to complete the following:

- a. Prepare a cheque for QR250 to establish the petty cash fund for Doha Interiors.
- b. Enter the details from the cheque and the vouchers below into the petty cash book.
- c. Balance the petty cash book to calculate the reimbursement amount.
- d. Prepare a reimbursement cheque.

Exclude GST for the purposes of this exercise.

QATAR BANK
Doha City Branch
78524

_____ 20 _____

To: _____

QR _____

For _____

Doha Interiors
TIN 48 741 568 952
001 11223 78524

QATAR BANK
Doha City Branch
78524

_____ 20 _____

Pay _____ or Bearer

The sum of _____

_____ QR _____

Doha Interiors
TIN 48 741 568 952
001 11223 78524

Signature/s

QATAR BANK
Doha City Branch
78530

_____ 20 _____

To: _____

QR _____

For _____

Doha Interiors
TIN 48 741 568 952
001 11223 78530

QATAR BANK
Doha City Branch
78530

_____ 20 _____

Pay _____ or Bearer

The sum of _____

_____ QR _____

Doha Interiors
TIN 48 741 568 952
001 11223 78530

Signature/s

DOHA INTERIORS
Petty Cash Voucher

Voucher No 2314
Date 4 Oct

Details Office Cleaning
Account Sundry Expenses
Amount QR15.00

Petty Cash Officer

DOHA INTERIORS
Petty Cash Voucher

Voucher No 2315
Date 6 Oct

Details Qatar Stationery
Account Stationery
Amount QR7.50

Petty Cash Officer

DOHA INTERIORS
Petty Cash Voucher

Voucher No 2316
Date 14 Oct

Details Doha Couriers
Account Cartage
Amount QR25.00

Petty Cash Officer

DOHA INTERIORS
Petty Cash Voucher

Voucher No 2317
Date 14 Oct

Details Carrefour
Account Sundry Expenses
Amount QR11.00

Petty Cash Officer

DOHA INTERIORS
Petty Cash Voucher

Voucher No 2318
Date 22 Oct

Details Carrefour
Account Stationery
Amount QR21.35

Petty Cash Officer

DOHA INTERIORS
Petty Cash Voucher

Voucher No 2319
Date 24 Oct

Details Q Postal
Account Postage
Amount QR33.75

Petty Cash Officer

DOHA INTERIORS
Petty Cash Voucher

Voucher No 2320
Date 28 Oct

Details Doha couriers
Account Cartage
Amount QR25.00

Petty Cash Officer

DOHA INTERIORS
Petty Cash Voucher

Voucher No 2321
Date 30 Oct

Details QPost
Account Postage
Amount QR10.85

Petty Cash Officer

PETTY CASH BOOK

DOHA INTERIORS

Amount received	Date	Details	Voucher No	Amount Paid	GST	Cartage	Stationery	Postage	Sundry Expenses

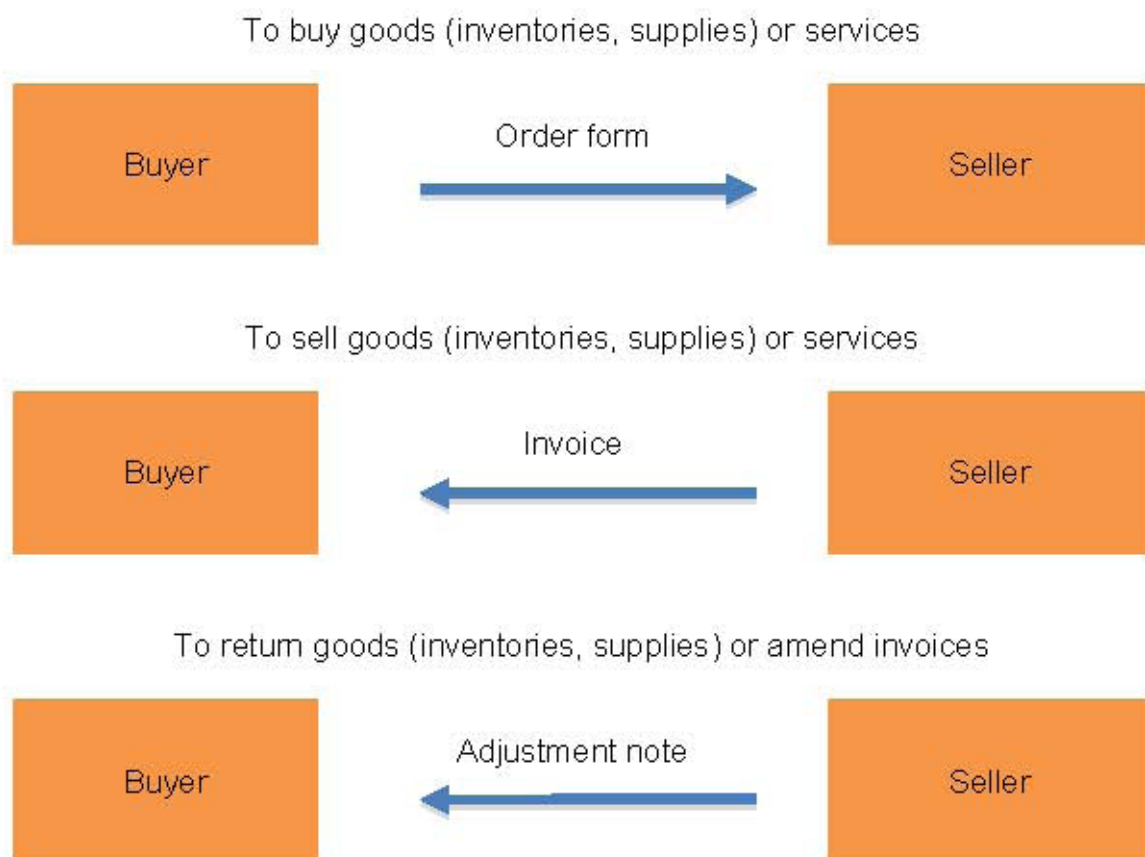
Prepare and process invoices for payment to creditors and for debtors

Organisational procedures for invoice preparation

Invoices are the source documents for both purchases and sales. It is important to keep in mind what documents are prepared by the parties involved in the buying and selling process. The seller always prepares the invoice and sends the original to the buyer and retains the copy for its own purposes.

Therefore, the buyer uses the original invoice for recording the purchases transaction and the seller uses the invoice copy for recording the sales transaction.

Look at the following diagram to clarify the flow of business documents.



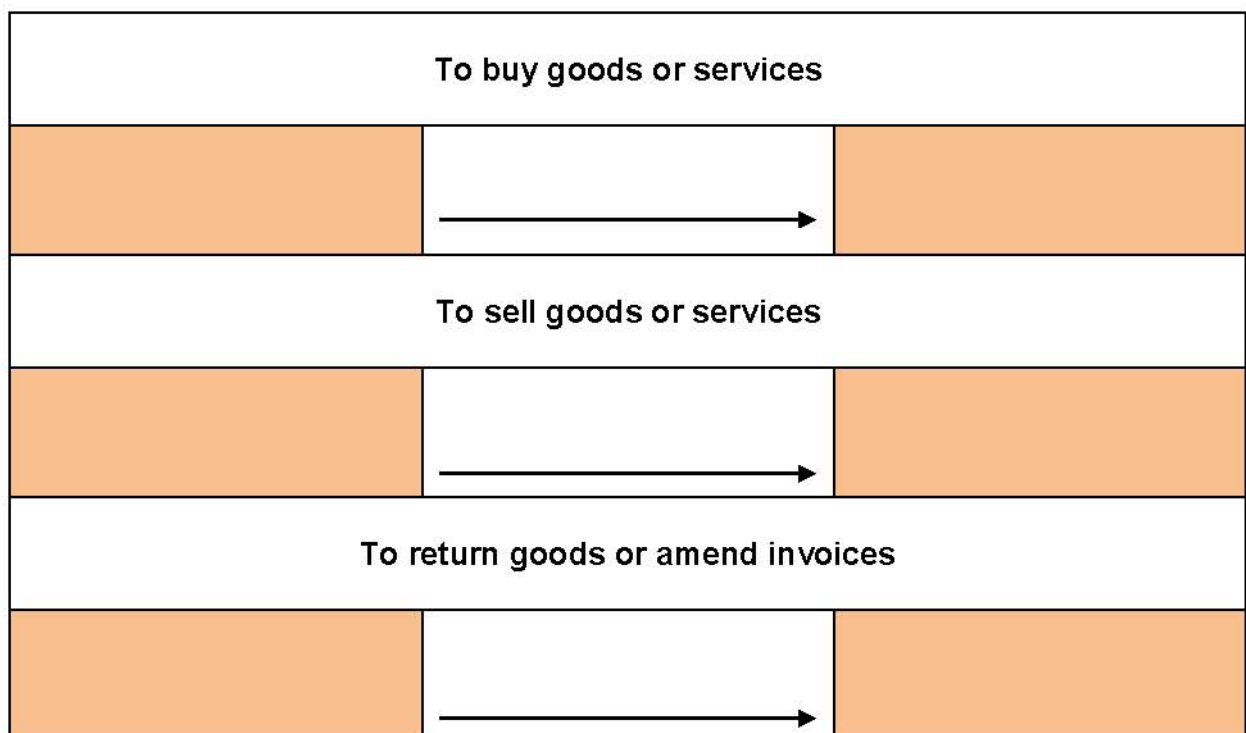


Practice

Practice activity 36

Complete the missing items in the diagram below. Indicate in the coloured box whether it is the Buyer or Seller. Above the arrow for each transaction write the name of the document to be completed.

Flow of business documents



When a sale takes place, a business will provide sales receipts and/or invoices. Sales receipts provide evidence that the transaction has been paid. If the transaction is a cash sale and not on credit, the sales receipt can take the place of the invoice. This means the receipt must be a GST receipt.

If the sale is on credit terms, an invoice will be provided which indicates when payment is due. The invoice should also be a GST invoice.

A correctly prepared GST invoice should have the following details included:

- supplier's name, TIN and an invoice number
- the words 'Tax invoice' must appear on the document
- the correct name and account number of the customer
- a purchase order, order number or reference as well as any delivery instructions
- correct description, amount and cost of each item
- correct calculation of all totals.

Ashraf has designed GST invoices that are compliant with ATO requirements. Following is an example of the GST invoice for Qatar Luxury Furnishings.

Qatar Luxury Furnishings
5878 Sakong Road
Al Sadd
3359 9650
ashraf@luxuryfurnishings.qa

INVOICE
Invoice Number: 1000000
Invoice Date: 1 March 2012

Customer Information:
Billing Address:
Company: Al Rayyan Construction
JBRN
Name: Omar Al Haddad
Address: P.O. Box 1234
City: Al Rayyan
Zip: Qatar
Shipping Method: Courier

Qty	Product Description	Amount	Amount
3	Office Chairs - Orange	300	750.00
3	Deluxe Office Desks	400	1200.00
1	Executive Chair	500	600.00
1	Boardroom Table	1000	1000.00
	Subtotal		4550.00
	Input Tax (5%)		227.50
	Subtotal		4777.50
	Freight		50
	GST		238.87
	Grand Total		5066.37

Invoice No. 1000
QATAR LUXURY FURNISHINGS
5878 Sakong Road
Al Sadd
3359 9650
ashraf@luxuryfurnishings.qa
Received From:
Al Rayyan Construction
P.O. Box 1234
Date:
Description:
Amount:
Expenses of Invoice 1000: \$1200
The sum of:
Five thousand two hundred and fifty dollars
Date: 01/03/2012 Printed by: P.F. Haddad



Practice

Practice activity 37

Look at the invoice on the next page, find and tick the following items:

- the words 'Tax invoice'.
- customer Order number
- supplier's invoice number
- supplier's TIN
- invoice date
- supplier's name
- customer's name
- customer's reference
- GST amount
- delivery instructions
- invoice total.

**Qatar Luxury
Furnishings**
TIN 48 741 568 952

5878 Salwa Road
Al Sadd
Qatar

3358 9625
ashraf@luxuryfurnishings.qa

TAX INVOICE

Invoice Number:

B78258

Invoice Date:

1 March 20XX

Customer Information:

Account ref Raycon 87234

Billing Address:

Company	Al Rayaah Constructions
TIN:	56 231 978 582
Name:	Omar Ali Hadad
Address:	PO Box 1254 Doha
Order Ref	02/475

Shipping Method: Courier

Qty	Product Description	Amount Each	Amount
3	Office Chairs – Orange	250	750.00
3	Deluxe Office Desks	425	1,275.00
1	Director Chair	650	650.00
1	Boardroom Table	1,350	1,350.00
		Subtotal:	4,025.00
		Trade discount 5%	201.25
		Subtotal:	3823.75
		Freight:	55
		GST:	387.87
		Grand Total:	4,266.62



Practice

Practice activity 38

List the features of a correctly prepared GST invoice.

The GST applies to most business organisations in Australia. Suppliers of goods and services are required to add 10% to the invoice total. The additional 10% received by the business is then passed on to the government.

To calculate GST, divide the price of the goods or services on the invoice by 10 and add this to the total. Alternatively, you can multiply the price by 1.1.

Method 1

If the sub total of the invoice is \$200, divide by 10 and the GST is \$20. Therefore, the final invoice amount that the business will charge will be \$220 (\$200 + \$20).

Method 2

If the sub total of the invoice is \$200, multiply by 1.1. The result is \$220 and this is the final invoice amount charged by the business.

Sometimes, you may have to work backwards. You know the total amount that the customer is to be charged, but you do not know the GST part of the cost. In this case, you will have to divide by 11 to find out the GST and then deduct the GST from the final amount to find the pre-GST figure. Alternatively, you can divide by 1.1.

Method 1

If the total invoice amount is \$220, divide by 11 to get \$20 which is the GST part of the total. Deduct the \$20 from the \$220 to get the cost before GST.

Method 2

If the total invoice amount is \$220, divide by 1.1 to get \$200 which is the cost before GST.

Plans are under way to introduce a Value Added Tax (VAT) to all GCC countries from the beginning of 2018. VAT calculations will be the same as GST.



Practice

Practice activity 39

Complete the following table to demonstrate that you understand how to calculate GST/VAT.

Cost of goods and services	GST	Invoice total
\$100	\$10.00	\$110.00
\$200		
\$220		
\$50		
	\$2.00	
		\$44.00
		\$1,320.00
\$140.50		



ishings
52
oad
hings.qa

TAX INVOICE
Invoice Number:
B78258
Invoice Date:
1 March 2012

The GST should be correctly calculated on all invoices



Practice

Practice activity 40

Calculate the GST/VAT that is included in the following invoice totals.

Invoice total including GST	GST
110.00	
255.00	
10,175.00	
86.50	
119.38	

Calculate the GST/VAT that is to be added to the following invoice subtotals.

Invoice sub-total	GST to be added
95.00	
365.00	
12,354.00	
92.65	
114.12	





Practice

Practice activity 41

Look at the invoice on the following page and circle any errors or indicate items that are missing. You should be able to find five mistakes.

<p>Qatar Luxury Furnishings</p> <p>5878 Salwa Road Al Sadd Qatar</p> <p>3358 9625 ashraf@luxuryfurnishings.qa</p>	<p>INVOICE</p> <p>Invoice Number: </p> <p>Invoice Date: 1 March 20XX</p>		
<p>Customer Information:</p> <p>Account ref Raycon 87234</p>			
<p>Billing Address:</p>			
Company:	Al Rayaam Constructions		
TIN:	56 231 978 582		
Name:	Omar Ali Hadad		
Address:	PO Box 1254 Doha		
Order Ref:	02/475		
<p>Shipping Method: Courier</p>			
Qty	Product Description	Amount Each	Amount
3	Office chairs – orange	250	750.00
3	Deluxe office desks	525	1,275.00
1	Director chair	650	650.00
	Boardroom table	1,350	1,350.00
		Subtotal:	4,025.00
		Trade discount 5%	201.25
		Subtotal:	3823.75
		Freight:	55
		GST:	387.87
		Grand Total:	4,266.62

Checking invoices and other source documents

The invoice should be checked to ensure it is GST compliant and that there are no errors. It should also be checked against the original order form.

Purchase orders are prepared when a business wants to order goods or services. This becomes the source document for the invoice and provides the documentary evidence for what the customer has ordered.

The purchase order must contain the following:

- supplier's name, address and order number
- correct name and account number of the customer
- correct description and quantity of goods ordered and amount if known
- delivery instructions.

Ashraf Nasser uses a purchase order form when he wants to order inventory for his business. An example of the purchase order for Qatar Luxury Furnishings is shown in Practice activity 39.



Practice activity 42

Answer the following questions from the purchase order form.

Qatar Luxury Furnishings TIN 48 741 568 952	PURCHASE ORDER		
5878 Salwa Road Al Sadd Qatar	Number: 458712		
3358 9625 ashraf@luxuryfurnishings.qa	Date: 1 March 20XX		
Supplier:			
Billing Address:			
Company	Al Jazeera Furniture Wholesaler		
TIN:	85 879 847 285		
Name:	Ali Al-Sowaidi		
Address:	PO Box 4110 Doha		
Shipping Method: Qatar Freight Handlers			
Qty	Product Description	Amount Each	Amount
20	Office chairs	100.00	2,000.00
35	Lounge suites	550.00	19,250.00

Who is the buyer?

.....

.....

Who is the seller?

.....

.....

What is the order number and what date was the order prepared?

.....

.....

What are the delivery instructions?

.....

.....

.....

There is no GST/VAT on this purchase order. Do you think that is correct?

.....

.....

.....

Why or why not?

.....

.....

.....

What will the GST/VAT calculation be when the invoice is prepared?

.....

.....

.....

Once the supplier receives the purchase order, they will arrange to ship the order to the customer. They must check the original order to see if the customer has requested a preferred method of shipping. The supplier prepares a delivery note and this document is sent with the goods. The supplier also prepares an invoice which is sent to the customer.

On the following pages are the delivery note and invoice that have been prepared by Al Jazeera Furniture Wholesaler and issued to Qatar Luxury Furnishings.

Delivery note

Al Jazeera Furniture Wholesaler
PO Box 5624
Doha Qatar

Date: 12 March 20xx

Ship To Ashraf Nasser
Qatar Luxury
Furnishings
5878 Salwa Road
Al Sadd
Qatar
3358 9625
Customer ID 4589

Bill To Ashraf Nasser
Qatar Luxury Furnishings
5880 Salwa Road
Al Sadd
Qatar
3358 9626
Customer ID 4589

Order Date	Order Number	Job
1 March 20xx	458712	

Item #	Description	Quantity
O 112	Office chairs	20
L 4790	Lounge suites	35

Please contact Customer Service at 8658 7412
with any questions or comments.

Thank you for your business!

Al Jazeera Furniture Wholesaler

Tax Invoice

No AF 7358

Al Jazeera Furniture Wholesaler
PO Box 5624
Doha Qatar

Date: 12 March 20xx

Ship To: Ashraf Nasser
Qatar Luxury
Furnishings
5878 Salwa Road
Al Sadd
Qatar
3358 9625
Customer ID 4589

Bill To: Ashraf Nasser
Qatar Luxury Furnishings
5880 Salwa Road
Al Sadd
Qatar
3358 9626
Customer ID 4589

Order Date	Order Number	Job
1 March 20xx	458712	

Item #	Description	Quantity	Unit price	Total
O 112	Office chairs	20	100.00	2,000.00
L 4790	Lounge suites	35	550.00	19,250.00
			Subtotal	21,250.00
			Freight	1,000.00
			GST	2,225.00
			Total	24,775.00

Please contact Customer Service at 8658 7412
with any questions or comments.

Thank you for your business!

Al Jazeera Furniture Wholesaler



Practice

Practice activity 43

Look at the following documents. Qatar Luxury Furnishings has ordered some more furniture from Al Jazeera Furniture Wholesaler. Check the purchase order below against the delivery note and the invoice.

Qatar Luxury Furnishings TIN 48 741 568 952	PURCHASE ORDER		
5878 Salwa Road Al Sadd Qatar	Number: 458728		
3358 9625 ashraf@luxuryfurnishings.qa	Date: 14 March 20xx		
Supplier:			
Billing Address:			
Company	Al Jazeera Furniture Wholesaler		
TIN:	85 879 847 285		
Name:	Ali Al-Sowaidi		
Address:	PO Box 4110 Doha		
Shipping Method: Qatar Freight Handlers			
Qty	Product Description	Amount Each	Amount
10	Office desks (1200 x 300)	125.00	1,250.00
15	Bedside tables	45.00	675.00
50	Lounge cushions	12.50	625.00

Delivery note

Al Jazeera Furniture Wholesaler
PO Box 5624
Doha Qatar

Date: 12 March 20xx

Ship To	Ashraf Nasser Qatar Luxury Furnishings 5878 Salwa Road Al Sadd Qatar 3358 9625 Customer ID 4589	Bill To	Ashraf Nasser Qatar Luxury Furnishings 5880 Salwa Road Al Sadd Qatar 3358 9626 Customer ID 4589
----------------	--	----------------	---

Order Date	Order Number	Job
14 March 20xx	458728	

Item #	Description	Quantity
D 445	Office desks (1200 x 300)	10
BT 121	Bedside tables	10
LC 8435	Lounge cushions	55

Please contact Customer Service at 6658 7412
with any questions or comments.

Thank you for your business!

Al Jazeera Furniture Wholesaler

Tax Invoice

No AF 7382

Al Jazeera Furniture Wholesaler
PO Box 5624
Doha Qatar

Date: 18 March 20xx

Ship To Ashraf Nasser
Qatar Luxury
Furnishings
5878 Salwa Road
Al Sadd
Qatar
3358 9625
Customer ID 4589

Bill To Ashraf Nasser
Qatar Luxury Furnishings
5880 Salwa Road
Al Sadd
Qatar
3358 9626
Customer ID 4589

Order Date	Order Number	Job
1 March 20xx	458728	

Item #	Description	Quantity	Unit price	Total
D 445	Office desks (1200 x 300)	10	125.00	1250.00
BT 121	Bedside tables	10	45.00	450.00
BT 121	Bedside tables	5	Back order	
LC 8435	Lounge cushions	55	12.50	687.50
			Subtotal	2387.50
			Freight	500.00
			GST	288.75
			Total	3,176.25

Please contact Customer Service at 8658 7412
with any questions or comments.

Thank you for your business!

Al Jazeera Furniture Wholesaler

What differences did you find? List them below.

.....

.....

.....

.....

.....

.....

.....

.....

.....

what has been delivered against the delivery note. He then takes the delivery note up to the office where it is checked against the purchase order.

The office clerk who checks the delivery note against the purchase order discovers that five bedside tables have been placed on back order. He also discovers that an additional five lounge cushions were delivered. The clerk immediately telephones the supplier to inform them of the discrepancy.

The supplier agrees to take back the additional five cushions and pay the freight. The supplier says they will send an adjustment note to correct the original invoice.

The clerk informs Ashraf what he has done and also tells him that five bedside tables have been placed on back order.



Practice

Practice activity 44

Assume you are working for Qatar Real Estate and you have issued the following purchase order to Al Rayaana Shopfitters. Identify and circle any errors you can find on the purchase order.

Qatar Real Estate TIN 48 741 568 952 5878 Salwa Road Al Sadd Qatar 3358 9625 ashraf@qatrealty.qa	PURCHASE ORDER No: 458712 Date: 1 March 20xx		
Supplier:			
Billing Address:			
Company	Al Jazeera Shop Fitters		
ABN:	85 879 847 285		
Name:	Ali Al-Suwaidi		
Address:	PO Box 4110 Doha		
Shipping Method:	Qatar Freight Handlers		
Qty	Product Description	Amount Each	Amount
20	Office Chairs	100.00	2000.00
35	Lounge suites	550.00	19250.00



Practice

Practice activity 45

You have just received the invoice below in relation to your order in the previous activity. Identify and circle any errors.

Tax Invoice

No AF 7382

Al Jazeera Shop Fitters

Date: 12 March 20xx

PO Box 5624

Doha Qatar

Ship To **Ashraf Nassar**
Qatar Real Estate
5878 Salwa Road
Al Sadd
Qatar
3358 9625
Customer ID 4589

Bill To **Ashraf Nassar**
Qatar Real Estate
5880 Salwa Road
Al Sadd
Qatar
3358 9626
Customer ID 4589

Order Date

Order Number

Job

1 March 20xx

458712

Code	Description	Quantity	Unit price	Quantity
O 112	Office Chairs	20	100.00	2,000.00
L 4790	Lounge	40	550.00	22,000.00
Sub Total				24,000.00
Freight				1,000.00
GST				2,500.00
Total				27,500.00



It is important that the adjustment note is prepared and issued. This becomes documentary evidence for the return of the goods. Without the adjustment note, Qatar Luxury Furnishings will still have an outstanding amount of 3176.25.

The adjustment note (see the next page) will show a reduction of 68.75 and the new balance owing will be 3107.50.

An adjustment note will be prepared whenever there is to be an adjustment to the invoice. For example, if goods are damaged and have to be returned, an adjustment note will be prepared. Sometimes, the seller may give the buyer a very attractive allowance for damaged goods, rather than have the buyer return the goods. Again, an adjustment note will have to be prepared to provide evidence of the transaction as well as a source document to the accounting records.



An adjustment note will be prepared as evidence of damaged goods

Adjustment note

B511

Al Jazeera Furniture Wholesaler
PO Box 5624
Doha Qatar

Date: 20 March 20xx

Ship To Ashraf Nasser
Qatar Luxury
Furnishings
5878 Salwa Road
Al Sadd
Qatar
3358 9625
Customer ID 4589

Bill To Ashraf Nasser
Qatar Luxury Furnishings
5880 Salwa Road
Al Sadd
Qatar
3358 9626
Customer ID 4589

Order Date	Order Number	Job
1 March 20xx	458728	

Code	Description	Quantity	Unit price	Total
LC 8435	Lounge cushions	5	12.50	62.50
			Subtotal	62.50
			Freight	
			GST	6.25
			Total	68.75

Please contact Customer Service at 8658 7412
with any questions or comments.

Thank you for your business!

Al Jazeera Furniture Wholesaler



Practice

Practice activity 46

Assume you are working for Al Jazeera Shop Fitters and you receive the following email in relation to Practice Activities 44 and 45.

Prepare the adjustment note that Al Jazeera Shop Fitters would issue on March 20. Al Jazeera will pay for any freight costs incurred.

To: ali.suwaidi

Subject: Invoice AF 7382

Good morning Ali

Thank you for supplying our order of office furniture. However, we have discovered

an error in invoice no AF7382.

We ordered and received 35 lounge suites. However, you have invoiced us for 40

lounge suites.

Please send us an adjustment note and adjust our records.

Regards

Ashraf

Adjustment Note

B 511

Al Jazeera Shop Fitters

Date:

PO Box 5624

Doha Qatar

Ship To Ashraf Nassar
Qatar Real Estate
5878 Salwa Road
Al Sadd
Qatar
3358 9625
Customer ID 4589

Bill To Ashraf Nassar
Qatar Real Estate
5880 Salwa Road
Al Sadd
Qatar
3358 9626
Customer ID 4589

Order Date	Order Number	Job

Code	Description	Quantity	Unit price	Quantity

Thank you for your business!

Al Jazeera Furniture Wholesaler

hraf buys large quantities of furniture from Al Jazeera Furniture Wholesalers. They send monthly statements to Qatar Luxury Furnishings. The monthly statement provides a record of all transactions that have occurred during the month and shows a final balance owing. Ashraf is able to reconcile this statement with the invoices and adjustment notes he has received during the month.

Look at the following statement of account. This statement shows the invoice and adjustment note we have just looked at, as well as other transactions that have taken place during the month.

Statement of account

Al Jazeera Furniture Wholesaler
PO Box 5624
Doha Qatar

Date: 30 March 20xx

Customer

Ashraf Nasser
 Qatar Luxury Furnishings
 5880 Salwa Road
 Al Sadd
 Qatar
 3358 9626
 Customer ID 4589

Date	Transaction	Debit	Credit	Balance
01/03/20xx	Balance carried forward			3,855.00
05/03/20xx	Receipt 3684		3,855.00	
12/03/20xx	Inv AF 7358	24,775.00		24,775.00
18/03/20xx	Inv AF 7382	3,176.25		27,951.25
20/03/20xx	Adjustment B 511		68.75	27,882.50

Over 120	120 Days	90 Days	60 Days	30 Days	Current
					27,882.50

Please contact Customer Service at 6658 7412
 with any questions or comments.

Thank you for your business!

Al Jazeera Furniture Wholesaler

Filing documentation

Filing should take place only after the invoice has been checked and errors corrected. The invoice should be checked against the delivery note to ensure the business is being charged for the actual goods received.

The invoice should also be checked against the purchase order to ensure the business is being charged for what it actually ordered.

The price of the goods invoiced should also be checked against price lists or quotations received from the supplier.

When errors are detected, it is important to contact the supplier immediately. Errors should be corrected by way of an adjustment note.

Invoices are an important part of the financial records of any business and therefore, must be kept in a manner that enables easy access for anyone who comes to check on the financial arrangements of the company, as well as easy access for staff who may need to respond to enquiries about specific transactions.

Because businesses are subject to audit (internal, external and ATO), they need to be able to retrieve the invoices easily.

Business organisations will all use different methods of filing. It must be consistent with other filing methods maintained by the business. The invoices may be filed under the supplier's company name or the supplier's account number. The invoices could also be filed together as 'unpaid' and then moved to another file as soon as it is paid.



Practice

Practice activity 47

Write the following business names in the correct filing order below.

City Place

City Mobile

Citicorp

City Palace Trading

Citizen Newspaper

1	
2	
3	
4	
5	

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 QR110. To calculate the GST/VAT component, we divide by 11. The sale of QR110 is made up of QR10 GST/VAT and QR100 sales. We will have to send the QR10 GST/VAT 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	
5 January 20xx	No 179
Received from	A Masood
For	Carpentry
Amount	1,200.00
GST	120.00
Total	1,320.00

RECEIPT	
4 January 20xx	No 180
Received from	M Al Said
For	Plumbing
Amount	700.00
GST	70.00
Total	770.00
CASH REGISTER SUMMARY	
4 Jan 20xx	

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 20xx	No 211
Received from	J Al Ghanim
For	Furniture
Amount (incl GST)	11,250.00
GST	1,125.00

Receipt	
3 October 20xx	No 212
Received from	H Al Thani
For	Carpet
Amount (incl GST)	12,450.00
GST	1,245.00

Cash Register Summary	
1 October 20xx	
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 20xx	
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 20xx	
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	
4 October 20xx	
Furniture	0
Furnish	0
Carpet	0
Kitchen	0
Other	50.00
Sub total	50.00
GST	5.00
Total	55.00

Cash Register Summary	
5 October 20xx	
Furniture	0
Furnish	0
Carpet	415.00
Kitchen	280.00
Other	395.00
Sub total	1,090.00
GST	109.00
Total	1,199.00

EFTPOS Summary	
3 October 20xx	
Furniture	2,125.00
Furnish	11,850.00
GST	1,397.50
Total	15,372.50
EFTPOS Summary	
4 October 20xx	
Other	955.00
GST	95.50
Total	1,050.50

CASH PAYMENTS

Date	Reference	Particulars	Furniture	Furnishings
1 October	Rec. 211	J Al Ghanim	11,250.00	
	CRS	Cash sales		
2 October	CRS	Cash sales	800.00	600.00
3 October	Rec. 212	H Al Thani		
	CRS	Cash sales		
	EFTPOS	EFTPOS sales	2,125.00	11,850.00
4 October	CRS	Cash sales		
	EFTPOS	EFTPOS sales		
5 October	CRS	Cash sales		
			14,175.00	12,450.00

NOTES

When proceeds from receipts and cash register takings are banked together on the bank deposit form is inserted into the bank column, not separate amounts. See the deposit form. Cash sales are recorded separately as they appear separately on the bank statement. T. GST/VAT.



NTS BOOK

Carpet	Kitchen appliances	Other	GST collected	Bank
			1,125.00	
250.00	175.00		42.50.00	12,842.50
			140.00	1,540.00
12,450.00			1,245.00	
200.00	855.00		105.50	14,855.50
			1,397.50	15,372.50
		50.00	5.00	
		955.00	95.50	1,050.50
415.00	280.00	395.00	109.00	1,199.00
13,315.00	1,310.00	1,400.00	4,265.00	46,915.00

the one day and recorded on the one bank deposit form, only the total of the deposit on 1 October for 12,842.50 and 3 October for 14,855.50. EFTPOS sum-
the bank column represents the total of the money received, eg sale plus the

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/VAT. Again, we need to record this figure separately. The GST/VAT 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/VAT figure is indicated. Some expenses will be exempt from GST/VAT, eg wages, bank charges and government charges. The cash payments journal will have a column for GST/VAT paid.

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

The cash payments journal for a GST/VAT registered home maintenance business could have the following headings.

Date	Cheque No	Particulars	Tools	Supplies	Vehicle expenses	Wages	Sundry	GST/VAT 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 20xx	No 295
Paid to	Doha Hardware
For	Supplies
Amount	575.00
GST/VAT	57.50
Total	632.50

Cheque Butt	
6 January 20xx	No 296
Paid to	West Bay Petrol
For	Vehicle Exp
Amount	75.00
GST/VAT	7.50
Total	82.50

Date	Cheque No	Particulars	Tools	Supplies	Vehicle expenses	Wages	Sundry	GST/VAT 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 and EFT summaries 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 20xx	No 2457
Paid to	Doha Furnishing Dist
For	Purchases
Amount	5,800.00
GST/VAT	580.00
Total	6,380.00

Cheque Butt	
3 October 20xx	No 2458
Paid to	Al Amari Trust
For	Rent
Amount	6,500.00
GST/VAT	650.00
Total	7,150.00

Cheque Butt	
3 October 20xx	No 2459
Paid to	Doha Furnishing Dist
For	Purchasing/freight
Amount	6,500.00/350.00
GST/VAT	685.00
Total	7,535.00

Cheque Butt	
5 October 20xx	No 7284
Paid to	QFS wll
For	Purchases
Amount	8,250.00
GST/VAT	825.00
Total	9,075.00

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

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

CASH PAYME

Date	Reference	Particulars	Purchases	Fre
1 Oct	Ch 2457	Doha Furn Dist	5,800.00	
3 Oct	Ch 2458	Al Amari Trust		
3 Oct	Ch 2459	Doha Furn Dist	6,500.00	350.
5 Oct	Ch 2460	QFS wll	8,250.00	
5 Oct	EFT	Kahramma – Govt fee		
5 Oct	EFT	Wages		
			20,550.00	350

MENTS BOOK

ight	Wages	Rent	Other	GST/VAT paid	Bank
				580.00	6,380.00
		6,500.00		650.00	7,150.00
00				685.00	7,535.00
				825.00	9,075.00
			545.00		545.00
	1,750.00				1,750.00
.00	1,750.00	6,500.00	545.00	2,740.00	32,435.00

So far we have looked at the receipts and payments for a business using the cash method of accounting. This means that the transaction is recorded in the accounting period in which the cash is received or paid.

Often there will be a considerable time lag between when a service is performed or goods are sold and payment is made. Most larger business organisations will record the performance of the service or the sale of the good in the period in which it occurs, regardless of when payment is made. Most larger business organisations use this method of accounting. This is known as the accrual method of accounting.

As a result of using the accrual method of accounting, we need to ensure that we do not record the GST/VAT twice. Therefore, when we record the receipt or payment of cash, we do not record the GST/VAT amount separately, as it will have already been recorded in the credit sale or credit purchase.

Look at the example below to see how we record the receipt of cash from customers.

RECEIPT	
7 January 20xx	No 181
Received from	R Al Manah
For	Settlement of account
Amount	1,650.00
GST	
Total	1,650.00

RECEIPT	
8 January 20xx	No 182
Received from	M Al Kuwari
For	Settlement of account
Amount	880.00
GST	
Total	880.00

Date	Rec No	Particulars	Accounts Receivable	Painting	Tiling	Plumbing	Sundry	GST collected	Bank
7 Jan	181	R Al Manah	1,650.00						1,650.00
8 Jan	182	M al Kuwari	880.00						880.00

The example below shows the payment of cash to suppliers.

Cheque Butt	
8 January 20xx	No 312
Paid to	Qatar Motors
For	Settlement of account
Amount	1,980.00
GST/VAT	
Total	1,980.00

Cheque Butt	
9 January 20xx	No 313
Paid to	Qatar News
For	Settlement of account
Amount	1,100.00
GST/VAT	
Total	1,100.00

Date	Rec No	Particulars	Accounts Payable	Supplies	Vehicle expenses	Sundry Expenses	GST/VAT paid	Bank
8 Jan	312	Qatar Motors	1,980.00					1,980.00
9 Jan	313	Qatar Motors	1,100.00					1,100.00

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 on a credit basis.

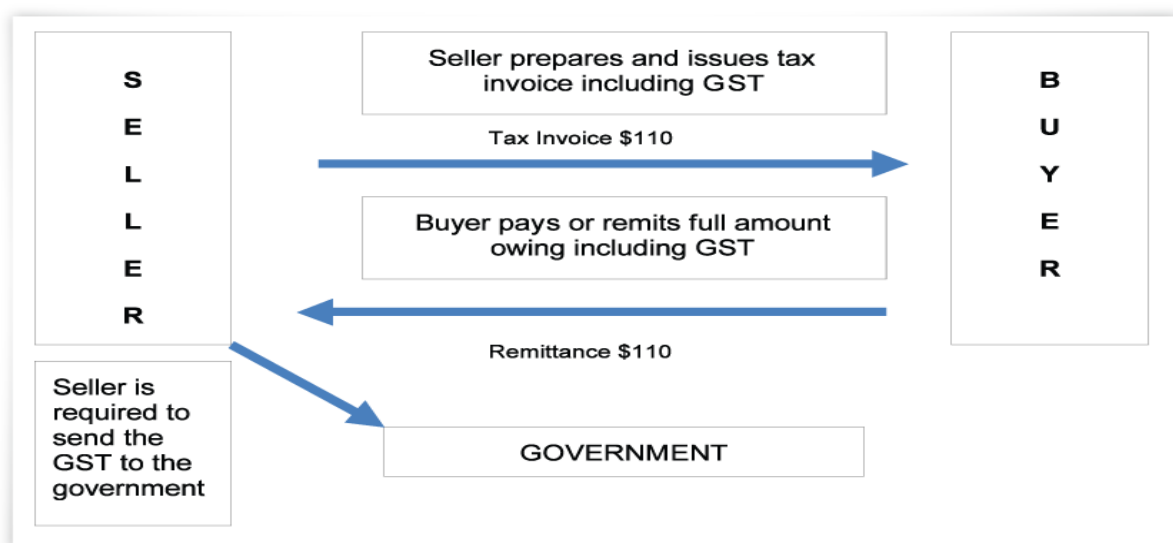
Credit transactions result in accounts receivable accounts (debtors), and account payable accounts (creditors).

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/VAT is included on all tax invoices. The GST/VAT component is recorded separately in the sales journal.



We have already worked with the invoices that Ashraf prepares and sends to customers of Qatar Luxury Furnishings. Below is a summary of the duplicate copies of invoices prepared for the month of October. These become the source document for the sales journal.

TAX INVOICE	
Qatar Luxury Furnishings	
1 October 20xx	No 1028
To:	J Al Ghanim
Amount:	10,000.00
GST/VAT:	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/VAT:	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/VAT:	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/VAT:	125.00
Total:	1,375.00

Sales journal of Qatar Luxury Furnishings						
Date	Invoice No	Particulars	Folio	Sales	GST/VAT	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



Practice

Practice activity 48

Use the duplicate copies of the invoices issued by Qatar Sports Centre to prepare the Sales journal.

TAX INVOICE	
Qatar Sports Centre	
1 Nov 20xx	No 1028
To:	J Al Nasser
Amount:	8,800.00
GST:	880.00
Total:	9,680.00

TAX INVOICE	
Qatar Sports Centre	
12 Nov 20xx	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 20xx	No 1030
To:	Qatar Foundation
Amount:	1,600.00
GST:	160.00
Total:	1,760.00

TAX INVOICE	
Qatar Sports Centre	
25 Nov 20xx	No 1031
To:	J Al Jaber
Amount:	1,250.00
GST:	125.00
Total:	1,375.00



Sales journal of Qatar Luxury Furnishings						
Date	Invoice No	Particulars	Folio	Sales	GST	Accounts receivable

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/VAT:	48.00
Total:	528.00

TAX ADJUSTMENT NOTE Qatar Luxury Furnishings	
8 October 20xx	No 420
To:	H Al Thani
Amount:	1,200.00
GST/VAT:	120.00
Total:	1,320.00

Sales returns and allowances journal of Qatar Luxury Furnishings						
Date	Adjustment No	Particulars	Folio	Sales	GST/VAT	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



Practice

Practice activity 49

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 20xx	No 3145
To:	J Bright
Amount:	18,800.00
GST:	1,880.00
Total:	20,680.00

TAX INVOICE Carnivaland	
9 Sept 20xx	No 3146
To:	B Zainer
Amount:	15,500.00
GST:	1,550.00
Total;	17,050.00

TAX INVOICE Carnivaland	
15 Sept 20xx	No 3147
To:	Doha School
Amount:	1,600.00
GST:	160.00
Total:	1,760.00

TAX INVOICE Carnivaland	
27 Sept 20xx	No 3148
To:	S Lui
Amount:	4250.00
GST:	425.00
Total:	4,675.00

TAX ADJUSTMENT NOTE Carnivaland	
12 Sept 20xx	No 914
To:	B Zainer
Amount:	350.00
GST:	35.00
Total:	385.00

TAX ADJUSTMENT NOTE Carnivaland	
29 Sept 20xx	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	Accounts receivable

Sales Returns and Allowances Journal of Carnivaland						
Date	Adjustment Note No	Particulars	Folio	Sales Returns & allowances	GST	Accounts receivable

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 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/VAT:	665.00
Total:	7,315.00

QFS wll TAX INVOICE	
To: Qatar Luxury Furnishings	
3 October	No 1287
Amount:	450.00
GST/VAT:	45.00
Total:	495.00

Doha Furniture Distributors TAX INVOICE	
To: Qatar Luxury Furnishings	
4 October	No 95438
Amount:	4,210.00
GST/VAT:	421.00
Total:	4,631.00

Qatar Kitchen Supplies TAX INVOICE	
To: Qatar Luxury Furnishings	
6 October	No 7284
Amount:	10,854.00
GST/VAT:	1,085.40
Total:	11,939.40

Doha Furniture Distributors TAX ADJUSTMENT NOTE	
To: Qatar Luxury Furnishings	
1 October	No 315
Amount:	2,740.00
GST/VAT:	274.00
Total:	3,014.00

QFS wll TAX ADJUSTMENT NOTE	
To: Qatar Luxury Furnishings	
5 October 2011	No 963
Amount:	50.00
GST/VAT:	5.00
Total:	55.00

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

Purchases returns and allowances journal of Qatar Luxury Furnishings						
Date	Adjust Note No	Particulars	Folio	Purchases	GST/VAT	Accounts Payable
1 Oct	315	Doha Furniture Dist		2,740.00	274.00	3,014.00
4 Oct	963	QFS wll		50.00	5.00	55.00
6 Oct				2,790.00	279.00	3,069.00



Practice

Practice activity 50

Use the invoices and adjustment notes 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 Qatar Holdings						
Date	Invoice No	Particulars	Folio	Purchases	GST	Accounts payable

Purchases Returns and Allowances Journal of Qatar Holdings						
Date	Invoice No	Particulars	Folio	Purchases returns & allowances	GST	Accounts payable

Summary of specialised journals

Cash receipts journal	Records transactions involving the receipt of cash
Cash payment journal	Records transactions involving the payment of cash
Purchases journal	Records the credit purchase of goods (inventory items purchased for resale only)
Purchases returns and allowances journal	Records the return of credit purchases
Sales journal	Records the credit sale of goods (inventory items only)
Sales returns and allowances journal	Records the return of credit sales

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 errors.

Following 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/VAT Paid		415.00	
		Computer Supplier			4,565.00
		(Bought computer on credit)			
4 Oct		Bad Debts		250.00	
		GST/VAT 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 51

Abdullah Al Dosari 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.

January 1	Abdullah contributed a vehicle 26,000, inventories 35,000 and cash of 20,000.
January 4	Bought Office Furniture on credit from BizFurn wll for 2,850 incl GST/VAT.
January 11	Wrote off an account receivable – J Hudson – for 565.
January 26	The cleaning account has been charged 234 in error. This should have been charged to the Repairs account.
January 29	The owner withdrew furniture worth 150 for his own personal use.

[illegible]



Practice

Practice activity 52

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		TAX ADJUSTMENT NOTE Yamin Trading	
15 Sept	No 1215	20 Sept	No 1216
To:	P Ibrihim	To:	J Ahmed
Amount:	2,100.00	Amount:	1,200.00
GST:	\$ 210.00	GST:	120.00
Total:	2,310.00	Total:	1,320.00

Summary of invoices received

Doha Service Centre TAX INVOICE		QBS wll TAX INVOICE	
To:	Yamin Trading	To:	Yamin Trading
3 Sept	No 4872	9 Sept	No 1158
Amount:	3,200.00	Amount:	6,950.00
GST:	320.00	GST:	695.00
Total:	3,520.00	Total:	7,645.00

Doha Engineering TAX INVOICE		Qatar Central Distributors TAX INVOICE	
To:	Yamin Trading	To:	Yamin Trading
13 Sept	No 2187	23 Sept	No 5284
Amount:	\$6,550.00	Amount:	\$854.00
GST:	\$ 695.00	GST:	\$ 85.40
Total:	\$7,645.00	Total:	\$939.40

Summary of adjustment notes received

QBS wll TAX ADJUSTMENT NOTE		Doha engineering TAX ADJUSTMENT NOTE	
To:	Yamin Trading	To:	Yamin Trading
10 Sept	No 228	15 Sept	No 845
Amount:	855.00	Amount:	288.00
GST:	85.50	GST:	28.80
Total:	940.50	Total:	316.80

Summary of receipts

Yamin Trading	Receipt	Yamin Trading	Receipt
15 Sept 2011	No 475	29 Sept	No 476
Received from	J Gamal	Received from	J Ahmed
For	Settlement of a/c	For	Settlement of a/c
Amount (incl GST)	1,650.00	Amount (incl GST)	2,200.00
GST	150.00	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 payments

Yamin Trading - Cheque Butt

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

Appendices

- Appendix 1: Policy and procedures for security and safety with bank-ing deposits
- Appendix 2: Policy and procedures for the handling of cash
- Appendix 3: Policy and procedures for petty cash

Appendix 1

Policy and procedures for security and safety with banking deposits

1. All cash, cheques and credit card deposits should be banked daily.
2. Cash and cheques held on the premises should be kept to a minimum.
3. Remove cash and cheques from the cash register in the shop every hour.
4. When going to the bank, vary the time that deposits are taken to the bank.
5. Vary the route taken to the bank each day.
6. Complete all banking documents and paperwork prior to leaving the office.
7. Check bank deposits against bank statements.
8. Use the night safe for deposits after the bank's regular trading hours.

Appendix 2

Policy and procedures for the handling of cash

1. Documentary evidence should be maintained for all cash and non-cash transactions. The document allows the business to check that the actual cash on hand corresponds to the amount that should be on hand.
2. All cash received should be banked intact at the end of each business day. 'Intact' means that payments should not be made out of the day's receipts. Banking daily ensures that large amounts of money are not left on the premises overnight.
3. The maximum amount that may be left on the premises overnight

should not exceed \$1,000. This amount will be used as the cash register 'float' for the next day's trading.

4. If more than \$1,000 cash remains at the end of the day's trading, excess cash should be deposited into the bank night-safe facility by authorised personnel. This person is to prepare all necessary banking documentation.
5. All cash left on the premises overnight should be properly locked in the safe.
6. All cash payments should be made either by cheque or by electronic means such as 'BPay', except when amounts are small enough to be paid through a petty cash fund.
7. If payment is made electronically (Internet banking), documentary evidence of the payment must be obtained (ie the 'payment record', which will show a 'receipt number' for the transaction). This is essential to allow future enquiries regarding the payment to be followed up with the financial institution concerned.
8. Cash should be removed from the cash register during the day on a regular basis and placed in the safe prior to banking.
9. Authorised personnel only should batch, count, prepare banking documentation. This person is also responsible for contacting the security company to deposit the cash on our behalf.
10. float of \$1,000 only should be kept on hand for the next working day and should be locked in the safe overnight.
11. Each month, the business's records reconciled with the bank statement.
12. Employees who receive or handle cash should not be involved with the recording of these transactions in the accounting records. Similarly, employees who handle cash receipts should not handle cash payments.



13. A roster operates to ensure staff rotation of duties. This allows the next person doing the job to discover any unusual entries.

Appendix 3

Policy and procedures for petty cash

1. The petty cash tin should be lockable and kept out of public view. Keys should be kept apart from the tin.
2. Only the petty cash officer and supervisor should have access to the petty cash tin and money should never be borrowed from it.
3. The amount of money in the petty cash tin and reimbursement times/amounts should not be discussed openly.
4. The petty cash officer must ensure:
 - a. the petty cash tin balances
 - b. no money is reimbursed without a receipt
 - c. all transactions are recorded in the petty cash book at the time of reimbursement
 - d. authorised expenses are reimbursed quickly and accurately
 - e. any unresolved differences are referred to the supervisor
 - f. all receipts are attached to the petty cash voucher
 - g. security of the petty cash tin at all times.
5. All staff must ensure they get a receipt for all payments.
6. All staff must check that the receipt is complete with correct date, amount, GST/VAT and description of the goods.

Revision

The background image shows a close-up of people's hands working with financial documents. One person is using a pen to point at a bar chart on a clipboard. Another person is holding a white calculator displaying '6512.'. There are various charts, including a yellow bar chart and a blue bar chart with an orange line graph, and a pie chart. The scene is set on a desk with a white background.

Accounting



Contents

● Activity 1	3
● Activity 2	6
● Activity 3	15
● Activity 4	24
● Activity 5	27
● Activity 6	31
● Activity 7	33
● Activity 8	36
● Activity 9	39
● Activity 10	41
● Activity 11	43
● Activity 12	47





Activity 1

Success System completed these transactions during October:

- Oct. 1 Ahmed invested 100,000\$ cash, 20,000\$ equipment and 10,000\$ supplies in the Success System.
- 2 Purchased 5,000\$ supplies by paying 1,000\$ and sign a note payable for the remaining.
- 3 Billed a customer 5,000\$ for service performed.
- 10 Completed a 5,000\$ cash project for a client.
- 15 Paid the note payable created on October 2nd.
- 17 Received 3,000\$ for the project provided on October 3rd.
- 20 Complete work for another client for 6,000\$ on credit.
- 25 Purchased additional equipment for 2,000\$ on credit.
- 30 Received the remaining amount from the client described on October 3rd.
- 30 The owner withdrew 2,000\$ for personal use.
- 31 Paid 300\$ cash for this month's utility bill.
- 31 Paid 200\$ cash for this month's telephone bill.
- 31 Paid 2,000\$ salary for this month.
- 31 Paid 4,000\$ rent for this month.

Required

1. Record the transactions in the general journal.

Success System General Journal			
Date	Account Name	Debit	Credit

Success System General Journal

[illegible]



Activity 2

Jasmine started a haircutting business called Expressions. The following events occurred during August 2012:

- Aug. 1 Jasmine invested 10,000\$ cash and 15,000\$ equipment in the Expressions.
- 2 Expressions paid 600\$ cash for the furniture for the shop.
- 4 Purchased 1,200\$ of supplies on credit for the shop.
- 5 Completed service and received 800\$.
- 15 Provided 100\$ of haircutting on account.
- 20 Received 300\$ for services completed.
- 29 Paid the assistant's salary of 500\$ cash for this month.
- 30 Paid 200\$ cash for this month's utility bill.
- 30 Paid 100\$ cash for this month's telephone bill.
- 31 Expressions paid 500\$ cash for rent space in the mall for August.
- 31 Jasmine withdrew 1,000\$ cash from the business for personal use.



Required

1. **Record the transactions in the general journal.**
2. **Post the entries into the general ledger.**
3. **Prepare the Trial Balance**

Expressions General Journal			
Date	Account Name	Debit	Credit

Expressions General Journal

[illegible]

General Ledger

[illegible]

Accounts Receivable

Date	Explanation	Debit	Credit	Balance

Equipment

Date	Explanation	Debit	Credit	Balance

Furniture

Date	Explanation	Debit	Credit	Balance

Supplies				
Date	Explanation	Debit	Credit	Balance

Accounts Payable				
Date	Explanation	Debit	Credit	Balance

Capital				
Date	Explanation	Debit	Credit	Balance

Withdrawals

Date	Explanation	Debit	Credit	Balance

Revenue

Date	Explanation	Debit	Credit	Balance

Salaries Expense

Date	Explanation	Debit	Credit	Balance

Utility Expense				
Date	Explanation	Debit	Credit	Balance

Telephone Expense				
Date	Explanation	Debit	Credit	Balance

Rent Expense				
Date	Explanation	Debit	Credit	Balance

Expressions Trial Balance August 2012 ,31

Account Name	Debit	Credit
Total		



Activity 3

As part of your duties, you are required to identify, process and record information. Answer the questions below. They relate to document on the next page, then prepare the journal for each document.

a. What type of document is this?

b. What is the name of the supplier of the goods?

c. What is the customer's ABN?

d. What date was this document prepared?

e. How much GST is being charged?

f. How much discount did the customer receive?

Omar Contracting

ABN 48741568325

Al Waab

Qatar

33588954

admin@omarcon.com

INVOICE

Invoice Number:

582409

Invoice Date:

1 Nov 2011

Customer Information:

Billing Address:

Company	QFurn
ABN:	56231978582
Name:	Peter Johnson
Address:	PO Box 5489
	Al Dafna
City	Qatar

Shipping Method: Courier



Qty	Product Description	Amount Each	Amount
30	Lights	8.00	240.00
10	Coloured lights	9.50	95.00
		Subtotal:	335.00
		Trade discount %20	67.00
		Subtotal:	268.00
		Freight:	25.00
		GST:	29.30
		Grand Total:	322.30

a. What type of document is this?

b. What is the name of the supplier of the goods?

c. What is the customer's ABN?

d. What date was this document prepared?

e. How much GST is being charged?

f. How much discount did the customer receive?

Omar Contracting

ABN 48741568325

Al Waab

Qatar

33588954

admin@omarcon.com

INVOICE

Invoice Number:

582410

Invoice Date:

1 Nov 2011

Customer Information:

Billing Address:

Company	QFurn
ABN:	5623197582
Name:	Peter Johnson
Address:	PO Box 5489
	Al Dafna
City	Qatar

Shipping Method: Courier

Qty	Product Description	Amount Each	Amount
5	Printer	1000.00	5000.00
		Subtotal:	5000.00
		Trade discount %20	0.00
		Subtotal:	5000.00
		Freight:	100.00
		GST:	510.00
		Grand Total:	5610.00

a. What type of document is this?

b. What is the name of the supplier of the goods?

c. What is the customer's ABN?

d. What date was this document prepared?

e. How much GST is being charged?

f. How much discount did the customer receive?

Omar Contracting	
ABN 48741568325	
TAX INVOICE	
Date: 1 November 2011	
	\$
* 1 ream copy paper	6.50\$
* 1 printer cartridge	37.50\$
2 Subtotal	44.00\$
Total	44.00\$
Cash	50.00\$
Change	6.00\$
* Taxable items	
Total includes GST	4.00\$

a. What type of document is this?

b. What is the name of the supplier of the goods?

c. What is the customer's ABN?

d. What date was this document prepared?

e. How much GST is being charged?

f. How much discount did the customer receive?

Omar Contracting	
ABN 48741568325	
TAX INVOICE	
Date: 1 November 2011	
	\$
* 1 Box Eraser	10.00\$
* 1 Box Pen	40.00\$
2 Subtotal	50.00\$
Total	50.00\$
Cash	50.00\$
Change	\$ 0.00
* Taxable items	
Total includes GST	5.00\$

Answer the questions below. They relate to document.

a. What type of document is this?

b. What is the document number?

c. Who paid the money?

d. Who received the money?

RECEIPT	No.: 4006
Omar Contracting Al Waab	
Received from: Hamad Alfridi PO Box 8547 Doha	
Description	Amount
Payment of invoice 3578	700\$ -----
The sum of Seven hundred dollars-----	
Date: 1 November 2011	Received by: J Najir

Answer the questions below. They relate to document.

a. What type of document is this?

b. What company paid the money?

c. Who will receive the money?

d. What was the reason for paying the money?

e. What is the name of the bank that will process this document?

001 11223 78524

001 11223 78524

Signature/s



Activity 4

As part of your duties, you work for Omar Contracting Company and sold goods to Jarir co. Prepare the invoice no. 230 and use today's date and the shipping with DHL, then record the transaction in the journal.

Items you sold: 20 lights for 10\$ each, 10 Colored lights for 15\$ each, with %5 trade discount, 50\$ shipping and %10 GST.

Your company Information:

Name: Omar Contracting Company

ABN: 48741568325

Address: Al Waab, Doha, Qatar

Tel.: 33554422

Customer Information:

Name: Jarir Company

ABN: 56231978582

Person to contact: Ahmed Mohamed

Address: Mansoura, Doha, Qatar

Tel.: 33663311

.....
.....
.....

INVOICE
Invoice Number:
Invoice Date:

Customer Information:

Billing Address:	
Company	
ABN:	
Name:	
Address:	
City	

Shipping Method:

.....



Activity 5

The following 6 checks have been received today from customers you have completed their work last month (assume 1 September) after the regular banking was completed and before he left the office, your manager asked you to check the accuracy of the checks prior to banking, your company account no. 34222 Mansoura branch.

- 1- *Tick those checks that can be deposited then prepare the deposit slip and the journal.*
- 2- *Circle the errors on those checks that cannot be banked.*

DEPOSIT – Current ACCOUNT	
DEPOSIT Doha BANK	ACCOUNT NO
	BRANCH
	DATE
DATE / / 2014	Details of cheques
ACCOUNT NO. -----	DRAWER
AMOUNT \$-----	BANK
Teller Initials	PAID IN BY (Signature)
	Commission
Innovative Business Strategies ABN 48741568952	CREDIT
0011122378524	Innovative Business ABN 48741568952
	0011122378524
	Total
	\$

General Journal			
Date	Account Name	Debit	Credit

31 September 2014

Pay Innovative Business Strategies_____ or Bearer

The sum of Five hundred and fifty dollars_____

_____ \$550.00_____

Qatar Luxury Cruisers
ABN 48 741 568 952
001 11223 78524

A Hameed
Signature/s

COMMERCIAL BANK
Al Dafna Branch

28 August 2014

Pay Innovative Business Strategies_____ or Bearer

The sum of Fifty dollars_____

_____ \$50.00 _____

Qatar Bookshops

ABN 12 852 568 952

001 11223 78524 _____

J Brown

Signature/s

DOHA BANK
Main Branch

1 September 20 14

Pay Innovative Business Strategies_____ or Bearer

The sum of Two thousand one hundred dollars and fifty five cents _____ \$2100.55 _____

QATAR Concrete Pumping

ABN 24 578 147 258

001 11223 78524 _____

W Al Thani _____

Signature/s

QATAR BANK
Al Sadd Branch

31 July 2014

Pay Innovative Business Strategies_____ or Bearer

The sum of Seven hundred and forty five dollars_____

_____ \$745.00 _____

National Car Rentals

ABN 98 741 258 635

001 11223 78524 _____

M Darwish _____

Signature/s

QNB

Mansoura Branch

31 August 2014

Pay Innovative Business Strategies_____ or Bearer

The sum of Seventy dollars _____

\$70.00____

Qatar Luxury Furnishings

ABN 48 741 568 952

001 11223 78524

Signature/s

QNB

Al Gharafa

31 August 20 14

Pay Innovative Business Strategies_____ or Bearer

The sum of Two thousand dollars_____

\$2000.00____

Apollo Furnishers

ABN 87 741 568 911

001 11223 78524

L Thompson_____
Signature/s



Activity 6

Cash Prepared for Banking

Carrefour is a trading company in Qatar. The cashier has cash in the safe and needs to transfer this amount to the bank, with the following information prepare the calculation form, deposit slip, and write a check to Ahmed Mohamed Saad with amount 1,895.55\$ Carrefour's current account no. 78900 with QIIB, Hamed branch. Please use today's date.

- 1- Check no. 123 with amount \$5,000 with QNB, Dafna branch from the customer "Rashed Saad"
- 2- Check no. 445 with amount \$1,000 with Doha bank, Mansoura branch from the customer "Mohamed Ali"

CALCULATION FORM		
Denomination	Quantity	Value
Notes		
100\$	5	
50\$	6	
20\$	5	
10\$	7	
5\$	9	
Coins		
2\$	10	
1\$	3	
50c	10	
20c	20	
10c	10	
5c	50	
TOTAL		

Cash and Checks Slip

DEPOSIT QIIB		DEPOSIT – Current ACCOUNT				
		QIIB		ACCOUNT NO		
				BRANCH		
				DATE		____/____/2011
DATE / / 2011 ACCOUNT NO. ----- AMOUNT \$ ----- Teller Initials	Details of cheques				NOTES	
	DRAWER	BANK	BRANCH	COINS		
	PAID IN BY (Signature)		Commission	No of cheques	Teller	
	CREDIT				Total	\$
	Carrefour ABN 48741568952 0011122378900					

Check Form

QIIB Hamed Branch Date: _____ To: _____ For: _____ \$ _____ Carrefour ABN 48 741 568 952 001 11223 78900	QIIB Hamed Branch <div style="text-align: right;">Date: _____</div> <div style="text-align: right;">\$ _____</div> Pay _____ or Bearer The sum of ----- ----- ----- ----- ----- <div style="text-align: right;"> Carrefour ABN 48 741 568 952 001 11223 78900 </div> <div style="text-align: right; margin-top: 10px;"> _____ Signature </div>
---	---



Activity 7

Bank Reconciliation

QATAR BANK Al Sadd Branch BANK STATEMENT

Statement of Current Account	Account Name	Gulf Services		
	Account Number	1122378524		
Date	Particulars	Debit	Credit	Balance
1 - Nov	Balance forward			15,278
	Ch. 5902	720		14,558
5 - Nov	Deposit		1,104	15,662
7 - Nov	Ch. 5901	1,824		13,838
12 - Nov	Deposit		2,227	16,065
17 - Nov	NSF	600		15,464
20 - Nov	Ch. 5905	937		14,527
21 - Nov	Deposit		4,093	18,620
22 - Nov	Ch. 5903	399		18,221
	Ch. 5904	2,090		16,131
25 - Nov	Deposit		2,352	18,483
28 - Nov	Ch. 5907	214		18,269
	Ch. 5909	1,808		16,462
30 - Nov	Interest		13	16,474
	Notes		1,500	17,974
	Collection notes fees	15		17,959

General Ledger

Cash

Date	Explanation	Debit	Credit	Balance
1-Nov - 11	Balance			15,278
	Deposit	1,104		16,382
	Deposit	2,227		18,609
	Ch. 5901		1,824	16,785
	Ch. 5902		720	16,065
	Deposit	4,093		20,158
	Ch. 5903		399	19,759
	Deposit	2,352		22,110
	Ch. 5904		2,060	20,050
	Deposit	1,683		21,733
	Ch. 5905		937	20,796
	Ch. 5906		982	19,814
	Ch. 5907		214	19,600
	Ch. 5908		388	19,212
30-Nov-11	Ch. 5909		1,808	17,404

Gulf Services Bank Reconciliation Form

General Journal

[illegible]



Activity 8

QATAR BANK BANK STATEMENT

Statement of Current Account	Account Name	Gulf Services		
	Account Number	11223 78524		
Date	Particulars	Debit	Credit	Balance
01 - May	Balance forward			16,083.80
02 - May	Ck 1783	382.50		15,701.30
04 - May	Ck 1782	1,285.50		14,415.80
04 - May	Deposit		2,438.00	16,853.80
11 - May	Ck 1784	1,449.60		15,404.20
14 - May	Deposit		2,898.00	18,302.20
18 - May	NSF Ck	431.80		17,870.40
22 - May	Deposit		1,801.80	19,672.20
25 - May	Ck 1787	8,032.50		11,639.70
25 - May	Note		7,400.00	19,039.70
26 - May	Ck 1785	63.90		18,975.80
26 - May	Deposit		2,079.00	21,054.80
29 - May	Ck 1788	654.00		20,400.80
31 - May	Bank Fees	14.00		20,386.80



General Ledger

Cash

Date	Explanation	Debit	Credit	Balance
1 - May	Balance			16,083.80
2 - May	Ck 1783		382.50	15,701.30
4 - May	Deposit	2,438.00		18,139.30
4 - May	Ck 1782		1,285.50	16,853.80
10 - May	Ck 1784		1,449.60	15,404.20
14 - May	Deposit	2,898.00		18,302.20
15 - May	Ck 1785		63.90	18,238.30
22 - May	Deposit	1,801.80		20,040.10
24 - May	Ck 1786		353.10	19,687.00
24 - May	Ck 1787		8,032.50	11,654.50
26 - May	Deposit	2,079.00		13,733.50
27 - May	Ck 1788 Utility Exp.		644.00	13,089.50
28 - May	Ck 1789		639.50	12,450.00
31 - May	Deposit	2,727.30		15,177.30

Gulf Services Bank Reconciliation Form

General Journal

[illegible]



Activity 9

Let's prepare a July 31 bank reconciliation statement for the Macys Company.

- *The July 31 bank statement indicated a balance of \$9,610.*
- *The cash general ledger account on that date shows a balance of \$7,430.*

Additional information:

1. Outstanding checks totaled 2,417\$.
2. A 500\$ check mailed to the bank for deposit had not reached the bank at the statement date.
3. The bank returned a customer's NSF check for 225\$ received as payment on account receivable.
4. The bank statement showed 30\$ interest earned during July.
5. Check No. 781 for supplies expense cleared the bank for 268\$ but was recorded error in our books as 240\$.
6. A 486\$ deposit by ACM Company was credited error to our account by the bank.

Macys Co., Bank Reconciliation Form

General Journal

Date	Account Name	Debit	Credit





Activity 10

Jarir Company's bank statement for the month of September 30, 2011, showed a balance per bank of \$7,000. The company's Cash account in the general ledger had a balance of \$5,459 at September 30, 2011. Other information is as follows:

1. Cash receipts for September 30 recorded on the company's books were 5,200\$ but this amount does not appear on the bank statement.
2. The bank statement shows a debit 40\$ for check printing charges.
3. The total amount of checks still outstanding at September 30 amounted to 6,000\$.
4. Check No. 138 was correctly written and paid by the bank for 409\$. The cash payment journal reflects an entry for Check No. 138 as a debit to Accounts Payable and a credit to Cash in Bank for 490\$.
5. The bank returned an NSF check from a customer for 560\$.
6. The bank included a credit 1,260\$ which represents collection of a customer's note by the bank for the company; principal amount of the note was 1,200\$ and interest was 60\$.

Required

- 1- ***Prepare bank reconciliation of September 30, 2011.***
- 2- ***Prepare the journal entries necessary to adjust the accounts.***

Jarir Co., Bank Reconciliation Form

General Journal

[illegible]



Activity 11

QATAR BANK Doha City Branch BANK STATEMENT

Statement of Current Account	Account Name	Innovative Business Strategies			
	Account Number	87421 56284			
Date	Particulars	Debit	Credit	Balance	
Nov 1	Brought forward			95821	Cr
	Deposit		1255	97076	Cr
3	Ch 4552	1985		95091	Cr
5	Ch 4553	6972		88119	Cr
7	EFT (Wages)	3540		84579	Cr
8	Deposit		3350	87929	Cr
9	Deposit		645	88574	Cr
12	Deposit		5800	94374	Cr
14	EFT (Wages)	3540		90834	Cr
15	Deposit		250	91084	Cr
18	EFT (Q Tel)	1285		89799	Cr
19	Qatar Furnishings (Deposit)		1100	90899	Cr
21	EFT (Wages)	3540		87359	Cr
	Deposit		3985	91344	Cr
24	Ch 4555	4000		87344	Cr
28	EFT (Wages)	3540		83804	Cr
30	Bank charge (EFT Transfers)	125		83679	Cr
	Bank charges (EFTPOS fees)	75		83604	Cr

CASH BOOK - INNOVATIVE BUSINESS STRATEGIES

DATE	REF	PARTICULARS	DEBIT	CREDIT	BALANCE	Dr
Nov 1		Balance			95821	Dr
	Rec 678	Hamad Hospital	1255		97076	Dr
Nov 3	Ch 4552	Gulf Publishers		1985	95091	Dr
Nov 5	Ch 4553	Qatar Computers		6972	88119	Dr
Nov 7	EFT	Wages		3540	84579	Dr
Nov 8	Rec 679	Apollo Real Estate	3350		87929	Dr
Nov 9	CRS	Cash Sales	645		88574	Dr
Nov 12	Rec 680	Qatar Luxury Cruisers	5670		94244	Dr
	CRS	Cash Sales	130		94374	Dr
Nov 13	Ch4554	Sulaiti Stationery		857	93517	Dr
Nov 14	EFT	Wages		3540	89977	Dr
Nov 15	CRS	Cash Sales	250		90227	Dr
Nov 18	EFT	Q Tel		1285	88942	Dr
Nov 21	CRS	Cash Sales	475		89417	Dr
	EFTPOS	Sales	860		90277	Dr
	Rec 681	Doha Florists	2650		92927	Dr
	EFT	Wages		3540	89387	Dr
Nov 24	Ch 4555	Qatar computers		4000	85387	Dr
Nov 26	Ch 4556	Aziz Real Estate		4120	81267	Dr
Nov 28	EFT	Wages		3540	77727	Dr
Nov 30	EFTPOS	Sales	675		78402	Dr

Innovative Business Strategies

Ledger (extract)

Date	Particulars	Debit	Credit	Balance	
Nov 1	Balance			95821	Dr

Innovative Business Strategies

Bank Reconciliation Form

General Journal

[illegible]



Activity 12

Petty Cash

Qatar Company established on January 1st, 2015, a \$150 petty cash fund with Ahmed as a petty cashier. When the fund balance reached \$30 cash at the end of the month, Ahmed prepared a petty cash payment report with follows.

Petty Cash Payments Report

Date	Voucher No.	Account Charged	Amount paid	Approved by	Received by
2015/1/2	100	Fuel Expense	29	Ahmed	Nagi
2015/1/5	101	Supplies Expense	18	Ahmed	Mohamed
2015/1/15	102	Delivery Expense	32	Ahmed	Ali
2015/1/25	103	Miscellaneous Expense	41	Ahmed	Faleh
	Total		120		

Required

1- Prepare general journal entries to record:

a- Establishment of the petty cash fund.

b- Reimbursement of the fund

c- Reimbursement of the fund if the balance is \$20

d- Reimbursement of the fund if the balance is \$50

PETTY CASH VOUCHER

Qatar Company

ABN 963 587 214 55

Voucher No 100

Date

Details \$

Signed Approved

PETTY CASH VOUCHER

Qatar Company

ABN 963 587 214 55

Voucher No 102

Date

Details \$

Signed Approved

PETTY CASH VOUCHER

Qatar Company

ABN 963 587 214 55

Voucher No 101

Date

Details \$

Signed Approved

PETTY CASH VOUCHER

Qatar Company

ABN 963 587 214 55

Voucher No 103

Date

Details \$

Signed Approved

[illegible]

General Journal

[illegible]