# Micro Busnisse Year 12 Semester 2 & 1

# Business

#### **Copyright:**

© Qatar Banking Studies and Business Administration Independent Secondary School

Qatar Banking Studies and Business Administration :Telephone 44876351 974+

Independent Secondary School :Facsimile 42417211 974+

31202 PO Box DOHA QATAR

All rights reserved. This work has been produced by Learning Innovation and Development, Holmesglen Institute of TAFE, for Qatar Banking Studies and Business Administration Independent Secondary School.

© This work is copyright. No part may be reproduced except in accordance with the Copyright Act or with the written permission of Qatar Banking Studies and Business Administration Independent Secondary School.

#### **Disclaimer:**

The views expressed in this publication do not necessarily represent the views of Qatar Banking Studies and Business Administration Independent Secondary School. Qatar Banking Studies and Business Administration Independent Secondary School does not give warranty nor accept any liability in relation to the content of this work. No person should rely on the contents of this publication without first obtaining advice from a qualified professional person.

This publication is distributed on the terms and understanding that the authors, consultants and editors are not responsible for the results of any actions taken on the basis of information in this publication, nor for any error in or omission from this publication and the publisher is not engaged in rendering legal, accounting, professional or other advice or services.

The publisher, and the authors, consultants and editors, expressly disclaim all and any liability and responsibility to any person, whether a purchaser or reader of this publication or not, in respect of anything, and of the consequences of anything, done or omitted to be done by any such person in reliance, whether wholly or partially, upon the whole or any part of the contents of this publication. Without limiting the generality of the above, no author, consultant or editor shall have any responsibility for any act or omission of any other author, consultant or editor.

#### **Published by:**

 Qatar Banking Studies and Business Administration Independent Secondary School

PO Box 31202 DOHA QATAR

**Telephone:** +974 44876351

**Facsimile:** +974 42417211

 Printed for Qatar Banking Studies and Business Administration Independent Secondary School

First published: February 2013

Version 2

Reviewed: May 2017 Version 4

#### **Acknowledgements:**

These resources were developed by the Qatar Commercial Education Project Team in the State of Qatar, in conjunction with Holmesglen Institute of TAFE in Melbourne, Australia. Holmesglen Institute of TAFE would like to acknowledge the contribution made by:

Mr Warren Wilkinson
 Mr Graham Smith
 Mrs Ann Steindl
 Australian Team Project Manager
 Business/Banking Teaching Adviser
 Business/Banking Teaching Adviser

Particular acknowledgment of the management team and teachers of the Qatar Banking Studies and Business Administration Independent Secondary School for boys, lead by:

Mr Ahmed Yousef Al Mahmoud
 Principal

Mr Abd Al Aziz Al Jaber
 Deputy Principal, Facilities and Infrastructure

Mr Ahmed Rashed Al Homayde
 Deputy Principal, Administration and Student Affairs

Mr Ashraf Metwalli
 Deputy Principal, Academic subjects

Mr Wael Soliman Abounayel
 Co-ordinator, Vocational subjects

All of the teaching staff at Qatar Banking Studies and Business Administration Independent Secondary School who have made a contribution to the development of these resources.

Refinement and editing of education content has been further developed by the Learning Innovation and development department at Holmesglen Institute of TAFE, in particular:

Ms Grisel Arancio
 Administration and template design

Ms Krystal Robinson

| About this Learner Resource   | 1   |
|---|-----|
| How will I be assessed?   | 1   |
| Copyright   | 1   |
| About this unit   | 3   |
| Introduction  | 5   |
| Review of the accounting process  | 7   |
| Maintain financial journal systems  | 10  |
| Check source documents  | 10  |
| Resolve source document errors in accordance with organisational procedures | 15  |
| Enter transactions into cash and credit journals                            | 22  |
| Total journals in accordance with organisational procedures                 | 93  |
| Prepare bank reconciliations  | 96  |
| Reconciliation of banking documents   | 96  |
| Check cash journals against bank statement to identify differences          | 100 |
| Update cash journals with relevant data from bank statements                | 104 |
| Identify discrepancies and refer to appropriate staff                       | 104 |
| Total cash journals   |     |
| Prepare regular reconciliation reports                                      | 108 |
| Maintain accounts payable and accounts receivable systems                   | 125 |
| Enter transactions into individual accounts receivable and accounts payable | 125 |
| Preparation of schedules of accounts receivable and accounts payable        |     |
| and reconcile with general ledger accounts                                  | 153 |
| Process payments for accounts payable                                       | 204 |
| Reconcile accounts payable statements with accounting records               | 204 |
| Check payment documentation   | 221 |
| Prepare statements for accounts receivable                                  | 226 |
| Produce accounts receivable statements                                      | 226 |
| Rectify discrepancies   | 237 |
|   |     |



| Follow up outstanding accounts             | 241 |
|--|-----|
| Maintain accounts receivable ledger system | 241 |
| Aged analysis of accounts receivable       | 241 |
| Follow up outstanding accounts             | 252 |
| Monitor and review credit terms            | 256 |



# **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 accounts payable and receivable.

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:



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

# Practice

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

## How will I be assessed?

In order to achieve competency in Process accounts payable and receivable

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.

# Copyright

Parts of this Learner Resource (text and graphics) may have been obtained from other sources and is reproduced within the laws and rights of copyright.



#### **About this unit:**

Welcome to the Learner Resource for Process accounts payable and receivable. In this Learner Resource you will be learning about the performance outcomes, skills and knowledge required to maintain accounts payable and accounts receivable records, including processing payments to creditors and handling overdue accounts receivable.

It is suggested that to meet all the requirements of Process accounts payable and receivable 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.

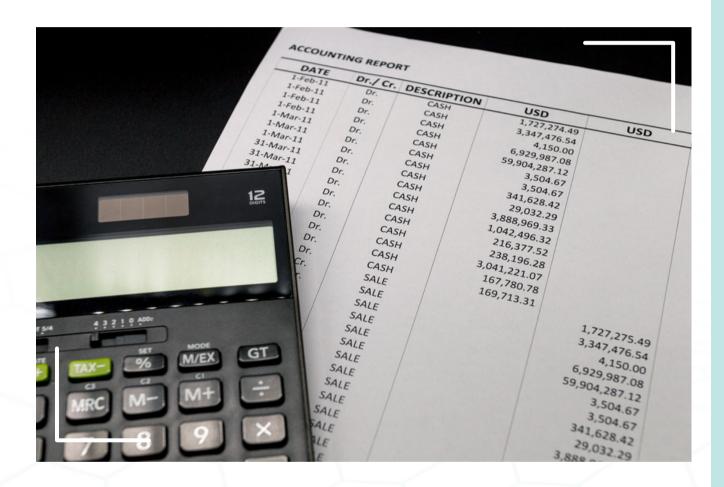
#### The topics in this Learner Resource are:

- maintain financial journal systems
- > prepare bank reconciliations
- ➤ maintain accounts payable and accounts receivable systems
- > process payments for accounts payable
- > prepare statements for accounts receivable
- > follow up outstanding accounts.





You are about to commence a vocational course where you will be required to demonstrate your competency in maintaining accounts payable and accounts receivable records, including processing payments to creditors and handling overdue accounts receivable.





# Review of the accounting process

The accounting process begins with the processing of the business documents that provide evidence of the business transaction.

Information from the business document is then summarised into specific journals (purchases, purchases returns and allowances, sales, sales returns and allowances, cash receipts, cash payments and general journal).

The journals are then posted to the ledger where individual accounts keep a continuous record of balances.

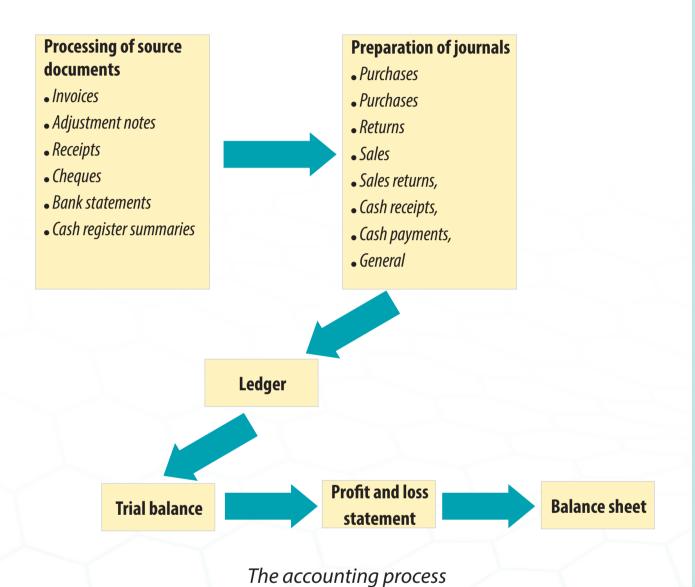
A trial balance is prepared to check that transactions have been correctly entered into the ledger and the rules for double entry have been followed.

A profit and loss statement is prepared. Expenses are calculated and deducted from the total revenues to determine how much profit the business has made.

A balance sheet is prepared. This reports the assets and liabilities of the business and indicates the net worth of the owners of the business.

Refer to the following diagram for a summary of the accounting process.

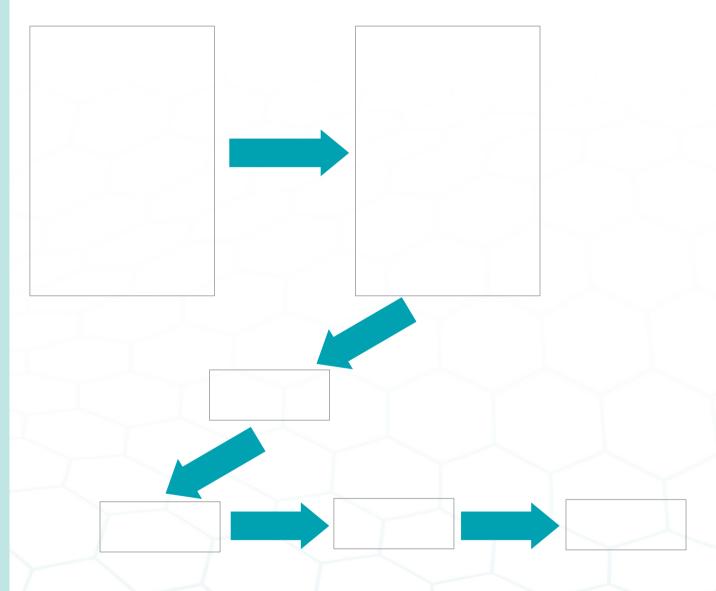






In the boxes below, write in the stages of the accounting process.

# **Accounting process**





| In the bo               | xes below    | , write in t | he stages   | of the acc | ounting p  | rocess.     |
|-------------------------|--------------|--------------|-------------|------------|------------|-------------|
| List the s<br>journals. |              | cuments      | that prov   | ide inforn | nation to  | prepare the |
| List the 7              | ' journals : | that can b   | e used in t | the accour | nting proc | ess.        |
|                         |              |              |             |            |            |             |

# Maintain financial journal systems

#### **Check source documents**

Source documents form the basis of the whole accounting system. Source documents refer to those documents we prepare to send out to other business organisations and those documents we receive from other business organisations. It is important that they are maintained, filed, authorised and accessed according to organisational policies and procedures.

Source documents are the documents that show the origins of a transaction



## **Practice activity 3**

List below as many source documents as you can think of. Next to each, describe what you believe to be the purpose of this document.

| Name of source document | Purpose |  |
|-------------------------|---------|--|
|                         |         |  |
|                         |         |  |
|                         |         |  |
|                         |         |  |
|                         |         |  |
|                         |         |  |
|                         |         |  |
|                         |         |  |
|                         |         |  |
|                         |         |  |



All source documents should be checked for accuracy. It is important to ensure that the basic information on these documents is checked as soon as possible so that appropriate corrective action can take place immediately if errors are identified.

Business organisations will develop a checklist of important information that needs to be checked. These will include:

- ➤ *Names* both customer and supplier names should be recorded accurately.
- ➤ **Contact details** information such as telephone and fax numbers, email and web addresses, postal and street addresses should all be accurate.
- ➤ **Financial data** because the financial data on the source document will be entered into the accounting system, accuracy is essential.
- ➤ **Sensitive information** all confidential data should be treated in accordance with organisational policies and procedures, privacy legislation and codes of ethics.
- ➤ **Authorisation** appropriate authorisation and signatures should appear on source documents.





| Practice ac                    | tivity     | 4           |                  |        |   |
|--------------------------------|------------|-------------|------------------|--------|---|
|                                |            |             |                  |        |   |
|                                |            |             |                  |        |   |
|                                |            |             |                  |        |   |
|                                |            |             |                  |        |   |
|                                |            |             |                  |        |   |
|                                |            |             |                  |        |   |
|                                |            |             |                  |        |   |
|                                |            |             |                  |        |   |
|                                |            |             |                  |        |   |
|                                |            |             |                  |        |   |
|                                |            |             |                  |        |   |
|                                | The second |             | or Lamber Street |        |   |
| 1972,000,000                   | Re: 100E   | Semmination | Quantity         | Volume | QATAR BANK                              |
| RECEIPT                        |            | States .    | - Marie          | -      | Al Sadd Branch                          |
| Author Committee and Statement |            |             | -                |        | 100000000000000000000000000000000000000 |

| RECEIPT QATAR LINEARY FORRESHINGS  THE below thouse All Reside  Mesopher Contracting PD has CRE  Code  Description Frynchis of sensor CMM The name of sensor CMM |  | No. 1005     | All Control  |                        |                |  |                |  | ATAR B       |        |                    |                     |    |
|--|--|--------------|--------------|------------------------|----------------|--|----------------|--|--------------|--------|--------------------|---------------------|----|
| QATAR LEXION PRESCRIBECT  THE WAY AND STATE THE STATE OF  |  |              | Distribution | affect.                | Quantity       | Volum  |                |  |              |        |                    |                     |    |
| Description Process of second and Day School Second |  |              | Retter .     |                        |                | -  |                |  | U Sadd Bra   | nigh:  |                    |                     | Т  |
| All Toold All Toold All Toold All Mourhor Contracting All Mourhor Contracting FOR Res CER Code  Description Foreign of several CNA The non-of Charles and State And Stay School - Date: 1 Linear 2012 Several by  Foreign Code  Fo |  | 1            | E100         |                        | 3              | - IMI - CONTROL OF THE PARTY OF |                |  |              |        |                    |                     |    |
| All Tarket All Tarket All Marchine Combinating All Marchine Combinating FOR Rose CERT Corket  Description Frequence of second CNN The cost of Chical States and CNN The Cost The  |  | 17           | 629          |                        | 5              | 254  | BANK           | STATEMENT  |              |        |                    |                     |    |
| Al Sold  Al Morphin Contracting  FO Aire CES  Description  Frynam of immus CN0  The cost of  Doe thousand two booked and Dity Advisor—  Date: 100000 2012 Septembly  For Cost.   |  | 13           | \$216        |                        | :6             | 900  | -              | 100000000000000000000000000000000000000  | LANGUAGE PAR | -      | Outst Louise       | Name and Address of | Н  |
| As About the Contacting  The Cost  Description  Feynore of contact Cost  The cost of  One thousand two banded and tify defect  Contact of the Cost  The cost of   |  | 1 (1         | \$10         |                        | 7              | 79   | Steren         | OF OFTERDOR Assessed   |              | 7      | Charle France      | I managed           |    |
| An Annual France At Mining State Contracting The Asset Contracting Description France of Senter Contracting The same of Does the same of two benefits and they deduce — Description 1 (Annual One) The same of The same of The same of two benefits and they deduce — The same of two benefits and they deduce — The same of two benefits and they deduce — The same of two benefits and they deduce — The same of two benefits and they deduce — The same of the  |  | - 5          | 15           |                        | N N            | -10  | 77.55          |  | Access No.   | riter  | 11221 79134        |                     | Т  |
| At Mountain Contracting PD June 4281  Description  Exposure of contract 4440  The cost of Contract 4440  Date thousand two booked and bify definer—  Date 1 (Leans 2012 Secreed by  The Cost   |  |              | Criss        |                        |                | 100  |                |  |              |        | STANSAND.          |                     |    |
| PO has 4581  Description  Exposure of section 4540  The named was banded and fifty defined—  Date: 1 Grown 2012 Section 450  Charles a FF  |  |              | i.i          |                        | 48             | 99   |                |  |              |        |                    |                     |    |
| PO has estal  Description  Exposure of section 6000  The named was booked and tilly delice of the section for  |  |              | n            |                        | 10             | 41.  | Bate           | Festivates   | 166          |        | Fredr              | Salater             | ٠  |
| Description Exposure of sentra 4040 The name of sentra 4040 The name of sentra 4040 Date 1 (January 2012 Sentement by:   |  | 1            | 18-          |                        | 12             | - 4  |                | 100000   |              |        | MATERIAL PROPERTY. |                     |    |
| Description Feynment of senter 6500 The sound of senter 6500 One thousand two bands of and 150y define - One 1 thousand 1 are bands of and 150y define - The fact of the senter of the s |  |              | 1 Per        |                        | 90             | 18   | 764            | Street board   |              |        |                    | 17164               | P  |
| Description Feynment of mental 6000 The room of One thousand two bandood and Difty defines— Date: 1 (Leanus 2012 Servered by  Charles of F   |  |              | Dir          |                        | .04            | 1.40   | -              | Mesonii  |              |        | 12656              | Chaker              | ÷  |
| Feynone of invested CHA The same of One thousand two bandeed and they define a Date: 1 (10000 2012   Deserred by  Colonian of 11 Day Colon   |  | 1.0          | N.           |                        | 50             | 236  |                |  |              |        |                    |                     | Ш  |
| Feynone of invested CHA The same of One thousand two bandeed and they define a Date: 1 (10000 2012   Deserred by  Colonian of 11 Day Colon   | -  |              | YOTAL        |                        | -              | \$623.00   | 100            | Herei  |              |        | 304                | 14000               | 43 |
| Feynmen of contract CHA The same of One thousand tree baseland and Dity defines — Date: 1 (Leanne 2012   Ownered by  Charles of H  | - [  |              |              |                        |                |  | 3              |  |              |        |                    |                     | 1  |
| The same of  One thousand tree bands of out fifty define -  Date: 10 anno 2012 Supered by  Charles of 11  For Conf.  | Description Amount   |              |              | 100                    | LICIOUSS       | WEETS  |                | 13.799   |              | 4111   |                    | 134276              | a  |
| The control One thousand two bands of and fifty define - One 1 (tenso 2012 Supered by  Charles of F  Say Cont  | -19  | \$1,290      |              | ABN 16 263 587 963     |                | 19397  | _              | 100  |              | 128676 | 4                  |                     |    |
| One thousand two baselend and fifty defines—  Date: 1 (Leanne 2012   Secured by  Colonian and the Colonian a | And the second s |              |              | _                      | THE CONTRACTOR | 110  | 6              | ELSE.  | - 1          | -      |                    | 1,00019             | ľ  |
| Date 1 Linear 2012 Secretal by Conference of the |  |              |              |                        |                | -  | 17             | 6500   |              |        |                    | 21.5%               | 1  |
| Date 1 Linear 2012 Secretal by Conference of the | Continued to the Contin |              |              | _                      | TAX INVO       | 247  |                | \$5,3540 ·   |              | 1816   |                    | 121666              | B  |
| Confuest!  |  |              |              | _                      | LAKINYO        | ICE.   | -              | A-C  | _            |        | 1251               | 196600              | 'n |
| Onland to Cont   |  | 91 Names     |              |                        |                | 700  |                | A STATE OF THE PARTY OF THE PAR |              |        | 100                | 1000                | 41 |
| Onland to Cont   | _  | F-11-11-11   |              | 43500                  | out the same   |  |                | 11190a   |              |        | 1001               | 19000               | ľ  |
| Onlant rated   |  |              |              | * 300                  | g Ches belle   | ms \$16.60   |                | Second (Torot Higgson - Till   | DATE:        |        | 631                | 1806.00             | ti |
| Onleast to Cal   |  | 10,50000     | F (A)        | * 56                   | g aboc boars   | \$37.30  |                |  | SIGN O       |        | 100                |                     | Į. |
| the Cont   |  | 7.Ohion      | Minister #   | -0110                  | -              | STATE OF   | 411            | Heroi  |              |        | 4.0                | 191160              | P  |
| CO. C.   |  |              |              | 2 Subs                 | mad .          | \$53,90  | -              |  |              |        |                    |                     | 1  |
| Find to the second   |  |              | - bee        | -                      |                | 40000  |                | 19790e   |              |        | 1811               | HUNE                | P  |
|  |  | and a second |              | Total                  |                | 551.90   |                | PAT SECTION 1  |              | 141    | _                  | 150455              | ь  |
| The eart of Test Phonesis and  | The same of The Hindred and Fifty Dollar   |              |              | And in contrast of the |                | and the second second  |                | 100000000000000000000000000000000000000  |              |        |                    |                     | Ŧ  |
| Bac (Scale)  |  | Cr. com      | Cash:        |                        | 555.00         |  | 13% Chrischest |  | 2756         |        | 10000              | P                   |    |
| -  |  |              | HEO. (6.76)  | Change                 |                | \$1.20   |                | 15,567   |              | All    |                    | 18600               | fi |
| 435.66   |  | - many       |              |                        |                |  |                |  |              |        |                    |                     | Ľ  |
|  | i  |              |              |                        |                |  | -              | STY (the tentor)   |              | 1211   |                    | 14000               | ľ  |
| W1.10277901  | di   |              |              |                        | water.         |  | 0              |  |              |        |                    |                     | ı  |
| Min State Short  | 4  |              |              |                        |                |  | -              | 1719/8 Date:   |              | 411    |                    | 199700              | m  |

Source documents form the basis of the accounting process.





For each of the source documents below, indicate what information should be checked to ensure accuracy.

| Document                 | Information to be checked for accuracy |
|--------------------------|--|
| Invoice issued           |  |
| Bank Statement           |  |
| Invoice received         |  |
| Deposit form             |  |
| Adjustment note received |  |



Refer to the invoice below. Circle the key information that should be checked for accuracy.

| Qatar Luxury Furnishings TIN 44 528 417 639 | INVOICE         |
|---|-----------------|
|   | Invoice Number: |
| 9875 Shamal<br>Road Al Khor Qatar           | B7777           |
| ·   |                 |
| 652 7895                                    | Invoice Date:   |
| ashraf@luxuryfurnishings.ga                 | 45 March 20VV   |
| 5-5-1-6-1-1-1-1-1-1-1-1-1-1-1-1-1-1-1-1-    | 15 March 20XX   |

#### **Customer Information:**

| Billing A | ddress:                 |
|-----------|-------------------------|
| Company   | Al Rayaan Constructions |
| TIN:      | 56 231 978 582          |
| Name:     | Omar Ali Hadad          |
| Address:  | PO Box 1254             |
|           | Al Rayaan               |
| Citv      | Qatar                   |

|     | Shipping Me            | thod: Courier     |          |
|-----|------------------------|-------------------|----------|
| Qty | Product Description    | Amount Each       | Amount   |
| 5   | Office Chairs - Orange | 250               | 1,250.00 |
| 3   | Deluxe Office Desks    | 425               | 1,275.00 |
|     |                        | Subtotal:         | 2,525.00 |
|     | '                      | Trade discount 5% | 126.25   |
|     |                        | Subtotal:         | 2398.75  |
|     |                        | Freight:          | 75.00    |
|     |                        | Subtotal:         | 2473.75  |
|     |                        | GST:              | 247.38   |
|     |                        | Grand Total:      | 2,721.13 |

# Resolve source document errors in accordance with organisational procedures

Documents being issued by the organisation and documents received by the organisation should be checked for accuracy. Corrections and adjustments need to be identified, reported and acted upon before the incorrect information on the document is used or recorded.

All organisations will have an organisational structure and policy and procedures in place. This will indicate to whom you should report inaccuracies and omissions. These people are likely to be a supervisor, the senior account clerk, a department manager, an accountant or financial controller.



## **Practice activity 7**

Refer to the invoice on the next page. Circle the errors. You should be able to locate four errors.



#### **Qatar Luxury Furnishings**

TIN 44 528 417 639

9875 Shamal Road Al Khor Qatar

652 7895

ashraf@luxuryfurnishings.qa

#### **INVOICE**

**Invoice Number:** 

B7777

**Invoice Date:** 

15 March 20XX

#### **Customer Information:**

#### Billing Address:

| Company  | Al Rayaan Constructions |
|----------|-------------------------|
| TIN:     | 56 231 978 582          |
| TIIV.    | 30 231 310 302          |
| Name:    | Omar Ali Hadad          |
| Address: | PO Box 1254             |
|          |                         |
|          | Al Rayaan               |
| City     | Qatar                   |
|          |                         |

Shipping Method: Courier

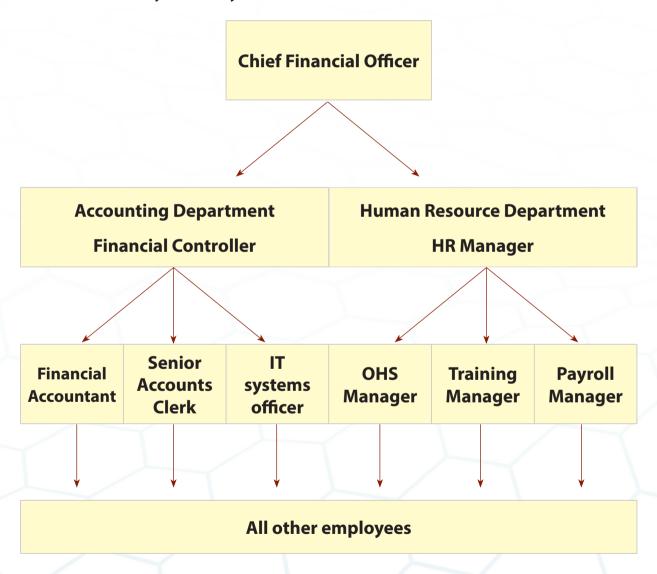
|     |                        | Codilo            |          |
|-----|------------------------|-------------------|----------|
| Qty | Product Description    | Amount Each       | Amount   |
| 3   | Office chairs – orange | 250.00            | 750.00   |
| 3   | Deluxe Office Desks    | 425.00            | 1,255.00 |
|     | 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    |
|     |                        | Subtotal:         | 387.87   |
|     |                        | GST:              | 4,266.62 |
|     |                        | Grand Total:      | 2,721.13 |
|     |                        |                   |          |





Assume you are working as an employee in the accounting department for a large insurance company. Your role is to check all invoices received.

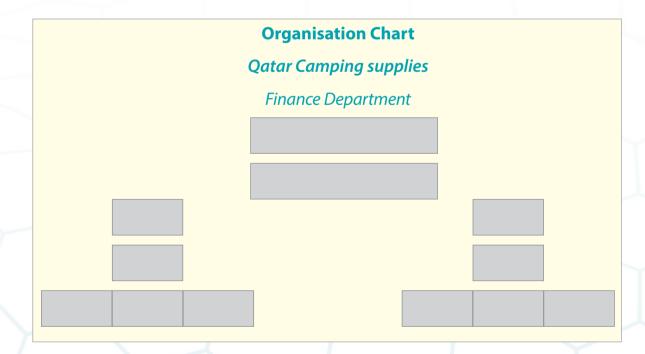
Refer to the organisational chart below and circle who you would inform of any errors you discover on the invoices.





Assume you are working as a data entry operator in the accounts receivable department of Qatar Camping Supplies. Other financial department positions are listed below. Prepare an organisation chart for Qatar Camping Supplies showing these positions.

- > Data entry operator accounts receivable department (you)
- ➤ Data entry operator accounts payable department
- ➤ Filing clerk accounts receivable department
- ➤ Filing clerk accounts payable department
- Accounts clerk accounts receivable department
- ➤ Accounts clerk accounts payable department
- > Senior accounts clerk accounts receivable department
- > Senior accounts clerk accounts payable department
- Accountant
- Chief financial officer







With reference to the organisation chart you prepared in the previous activity, answer the following questions.

| Who would you report any errors or discrepancies to?                    |
|---|
|   |
| If you were working as the filing clerk, who would you report errors to |
| If you were working as the senior account clerk, who would you refer    |
| errors to?  |
|   |

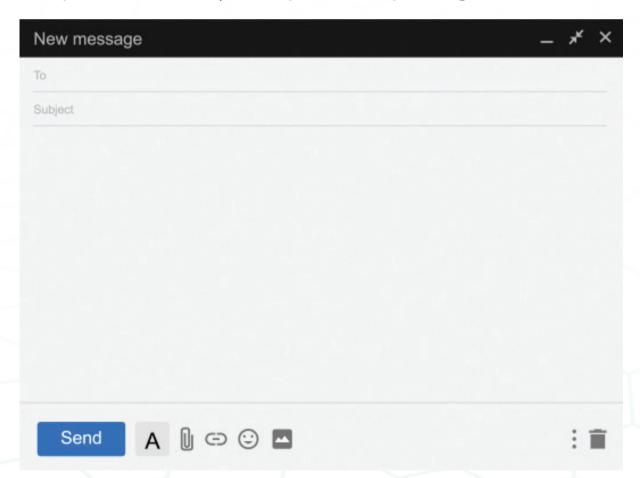




Check the accuracy of the invoice on the next page. Identify the error that has been made.

Company policy requires you to email your supervisor and advise him of any errors you discover.

Prepare an email to your supervisor explaining the error.



#### **Qatar Luxury Furnishings**

TIN 44 528 417 639

9875 Shamal Road Al Khor Qatar

652 7895

ashraf@luxuryfurnishings.qa

#### **INVOICE**

**Invoice Number:** 

B7777

**Invoice Date:** 

15 March 20XX

#### **Customer Information:**

#### Billing Address:

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

Shipping Method: Courier

| Product Description    | Amount Each       | Amount   |
|------------------------|-------------------|----------|
| Office Chairs - Orange | 250               | 1,250.00 |
| Deluxe Office Desks    | 425               | 1,275.00 |
|                        | Subtotal:         | 1,775.00 |
|                        | Trade discount 5% | 88.75    |
|                        | Subtotal:         | 1,686.25 |
|                        | Freight:          | 50.00    |
|                        | Subtotal:         | 1,736.25 |
|                        | GST:              | 247.48   |
|                        | Grand Total:      | 1,983.73 |



# Enter transactions into cash and credit journals

The first step in the accounting process is to record transactions into their respective journals. Depending on the size of the business and the type of business activity undertaken by the organisation, different journals will be used.

For example, a small business with few transactions will only require a general journal. However, larger organisations with many transactions will want to record the different types of transactions into specialised journals.

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

A journal is another name for a 'book' used to record specialised business transactions. Journals are a summary of all of the source documents that provide evidence of the same type of business transaction.

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 accounting purposes, cash is 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 previously.

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 cash 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/VAT. Our accounting records must show the GST/VAT received and paid.



# G S T (Goods & Services Tax) V A T (Value Added Tax)

It is planned that a VAT will be introduced into the GCC countries from the beginning of the 2018 year. In Qatar, the rate of the VAT will most likely be 5%. In Australia, the system is known as GST and the current rate is 10%. The UK uses a similar system and their rate of VAT is 20% on most goods.

The concept of a GST/VAT is that everyone pays an additional rate (5%, 10%, 20%) on all goods and services. The suppliers of the goods and services that collect this tax when they sell goods or services must then pass on the money to the government.

Let's look at the following example of how GST in Australia is calculated using the rate of 10%.

Let's assume the sub-total of an invoice (before GST/VAT) comes to \$650.10% of this figure is \$65. Therefore, the invoice total will be \$715 (650 + 65).

If we already know the total of the invoice amount and we want to know the GST component we divide by 11. For example, if the invoice total is \$110, the GST amount will be \$10 (110  $\div$  11). This means \$10 of the \$110 represents GST and will have to be sent to the government. The remaining \$100 represents the sales amount that the vendor retains themselves. Therefore, our accounting system needs to be able to record these figures.



# Practice

# **Practice activity 12**

Calculate the GST component of the following invoice totals. (Round up to the nearest cent)

| 1. \$550.00           |  |
|-----------------------|--|
| <b>2.</b> \$1,320.00  |  |
| <b>3.</b> \$1,683.00  |  |
| 4. \$4,320.00         |  |
| <b>5.</b> \$12,850.00 |  |



Calculate the *GST and totals* from the following invoice sub-totals.

| <b>1.</b> \$850       |  |  |  |
|-----------------------|--|--|--|
| <b>2.</b> \$5,600     |  |  |  |
| <b>3.</b> \$8,320.00  |  |  |  |
| 4. \$12,995.30        |  |  |  |
| <b>5.</b> \$14,612.55 |  |  |  |

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

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

Let's look at how we enter the details from our receipts into our cash receipts journal.

| RE             | RECEIPT   |  |  |  |  |  |  |
|----------------|-----------|--|--|--|--|--|--|
| 3 January 20xx | No 179    |  |  |  |  |  |  |
| Received from  | A Masood  |  |  |  |  |  |  |
| For            | Carpentry |  |  |  |  |  |  |
| Amount         | 1,200.00  |  |  |  |  |  |  |
| GST            | 120.00    |  |  |  |  |  |  |
| Total          | 1,320.00  |  |  |  |  |  |  |

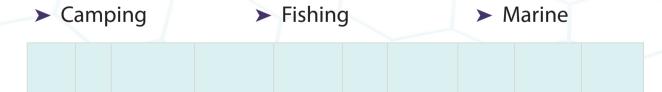
| REC            | EIPT      |
|----------------|-----------|
| 4 January 20xx | No 180    |
| Received from  | M Al Said |
| For            | Plumbing  |
| Amount         | 700.00    |
| GST            | 70.00     |
| Total          | 770.00    |

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



# **Practice activity 14**

Qatar Camping Supplies uses the following analysis of its receipts for its cash receipts journal. Prepare the headings for the cash receipts journal.







We will now use our source documents to prepare a cash receipts journal. The relevant information from each different type of source document will be recorded in the cash receipts journal in date order.

| RECEIPT               |                        |            |   |                       |             |          | RECEIPT |                   |            |
|-----------------------|------------------------|------------|---|-----------------------|-------------|----------|---------|-------------------|------------|
|                       | 1 October 20xx         | No 211     |   |                       |             | 4 Janua  | ary     | 20xx No 2         | 12         |
|                       | Received from          | J Al Ghani | m |                       |             | Receive  | ed 1    | from H Al         | Thani      |
|                       | For                    | Furniture  |   |                       |             | For      |         | Carp              | et         |
|                       | Amount 11,250.00       |            |   |                       | Amoun       | ıt       |         | 12,450.00         |            |
|                       | GST 1,125.00           |            |   |                       | GST         |          |         | 1,245.00          |            |
|                       | <b>Total</b> 12,375.00 |            |   | 375.00                |             | Total    | l       |                   | 13,695.00  |
|                       | Cash Register Su       | mmary      |   | Cash R                | egister Sum | mary     |         | Cash Registe      | er Summary |
|                       | 1 October 20xx         |            |   | 2 Octo                | ber 20xx    |          |         | 3 October 20x     | Х          |
|                       | Furniture              | 0          |   | Furnit                | ure         | 800.00   |         | Furniture         | 0          |
|                       | Furnishing             | 0          |   | Furnis                | hing        | 600.00   |         | Furnishing        | 0          |
|                       | Carpet                 | 250.00     |   | Carpet                |             | 0        |         | Carpet            | 200.00     |
|                       | Kitchen                | 175.00     |   | Kitche                | n           | 0        |         | Kitchen           | 855.00     |
|                       | Other                  | \$0        |   | Other                 |             | 0        |         | Other             | 0          |
|                       | Sub Total              | 425.00     |   | Sub To                | tal         | 1,400.00 |         | Sub Total         | 1,055.00   |
|                       | GST                    | 42.50      |   | GST                   |             | 140.00   |         | GST               | 105.50     |
|                       | Total                  | 467.50     |   | Tota                  | l 1         | ,540.00  |         | Total             | 1,160.50   |
| Cash Register Summary |                        |            |   | Cash Register Summary |             |          |         | <b>EFTPOS Sum</b> | mary       |
|                       |                        |            |   |                       |             |          |         | 3 October 20x     | Х          |
|                       | 4 October 20xx         |            |   | 5 Octo                | ber 20xx    |          |         | Furniture         | 2,125.00   |
|                       | Furniture              | 0          |   | Furnit                | ure         | 0        |         | Furnishing        | 11,850.00  |
|                       | Furnishing             | 0          |   | Furnis                | hing        | 0        |         | GST               | 1,397.50   |
|                       | Carpet                 | 0          |   | Carpet                |             | 415.00   |         | Total             | 15,372.50  |
|                       | Kitchen                | 0          |   | Kitche                | n           | 280.00   |         | EFTPOS Sun        | nmary      |
|                       | Other                  | 50.00      |   | Other                 |             | 395.00   |         | 4 October 20x     | Х          |
|                       |                        |            |   |                       |             |          |         | Other             | 955.00     |
|                       | Sub Total              | 50.00      |   | Sub To                | tal         | 1,090.00 |         |                   |            |
|                       | GST                    | 5.00       |   | GST                   |             | 109.00   |         | GST               | 95.50      |
|                       | Total                  | 55.00      |   | Tota                  | l 1         | ,199.00  |         | Total             | 1,050.50   |



|    |           |              |           | Cash Re     | Cash Receipts Book |                       |          |                  |           |
|----|-----------|--------------|-----------|-------------|--------------------|-----------------------|----------|------------------|-----------|
|    | Reference | Particulars  | Furniture | Furnishings | Carpet             | Kitchen<br>appliances | Other    | GST<br>collected | Bank      |
| er | Rec. 211  | J Al Ghanim  | 11,250.00 |             |                    |                       |          | 1,125.00         |           |
|    | CRS       | Cash sales   |           |             | 250.00             | 175.00                |          | 42.50            | 12,842.50 |
| er | CRS       | Cash sales   | 800.00    | 00.009      |                    |                       |          | 140.00           | 1,540.00  |
| er | Rec. 212  | H Al Thani   |           |             | 12,450.00          |                       |          | 1,245.00         |           |
|    | CRS       | Cash sales   |           |             | 200.00             | 855.00                |          | 105.50           | 14,855.50 |
|    | EFTPOS    | EFTPOS sales | 2,125.00  | 11,850.00   |                    |                       |          | 1,397.50         | 15,372.50 |
| er | CRS       | Cash sales   |           |             |                    |                       | 20.00    | 2.00             | 55.00     |
|    | EFTPOS    | EFTPOS sales |           |             |                    |                       | 955.00   | 95.50            | 1,050.50  |
| er | CRS       | Cash sales   |           |             | 415.00             | 280.00                | 395.00   | 109.00           | 1,199.00  |
|    |           |              | 14,175.00 | 12,450.00   | 13,315.00          | 1,310.00              | 1,400.00 | 4,265.00         | 46,915.00 |

When proceeds from receipts and cash register takings are banked together on the one day and recorded on the one bank deposit form, only the tal of the deposit form is inserted into the bank column, not separate amounts. See the deposit on 1 October for 12,842.50 and 3 October for 4,855.50.

epresents the total of the money received, eg sale plus the GST separate column records the GST our business has FTPOS summaries are recorded separately as they appear separately on the bank statement. he bank column collected.





| List the source documents used to prepare the cash receipts journal. |  |
|--|--|
|  |  |
|  |  |
|  |  |
|  |  |



## **Practice activity 16**

Alaa's Cleaning Service provides cleaning services to commercial towers, villas and compounds in Doha.

# He receives income from the following sources:

- ➤ Cleaning residential *towers*
- ➤ Cleaning residential *villas*
- ➤ Cleaning commercial *offices*

Use the following source documents to prepare a cash receipts journal for Alaa's Cleaning service for the month of September. Complete the headings for the cash receipts journal using the income sources highlighted above



| RECEIPT          |                |  |  |  |
|------------------|----------------|--|--|--|
| 1 September 20xx | No 241         |  |  |  |
| Received from    | M Al Ari       |  |  |  |
| For              | Tower cleaning |  |  |  |
| Amount           | 1,200.00       |  |  |  |
| GST              | 120.00         |  |  |  |
| Total            | 1,320.00       |  |  |  |

| RECEIPT          |                     |  |  |  |
|------------------|---------------------|--|--|--|
| 5 September 20xx | No 242              |  |  |  |
| Received from    | Aspire              |  |  |  |
| For              | Commercial cleaning |  |  |  |
| Amount           | 680.00              |  |  |  |
| GST              | 68.00               |  |  |  |
| Total            | 748.00              |  |  |  |

| RECEIPT           |                |  |  |  |
|-------------------|----------------|--|--|--|
| 17 September 20xx | No 243         |  |  |  |
| Received from     | N Al Jaber     |  |  |  |
| For               | Other cleaning |  |  |  |
| Amount            | 185.00         |  |  |  |
| GST               | 18.50          |  |  |  |
| Total             | 203.50         |  |  |  |

| RECEIPT           |                |  |  |  |
|-------------------|----------------|--|--|--|
| 21 September 20xx | No 242         |  |  |  |
| Received from     | Nasser Gardens |  |  |  |
| For               | Villa cleaning |  |  |  |
| Amount            | 1,125.00       |  |  |  |
| GST               | 112.50         |  |  |  |
| Total             | 1,237.50       |  |  |  |

| EFTPOS Summary   |          |  |  |
|------------------|----------|--|--|
| 7 September 20xx |          |  |  |
| Tower            | 2,125.00 |  |  |
| cleaning         |          |  |  |
| Commercial       | 1,185.00 |  |  |
| cleaning         |          |  |  |
| GST              | 331.00   |  |  |
| Total            | 3,641.00 |  |  |

| <b>EFTPOS Summary</b> | 1      |
|-----------------------|--------|
| 21 September 20xx     |        |
| Other                 | 450.00 |
| cleaning              |        |
|                       |        |
|                       |        |
| GST                   | 45.00  |
| Total                 | 495.00 |
|                       |        |

| EFTPOS Summary    |          |  |
|-------------------|----------|--|
| 30 September 20xx |          |  |
| Villa             | 3,500.00 |  |
| cleaning          |          |  |
| Tower             | 350.00   |  |
| cleaning          |          |  |
| GST               | 385.00   |  |
| Total             | 4,235.00 |  |

| Cash Register Summary |          |  |
|-----------------------|----------|--|
| 17 September 20       |          |  |
| Tower                 | 855.00   |  |
| Villa                 | 215.00   |  |
| Commercial            | 440.00   |  |
| Other                 | 50.00    |  |
| Sub Total             | 1,560.00 |  |
| GST                   | 156.00   |  |
| Total                 | 1,716.00 |  |

| Cash Register Summary |          |  |
|-----------------------|----------|--|
| 28 September 20       |          |  |
| Tower                 | 240.00   |  |
| Villa                 | 365.00   |  |
| Commercial            | 284.00   |  |
| Other                 | 605.00   |  |
| Sub Total             | 1,494.00 |  |
| GST                   | 149.40   |  |
| Total                 | 1,643.40 |  |
|                       |          |  |



|                        | Bank             |  |  |  |  |
|------------------------|------------------|--|--|--|--|
|                        | GST<br>collected |  |  |  |  |
|                        | Other            |  |  |  |  |
|                        |                  |  |  |  |  |
|                        |                  |  |  |  |  |
|                        |                  |  |  |  |  |
|                        |                  |  |  |  |  |
| Cash Receipts Book of: | Particulars      |  |  |  |  |
| eipts Book of :        | Reference        |  |  |  |  |
| Cash Rec               | Date             |  |  |  |  |



Use the following source documents to prepare the cash receipts journal for Qatar Camping Supplies.

| RECEIPT       |         |        |  |
|---------------|---------|--------|--|
| 12 Mar 20xx   | No 853  |        |  |
| Received from | A Saeed |        |  |
| For           | Fishing |        |  |
| Amount        |         | 700.00 |  |
| GST           |         | 70.00  |  |
| Total         |         | 770.00 |  |

| RECEIPT       |             |  |  |
|---------------|-------------|--|--|
| 18 Mar 20xx   | No 854      |  |  |
| Received from | R Abdulaziz |  |  |
| For           | Camping     |  |  |
| Amount        | 540.00      |  |  |
| GST           | 54.00       |  |  |
| Total         | 594.00      |  |  |

| Cash Register Summary |          |
|-----------------------|----------|
| 8 Mar 20xx            |          |
| Camping               | 225.00   |
| Fishing               | 80.00    |
| Marine                | 1,250.00 |
| Other                 |          |
| Sub Total             | 1,555.00 |
| GST                   | 155.50   |
| Total                 | 1,710.50 |

| <b>Cash Register Summary</b> |          |  |
|------------------------------|----------|--|
| 15 Mar 20xx                  |          |  |
| Camping                      | 650.00   |  |
| Fishing                      | 390.00   |  |
| Marine                       | 2,600.00 |  |
| Other                        | 185.00   |  |
| Sub Total                    | 3,825.00 |  |
| GST                          | 382.50   |  |
| Total                        | 4,207.50 |  |

| Cash Register S | ummary   |
|-----------------|----------|
| 22 Mar 20xx     |          |
| Camping         | 1,252.00 |
| Fishing         | 1,750.00 |
| Marine          | 800.00   |
| Other           |          |
| Sub Total       | 3802.00  |
| GST             | 380.20   |
| Total           | 4,182.20 |

| <b>Cash Register Summary</b> |          |
|------------------------------|----------|
| 29 Mar 20xx                  |          |
| Camping                      | 890.55   |
| Fishing                      | 1,412.35 |
| Marine                       | 4,078.00 |
| Other                        | 185.00   |
| Sub Total                    | 6380.90  |
| GST                          | 638.09   |
| Total                        | 7,018.99 |

| EFTPOS Summary |         |  |  |
|----------------|---------|--|--|
| 3 Mar 20xx     |         |  |  |
| Camping        | 2125.00 |  |  |
| Fishing        |         |  |  |
| Marine         |         |  |  |
| Sub Total      | 2125.00 |  |  |
| GST            | 212.50  |  |  |
| Total          | 2337.50 |  |  |
|                |         |  |  |

| EFTPOS Sumr | nary     |
|-------------|----------|
| 19 Mar 20xx |          |
| Camping     |          |
| Fishing     | 1,400.50 |
| Marine      |          |
| Sub Total   | 1,400.50 |
| GST         | 140.05   |
| Total       | 1,540.55 |
|             |          |

| EFTPOS Summary |        |  |
|----------------|--------|--|
| 10 Mar 20xx    |        |  |
| Camping        | 316.50 |  |
| Fishing        |        |  |
| Marine         |        |  |
| Sub Total      | 316.50 |  |
| GST            | 31.65  |  |
| Total          | 348.15 |  |
|                |        |  |

| EFTPOS Summary |          |  |
|----------------|----------|--|
| 25 Mar 20xx    |          |  |
| Camping        |          |  |
| Fishing        |          |  |
| Marine         | 6,855.00 |  |
| Sub Total      | 6,855.50 |  |
| GST            | 685.50   |  |
| Total          | 7,540.50 |  |
|                |          |  |



|                        | Bank             |  |  |  |  |
|------------------------|------------------|--|--|--|--|
|                        | GST<br>collected |  |  |  |  |
|                        | Other            |  |  |  |  |
|                        |                  |  |  |  |  |
|                        |                  |  |  |  |  |
|                        |                  |  |  |  |  |
|                        |                  |  |  |  |  |
|                        | Particulars      |  |  |  |  |
| Cash Receipts Book of: | Reference        |  |  |  |  |
| Cash Rec               | Date             |  |  |  |  |

Use the following source documents to prepare the cash receipts journal for Qatar Copy Centre. Insert your own headings in the cash receipts journal.

| RECEIPT       |          |        |  |  |
|---------------|----------|--------|--|--|
| 2 Apr 20xx    | No 207   |        |  |  |
| Received from | R Khalid |        |  |  |
| For           | Printing |        |  |  |
| Amount        |          | 395.00 |  |  |
| GST           |          | 39.50  |  |  |
| Total         |          | 434.50 |  |  |

| RECEIPT       |                 |  |  |
|---------------|-----------------|--|--|
| 8 Apr 20xx    | No 208          |  |  |
| Received from | Asha Industries |  |  |
| For           | Copying         |  |  |
| Amount        | 736.50          |  |  |
| GST           | 73.65           |  |  |
| Total         | 810.15          |  |  |

| RECEIPT       |                    |  |
|---------------|--------------------|--|
| 25 Apr 20xx   | No 209             |  |
| Received from | Nassar Contracting |  |
| For           | Stationery         |  |
| Amount        | 2,870.00           |  |
| GST           | 287.00             |  |
| Total         | 3,157.00           |  |

| RECEIPT       |          |       |  |  |
|---------------|----------|-------|--|--|
| 28 Apr 20xx   | No 210   |       |  |  |
| Received from | F Sulati |       |  |  |
| For           | Copying  |       |  |  |
| Amount        |          | 70.00 |  |  |
| GST           |          | 7.00  |  |  |
| Total 77.00   |          |       |  |  |

| Cash Register S | ummary   |
|-----------------|----------|
| 7 Apr 20xx      |          |
| Printing        | 360.00   |
| Copying         |          |
| Stationery      |          |
| Other           |          |
| Sub Total       | 1,360.00 |
| GST             | 136.00   |
| Total           | 1,496.00 |

| <b>Cash Register</b> | Summary  |
|----------------------|----------|
| 14 Apr 20xx          |          |
| Printing             | 2,400.00 |
| Copying              | 1,300.00 |
| Stationery           | 80.00    |
| Other                |          |
| Sub Total            | 3,780.00 |
| GST                  | 378.00   |
| Total                | 4,158.00 |



| Cash Register Summary |          |  |
|-----------------------|----------|--|
| 21 Apr 20xx           |          |  |
| Printing              |          |  |
| Copying               |          |  |
| Stationery            | 2,050.00 |  |
| Other                 |          |  |
| Sub Total             | 2,050.00 |  |
| GST                   | 205.00   |  |
| Total                 | 2,255.00 |  |

| Cash Register S | ummary   |
|-----------------|----------|
| 28 Apr 20xx     |          |
| Printing        |          |
| Copying         | 986.00   |
| Stationery      |          |
| Other           |          |
| Sub Total       | 986.00   |
| GST             | 98.60    |
| Total           | 1,084.60 |

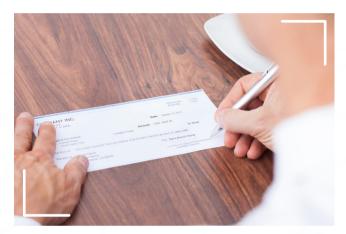
| EFTPOS Sumr | mary     |
|-------------|----------|
| 14 Apr 20xx |          |
| Printing    |          |
| Copying     | 1,000.00 |
| Stationery  |          |
| Sub Total   | 1,000.00 |
| GST         | 100.00   |
| Total       | 1,100.00 |
|             |          |

| EFTPOS Summai | ry     |
|---------------|--------|
| 26 Apr 20xx   |        |
| Printing      |        |
| Copying       |        |
| Stationery    | 623.50 |
| Sub Total     | 623.50 |
| GST           | 62.35  |
| Total         | 685.85 |
|               |        |

|                        | Bank        |  |  |  |  |
|------------------------|-------------|--|--|--|--|
|                        | GST         |  |  |  |  |
|                        | Other       |  |  |  |  |
|                        |             |  |  |  |  |
|                        |             |  |  |  |  |
|                        |             |  |  |  |  |
|                        |             |  |  |  |  |
|                        | Particulars |  |  |  |  |
| Cash Receipts Book of: | Reference   |  |  |  |  |
| Cash Rece              | Date        |  |  |  |  |

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 cheque stub is a source document for the cash payments journal.

The cheque is the main source document for the cash payments journal

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 figure is indicated. Some expenses will be exempt from GST eg wages, bank charges and government charges. The cash payments journal will have a column for GST paid.

The cash payments journal will be prepared from the information on the cheque stub. The GST is calculated in the same way.



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

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

Let's look at how we enter the details from our source documents (cheque stub) into our cash payments journal.

| Chec           | jue Stub      |
|----------------|---------------|
| 5 January 20xx | No 295        |
| Paid to        | Doha Hardware |
| For            | Tools         |
| Amount         | 575.00        |
| GST            | 57.50         |
| Total          | 632.50        |

| Chec           | que Stub         |
|----------------|------------------|
| 6 January 20xx | No 296           |
| Paid to        | West Bay Petrol  |
| For            | Vehicle expenses |
| Amount         | 75.00            |
| GST            | 7.50             |
| Total          | 82.50            |

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



The following source documents (cheque stubs and EFT summaries) enable us to prepare the cash payments journal. Read through the following example.

| Cheque         | Stub            |
|----------------|-----------------|
| 1 October 20xx | lo 2457         |
| Paid to [      | Ooha Furnishing |
| [              | Dist            |
| For F          | Purchases       |
| Amount         | 5,800.00        |
| GST            | 580.00          |
| Total          | 6,380.00        |

| Cheq           | jue Stub       |
|----------------|----------------|
| 3 October 20xx | No 296         |
| Paid to        | Al Amari Trust |
|                |                |
| For            | Rent           |
| Amount         | 6,500.00       |
| GST            | 650.00         |
| Total          | 7,150.00       |



## **Cheque Stub**

3 October 20xx No 2459

**Doha Furnishing** Paid to

Dist

Purchasing/freight For 6,500.00/350.00 Amount GST \$685.00

**Total** 7,535.00

#### **Cheque Stub**

5 October 20xx No 7284

Paid to QFS wll

**Purchases** For

**Amount** 8,250.00 GST 825.00

**Total** 9,075.00

#### **EFT Summary**

Date 5 October Paid to Kahramaa For Government fee

Amount 545.00 GST Exempt 545.00 **Total** 

### **EFT Summary**

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

**Total** 



|                   |           |                        |           | Cash R  | Cash Receipts Book |          |        |          |           |
|-------------------|-----------|------------------------|-----------|---------|--------------------|----------|--------|----------|-----------|
| Date              | Reference | Particulars            | Purchases | Freight | Wages              | Rent     | Other  | GST paid | Bank      |
| 1 October Ch 2457 | Ch 2457   | Doha Furn Dist         | 5,800.00  |         |                    |          |        | 280.00   | 6,380.00  |
| 3 October Ch 2458 | Ch 2458   | Al Amari Trust         |           |         |                    | 6,500.00 |        | 650.00   | 7,150.00  |
| 3 October Ch 2459 | Ch 2459   | Doha Furn Dist         | 6,500.00  | 350.00  |                    |          |        | 685.00   | 7,535.00  |
| 5 October Ch 2460 | Ch 2460   | QFS wII                | 8,250.00  |         |                    |          |        | 825.00   | 9,075.00  |
| 5 October         | EFT       | Kahramaa –<br>Govt fee |           |         |                    |          | 545.00 |          | 545.00    |
| 5 October         | EFT       | Wages                  |           |         | 1,750.00           |          |        |          | 1,750.00  |
|                   |           |                        | 20,550.00 | 350.00  | 1,750.00           | 6,500.00 | 545.00 | 2,740.00 | 32,435.00 |





Alaa's Cleaning Service provides cleaning services to commercial towers, villas and compounds in Doha.



## He likes to analyse his expenses using the following headings:

- ➤ Rent
- ➤ Supplies
- ➤ Wages

- ➤ Freight
- ➤ Other Expenses

Use the following source documents to prepare a cash payments journal for Alaa's Cleaning service for the month of September. Complete the headings for the cash payments journal using the expense headings above.

| Chequ            | ie Stub     |
|------------------|-------------|
| 5 September 20xx | No 2459     |
| Paid to          | Qatar Clean |
| For              | Supplies    |
| Amount           | 6,500.00    |
| GST              | 650.00      |
| Total            | 7,150.00    |

| Cheque Stub       |           |  |  |
|-------------------|-----------|--|--|
| 14 September 20xx | No 243    |  |  |
| Paid to           | M Ibrihim |  |  |
| For               | Wages     |  |  |
| Amount            | 3,000.00  |  |  |
| GST               |           |  |  |
| Total             | 3,000.00  |  |  |
|                   |           |  |  |

| Cheque Stub       |                    |  |  |  |
|-------------------|--------------------|--|--|--|
| 14 September 20xx | No 242             |  |  |  |
| Paid to           | Apollo Real Estate |  |  |  |
| For               | Rent               |  |  |  |
| Amount            | 2,500.00           |  |  |  |
| GST               | 250.00             |  |  |  |
| Total             | 2,750.00           |  |  |  |

| Cheque Stub       |             |  |
|-------------------|-------------|--|
| 30 September 20xx | No 244      |  |
| Paid to           | Qatar Clean |  |
| For               | Suppliers   |  |
| Amount            | 2,450.00    |  |
| GST               | 245.00      |  |
| Total             | 2,695.00    |  |



| EFT Summary |               |  |
|-------------|---------------|--|
| Date        | 7 September   |  |
| Paid to     | Qatar Courier |  |
| For         | Freight       |  |
| Amount      | 120.00        |  |
| GST         | 12.00         |  |
| Total       | 132.00        |  |

| EFT Summary             |              |  |
|-------------------------|--------------|--|
| Date                    | 21 September |  |
| Paid to Clean and Shiny |              |  |
| For                     | Supplies     |  |
| Amount                  | 1,560.00     |  |
| GST                     | 156.00       |  |
| Total                   | 1,716.00     |  |

| EFT Summary |              |  |
|-------------|--------------|--|
| Date        | 14 September |  |
| Paid to     | Kahramaa     |  |
| For         | Electricity  |  |
| Amount      | 545.00       |  |
| GST         | 54.50        |  |
| Total       | 599.50       |  |

| EFT Summary |              |  |
|-------------|--------------|--|
| Date        | 28 September |  |
| Paid to     | Doha Laundry |  |
| For         | Supplies     |  |
| Amount      | 2,155.00     |  |
| GST         | 215.50       |  |
| Total       | 2,370.50     |  |

|                     | Bank        |  |  |  |  |
|---------------------|-------------|--|--|--|--|
|                     | GST paid    |  |  |  |  |
|                     |             |  |  |  |  |
|                     | Other       |  |  |  |  |
|                     |             |  |  |  |  |
| Cash Receipts Book: |             |  |  |  |  |
|                     | :           |  |  |  |  |
|                     |             |  |  |  |  |
|                     | Particulars |  |  |  |  |
| pts Book:           | Reference   |  |  |  |  |
| Cash Recei          | Date        |  |  |  |  |



Use the following source documents to prepare a cash payments journal for Qatar Camping Supplies. They use the following columns for analysis of their payments:

- ➤ Purchases
- ➤ Freight

| Cheque Butt |               |  |
|-------------|---------------|--|
| 4 Apr 20xx  | No 395        |  |
| Paid to     | Camp Products |  |
| For         | Purchases     |  |
| Amount      | 2100.00       |  |
| GST         | 210.00        |  |
| Total       | 2310.00       |  |

| Cheque Butt |              |  |
|-------------|--------------|--|
| 13 Apr 20xx | No 397       |  |
| Paid to     | Doha Express |  |
| For         | Freight      |  |
| Amount      | 500.00       |  |
| GST         | 50.00        |  |
| Total       | 550.00       |  |

- ➤ Wages
- ➤ Other Expenses

| Cheque Butt     |                    |  |
|-----------------|--------------------|--|
| 11 Apr 20xx     | No 396             |  |
| Paid to         | Apollo Real Estate |  |
| For             | Rent               |  |
| Amount          | 9500.00            |  |
| GST             | 950.00             |  |
| Total 10,450.00 |                    |  |

| Cheque Butt |               |  |
|-------------|---------------|--|
| 30 Apr 20xx | No 398        |  |
| Paid to     | Camp products |  |
| For         | Purchases     |  |
| Amount      | 138.50        |  |
| GST         | 13.85         |  |
| Total       | 152.35        |  |

|         | EFT Summary       |
|---------|-------------------|
| Date    | 7 Apr             |
| Paid to | Qatar Copy Centre |
| For     | Printing          |
| Amount  | 1220.00           |
| GST     | 122.00            |
| Total   | 1342.00           |

| EFT Summary |        |         |  |
|-------------|--------|---------|--|
| Date        | 14 Apr |         |  |
| Paid to     | Cash   |         |  |
| For         | Wages  |         |  |
| Amount      |        | 4550.00 |  |
| GST         |        |         |  |
| Total       |        | 4550.00 |  |

| EFT Summary |             |  |  |
|-------------|-------------|--|--|
| Date        | 21 Apr      |  |  |
| Paid to     | Kahramaa    |  |  |
| For         | Electricity |  |  |
| Amount      | 1125.00     |  |  |
| GST         | 112.50      |  |  |
| Total       | 1237.50     |  |  |

|         | <b>EFT Summary</b> |         |
|---------|--------------------|---------|
| Date    | 28 Apr             |         |
| Paid to | Cash               |         |
| For     | Wages              |         |
| Amount  |                    | 4550.00 |
| GST     |                    |         |
| Total   |                    | 4550.00 |

|                     | GST paid Bank |  |  |  |  |
|---------------------|---------------|--|--|--|--|
|                     | Other         |  |  |  |  |
|                     |               |  |  |  |  |
|                     | :             |  |  |  |  |
|                     | :             |  |  |  |  |
|                     | :             |  |  |  |  |
| Cash Receipts Book: | Particulars   |  |  |  |  |
| ipts Book:          | Reference     |  |  |  |  |
| Cash Recei          | Date          |  |  |  |  |

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 account receivable accounts (debtors) and account payable accounts (creditors).

Account receivables are those people or businesses who owe our business organisation 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.

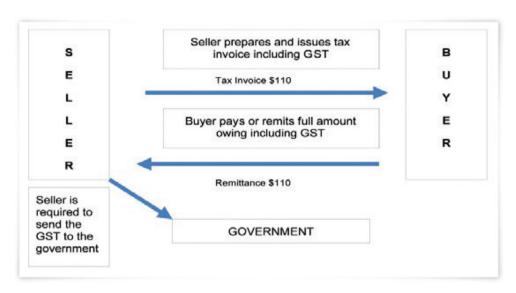


Credit transactions result in amounts due.

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.





The GST/VAT Cycle



Duplicate copies of invoices issued are shown below, followed by the sales journal.

| TAX INVOICE                     |             |  |  |
|---------------------------------|-------------|--|--|
| <b>Qatar Luxury Furnishings</b> |             |  |  |
| 4 October 20xx                  | No 1030     |  |  |
| To:                             | Qatar Homes |  |  |
| Amount                          | 14,200.00   |  |  |
| GST                             | 1,420.00    |  |  |
| Total                           | 15,620.00   |  |  |

| TAX INVOICE                     |             |  |
|---------------------------------|-------------|--|
| <b>Qatar Luxury Furnishings</b> |             |  |
| 5 October 20xx                  | No 1031     |  |
| To:                             | J Al Ghanim |  |
| Amount                          | 1,250.00    |  |
| GST                             | 125.00      |  |
| Total                           | 1,375.00    |  |
|                                 |             |  |

| Sales Journal of Qatar Luxury Furnishings |               |             |       |           |                  |                     |
|---|---------------|-------------|-------|-----------|------------------|---------------------|
| Date                                      | Invoice<br>no | Particulars | Folio | Sales     | GST<br>collected | Accounts receivable |
| 1 October                                 | 1028          | J Al Ghanim |       | 10,000.00 | 1,000.00         | 11,000.00           |
| 2 October                                 | 1029          | H Al Thani  |       | 12,450.00 | 1,245.00         | 13,695.00           |
| 4 October                                 | 1030          | Qatar Homes |       | 14,200.00 | 1,420.00         | 15,620.00           |
| 5 October                                 | 1031          | J Al Ghanim |       | 1,250.00  | 125.00           | 1,375.00            |



Alaa's Cleaning Service has issued the following invoices. Prepare the sales journal for the month of October.

| TAX INVOICE             |              |  |  |
|-------------------------|--------------|--|--|
| Alaa's Cleaning Service |              |  |  |
| 1 October 20xx          | No 2185      |  |  |
| To:                     | Aspire Tower |  |  |
| Amount                  | 15,000.00    |  |  |
| GST                     | 1,500.00     |  |  |
| Total                   | 16,500.00    |  |  |

|                 | NVOICE<br>ning Service |
|-----------------|------------------------|
| 17 October 2012 | No 2187                |
| To:             | F Ibrihim              |
| Amount          | 670.00                 |
| GST             | 67.00                  |
| Total           | 737.00                 |

| TAX INVOICE             |                |  |
|-------------------------|----------------|--|
| Alaa's Cleaning Service |                |  |
| 5 October 20xx          | No 1029        |  |
| To:                     | Bilal Compound |  |
| Amount                  | 8,500.00       |  |
| GST                     | 850.00         |  |
| Total                   | 9,350.00       |  |
|                         |                |  |

| TAX INVOICE             |                |  |
|-------------------------|----------------|--|
| Alaa's Cleaning Service |                |  |
| 21 October 20xx         | No 2188        |  |
| To:                     | Al Dafna Tower |  |
| Amount                  | 12,250.00      |  |
| GST                     | 1,225.00       |  |
| Total                   | 13,475.00      |  |
|                         |                |  |

| Sales Journal of |               |             |       |       |                  |                     |
|------------------|---------------|-------------|-------|-------|------------------|---------------------|
| Date             | Invoice<br>no | Particulars | Folio | Sales | GST<br>collected | Accounts receivable |
|                  |               |             |       |       |                  |                     |
|                  |               |             |       |       |                  |                     |
|                  |               |             |       |       |                  |                     |
|                  |               |             |       |       |                  |                     |



Prepare the sales journal for the month of April for Qatar Camping Supplies from the copies of invoices issued.

| TAX INVOICE                   |  |  |  |  |
|-------------------------------|--|--|--|--|
| <b>Qatar Camping Supplies</b> |  |  |  |  |
| No 4374                       |  |  |  |  |
| Aspire Academy                |  |  |  |  |
| 12 000.00                     |  |  |  |  |
| 1 200.00                      |  |  |  |  |
| 13 200.00                     |  |  |  |  |
|                               |  |  |  |  |

| TAX INVOICE                   |            |        |  |  |
|-------------------------------|------------|--------|--|--|
| <b>Qatar Camping Supplies</b> |            |        |  |  |
| 17 Apr 20xx                   | No 4376    |        |  |  |
| To:                           | F Al Emadi |        |  |  |
| Amount                        |            | 860.00 |  |  |
| GST                           |            | 86.00  |  |  |
| Total 946.00                  |            |        |  |  |
|                               |            |        |  |  |

| TAX INVOICE    |                               |  |  |  |  |
|----------------|-------------------------------|--|--|--|--|
| Qatar Ca       | <b>Qatar Camping Supplies</b> |  |  |  |  |
| 11 Apr 20xx    | No 4375                       |  |  |  |  |
| To:            | Doha Sports Club              |  |  |  |  |
| Amount         | 3 515.00                      |  |  |  |  |
| GST            | 351.50                        |  |  |  |  |
| Total 3 866.50 |                               |  |  |  |  |
|                |                               |  |  |  |  |

| TAX INVOICE                   |             |  |  |  |
|-------------------------------|-------------|--|--|--|
| <b>Qatar Camping Supplies</b> |             |  |  |  |
| 23 Apr 20xx                   | No 4377     |  |  |  |
| To:                           | Doha Marine |  |  |  |
| Amount                        | 12 250.00   |  |  |  |
| GST                           | 1 225.00    |  |  |  |
| Total 13 475.00               |             |  |  |  |
|                               |             |  |  |  |

| S | ales Journa | l of          |             |       |       |                  |                     |
|---|-------------|---------------|-------------|-------|-------|------------------|---------------------|
|   | Date        | Invoice<br>no | Particulars | Folio | Sales | GST<br>collected | Accounts receivable |
|   |             |               |             |       |       |                  |                     |
|   |             |               |             |       |       |                  |                     |
|   |             |               |             |       |       |                  |                     |
|   |             |               |             |       |       |                  |                     |



Complete the following sales journal, including totals, for Qatar Copy Centre.

| Sales Journal of |               |                   |       |          |                  |                     |
|------------------|---------------|-------------------|-------|----------|------------------|---------------------|
| Date             | Invoice<br>no | Particulars       | Folio | Sales    | GST<br>collected | Accounts receivable |
| 2 March          | 6014          | Al Dafna Compound |       | 450.00   |                  |                     |
| 9 March          | 6015          | Mansouri Repairs  |       | 1,865.00 |                  |                     |
| 13 March         | 6016          | Khaliji Paints    |       | 2,458.75 |                  |                     |
| 24 March         | 6017          | A Thompson        |       | 980.68   |                  |                     |

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 example below shows the duplicate copies of adjustment notes issued, followed by the sales returns and allowances journal.

| TAX ADJUSTMENT NOTE             |             |  |  |
|---------------------------------|-------------|--|--|
| <b>Qatar Luxury Furnishings</b> |             |  |  |
| 5 October 20xx                  | No 419      |  |  |
| To:                             | Qatar Homes |  |  |
| Amount                          | 480.00      |  |  |
| GST 48.00                       |             |  |  |
| <b>Total</b> 528.00             |             |  |  |

| TAX ADJUSTMENT NOTE             |            |  |  |  |
|---------------------------------|------------|--|--|--|
| <b>Qatar Luxury Furnishings</b> |            |  |  |  |
| 6 October 20xx                  | No 420     |  |  |  |
| To:                             | H Al Thani |  |  |  |
| Amount                          | 1,200.00   |  |  |  |
| GST                             | 120.00     |  |  |  |
| <b>Total</b> 1,320.00           |            |  |  |  |

| Sales Returns and Allowances Journal of Qatar Luxury Furnishings |                  |             |       |          |                  |                     |
|--|------------------|-------------|-------|----------|------------------|---------------------|
| Date   | Adjustment<br>No | Particulars | Folio | Sales    | GST<br>collected | Accounts receivable |
| 5 Oct  | 419              | Qatar Homes |       | 480.00   | 48.00            | 528.00              |
| 6 Oct  | 420              | H Al Thani  |       | 1,200.00 | 120.00           | 1,320.00            |
|  |                  |             |       | 1,680.00 | 168.00           | 1,848.00            |



Alaa's Cleaning Service has issued the following adjustment notes. Prepare the sales returns and allowances journal for the month of October.

| TAX ADJUSTMENT NOTE   |                |  |  |  |
|-----------------------|----------------|--|--|--|
| Alaa's Clea           | aning Service  |  |  |  |
| 8 October 20xx        | No 398         |  |  |  |
| To:                   | Bilal Compound |  |  |  |
| Amount                | 1,250.00       |  |  |  |
| GST                   | 125.00         |  |  |  |
| <b>Total</b> 1,375.00 |                |  |  |  |
|                       |                |  |  |  |

| TAX ADJUSTMENT NOTE Alaa's Cleaning Service |                   |  |  |  |
|---|-------------------|--|--|--|
| 23 October 20xx                             | No 399            |  |  |  |
| To:   | Al Dafna Compound |  |  |  |
| Amount                                      | 860.00            |  |  |  |
| GST   | 86.00             |  |  |  |
| Total                                       | 946.00            |  |  |  |
|   |                   |  |  |  |

| Sales Returns and |                  |             |       |       |                  |                     |
|-------------------|------------------|-------------|-------|-------|------------------|---------------------|
| Allowances        | Journal of       |             |       |       |                  |                     |
| Date              | Adjustment<br>No | Particulars | Folio | Sales | GST<br>collected | Accounts receivable |
|                   |                  |             |       |       |                  |                     |
|                   |                  |             |       |       |                  |                     |
|                   |                  |             |       |       |                  |                     |



Alaa's Cleaning Service has issued the following invoices and adjustment notes. Prepare the sales and sales returns and allowances journal for the month of October.

## TAX INVOICE Alaa's Cleaning Service

No 398

To: Toyota Tower

8 October 20xx

 Amount
 7,100.00

 GST
 710.00

 Total
 7,810.00

#### TAX INVOICE Alaa's Cleaning Service

19 October 20xx No 5206
To: Nasser Gardens

Amount 4,150.00
GST 415.00
Total 4,565.00

### TAX ADJUSTMENT NOTE Alaa's Cleaning Service

12 October 20xx No 858

 To:
 Al Jazzi Real Estate

 Amount
 1,600.00

 GST
 160.00

 Total
 1,760.00

# TAX INVOICE Alaa's Cleaning Service

10 October 20xx No 5205

To: Al Jazzi Real Estate
Amount 10,850.00
GST 1,085.00
Total 11,935.00

# TAX INVOICE Alaa's Cleaning Service

31 October 20xx No 5207
To: Al Waab Comp

Amount 12,650.00 GST 1,265.00 **Total 13,915.00** 

### TAX ADJUSTMENT NOTE Alaa's Cleaning Service

22 October 20xx No 859

To: Nasser Gardens

Amount 660.00 GST 66.00 **Total 726.00** 



| Sales Journal of |                  |             |       |       |                  |                     |
|------------------|------------------|-------------|-------|-------|------------------|---------------------|
| Date             | Adjustment<br>No | Particulars | Folio | Sales | GST<br>collected | Accounts receivable |
|                  |                  |             |       |       |                  |                     |
|                  |                  |             |       |       |                  |                     |
|                  |                  |             |       |       |                  |                     |

| Sales Retur | Sales Returns and |             |       |       |                  |                     |
|-------------|-------------------|-------------|-------|-------|------------------|---------------------|
| Allowances  | Journal of        |             |       |       |                  |                     |
| Date        | Adjustment<br>No  | Particulars | Folio | Sales | GST<br>collected | Accounts receivable |
|             |                   |             |       |       |                  |                     |
|             |                   |             |       |       |                  |                     |
|             |                   |             |       |       |                  |                     |



QatarCopyServicehasissuedthefollowinginvoices and adjustment notes. Prepare the sales and sales returns and allowances journal for the month of October.

| TAX INVOICE             |              |  |  |  |  |
|-------------------------|--------------|--|--|--|--|
| Qatar Copy Centre       |              |  |  |  |  |
| 19 October 20xx No 6812 |              |  |  |  |  |
| To:                     | Toyota Sales |  |  |  |  |
| Amount                  | 6 200.00     |  |  |  |  |
| GST                     | 620.00       |  |  |  |  |
| Total                   | 6 820.00     |  |  |  |  |

| TAX INVOICE<br>Qatar Copy Centre |                  |  |  |  |
|----------------------------------|------------------|--|--|--|
| 31 October 20xx                  | No 6813          |  |  |  |
| To:                              | Al Jazzi Produce |  |  |  |
| Amount                           | 12 100.00        |  |  |  |
| GST                              | 1 210.00         |  |  |  |
| Total                            | 13 310.00        |  |  |  |
|                                  |                  |  |  |  |



# TAX INVOICE Qatar Copy Centre

17 Apr 20xx No 6814

 To:
 Ali bin Ali Gardens

 Amount
 4 400.00

 GST
 440.00

 Total
 4 840.00

# TAX ADJUSTMENT NOTE Qatar Copy Centre

17 Apr 20xx No 858

To: Al Jazzi Produce
Amount 1 465.00
GST 146.50 **Total** 1611.50

# TAX INVOICE Qatar Copy Centre

26 Apr 20xx No 6815

To: Al Waab Services
Amount 10 650.00
GST 1 065.00
Total 11 715.00

# TAX ADJUSTMENT NOTE Qatar Copy Centre

26 Apr 20xx No 859

To: Ali bin Ali Gardens
Amount 225.00
GST 22.50
Total 247.50

| Sales Journal of |               |             |       |       |                  |                     |
|------------------|---------------|-------------|-------|-------|------------------|---------------------|
| Date             | Invoice<br>no | Particulars | Folio | Sales | GST<br>collected | Accounts receivable |
|                  |               |             |       |       |                  |                     |
|                  |               |             |       |       |                  |                     |
|                  |               |             |       |       |                  |                     |
|                  |               |             |       |       |                  |                     |
|                  |               |             |       |       |                  |                     |
|                  |               |             |       |       |                  |                     |

# Allowances Journal of Date Adjustment No Particulars Folio Sales GST collected 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. 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 besummarised 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 adjustment note for damaged goods received is recorded in the purchases returns and allowances journal





The following invoices and adjustment notes received by Qatar Luxury Furnishings are used to prepare the purchase and purchases returns and allowances journal.

# Qatar Cleaning Supplies TAX INVOICE

To: Qatar Luxury Furnishings
1 October No 5421
Amount 3,550.00
GST 355.00
Total 3,905.00

# QFS will TAX INVOICE

To: Qatar Luxury Furnishings
13 October No 6278
Amount 2,450.00
GST 245.00
Total 2,695.00

# Doha Distributors TAX INVOICE

To: Qatar Luxury Furnishings
1 October No 5421
Amount 3,550.00
GST 355.00
Total 3,905.00

# Qatar Catering TAX INVOICE

 To:
 Qatar Luxury Furnishings

 26 October
 No 1218

 Amount
 14,200.00

 GST
 1,420.00

 Total
 15,620.00

# Qatar Cleaning Supplies TAX ADJUSTMENT NOTE

To: Qatar Luxury Furnishings
4 October No 510
Amount 740.00
GST 74.00
Total 814.00

# QFS will tax adjustment note

To: Qatar Luxury Furnishings
15 October No 1918
Amount 250.00
GST 25.00
Total 275.00



| Purchases journal of Qatar Luxury Furnishings |            |                                       |  |           |                  |           |
|---|------------|---------------------------------------|--|-----------|------------------|-----------|
| Date  | Invoice No | nvoice No Particulars Folio Purchases |  | GST paid  | Accounts Payable |           |
| 1 Oct   | 5421       | Qatar Cleaning<br>Supplies            |  | 3,550.00  | 355.00           | 3,905.00  |
| 13 Oct  | 6287       | QFS wll                               |  | 2,450.00  | 245.00           | 2,695.00  |
| 24 Oct  | 9147       | Doha Distributors                     |  | 6,210.00  | 621.00           | 6,831.00  |
| 26 Oct  | 1218       | 1218 Qatar Catering                   |  | 14,200.00 | 1,420.00         | 15,620.00 |
|   |            |                                       |  | 26,410.00 | 2,641.00         | 29,051.00 |

| Sales Journal of Qatar Luxury Furnishings |           |                            |       |                      |          |                  |
|---|-----------|----------------------------|-------|----------------------|----------|------------------|
| Date                                      | Adjust no | Particulars                | Folio | Purchases<br>Returns | GST paid | Accounts payable |
| 4 Oct                                     | 1028      | Qatar Cleaning<br>Supplies |       | 740.00               | 74.00    | 814.00           |
| 15 Oct                                    | 1029      | QFS wll                    |       | 250.00               | 25.00    | 275.00           |
|   |           |                            |       | 990.00               | 99.00    | 1,089.00         |



Complete the following purchases and purchases returns and allowances journal for Qatar Camping Supplies.

| Purchases journal of |                     |                            |       |           | •••••    |                     |
|----------------------|---------------------|----------------------------|-------|-----------|----------|---------------------|
| Date                 | Invoice No          | Particulars                | Folio | Purchases | GST paid | Accounts<br>Payable |
| 1 Oct                | 5421                | Qatar Cleaning<br>Supplies |       | 2,910.00  |          |                     |
| 13 Oct               | 6287                | QFS wll                    |       | 3,855.00  |          |                     |
| 24 Oct               | 9147                | Doha Distributors          |       | 1,485.00  |          |                     |
| 26 Oct               | 1218 Qatar Catering |                            |       | 1,012.50  |          |                     |
|                      |                     |                            |       |           |          |                     |



| Sales Retur           | Sales Returns and |                         |       |                      |          |                     |
|-----------------------|-------------------|-------------------------|-------|----------------------|----------|---------------------|
| Allowances Journal of |                   |                         |       |                      |          |                     |
| Date                  | Adjust Note<br>No | Particulars             | Folio | Purchases<br>Returns | GST Paid | Accounts<br>Payable |
| 4 Apr                 | 510               | Qatar Cleaning Supplies |       | 455.00               |          |                     |
| 15 Apr                | 1918              |                         |       | 1,015.00             |          |                     |
|                       |                   |                         |       |                      |          |                     |



The following invoices and adjustment notes received by Alaa's Cleaning service are used to prepare the purchase and purchases returns and allowances journal.

|           | Qatar Clean<br>TAX INVOICE |
|-----------|----------------------------|
| To:       | Alaa's Cleaning Service    |
| 6 January | No 2271                    |
| Amount    | 8,150.00                   |
| GST       | 815.00                     |
| Total     | 8,965.00                   |
|           |                            |

| Qatar Pharmaceuticals<br>TAX INVOICE |                                    |  |  |  |
|--------------------------------------|------------------------------------|--|--|--|
| To:                                  | Alaa's Cleaning Service            |  |  |  |
| 11 January                           | No 4208                            |  |  |  |
| Amount                               | 12,400.00                          |  |  |  |
| GST                                  | 1,240.00                           |  |  |  |
| Total                                | 13,640.00                          |  |  |  |
|                                      | To:<br>11 January<br>Amount<br>GST |  |  |  |

|            | atar Supplies<br>TAX INVOICE |
|------------|------------------------------|
| To:        | Alaa's Cleaning Service      |
| 18 January | No 981                       |
| Amount     | 9,100.00                     |
| GST        | 910.00                       |
| Total      | 10,010.00                    |

| Qatar Eezy<br>TAX INVOICE |                         |  |  |  |  |
|---------------------------|-------------------------|--|--|--|--|
| To:                       | Alaa's Cleaning Service |  |  |  |  |
| 23 January                | No 738                  |  |  |  |  |
| Amount                    | 4,220.00                |  |  |  |  |
| GST                       | 422.00                  |  |  |  |  |
| Total                     | 4,642.00                |  |  |  |  |



# Qatar Supplies TAX ADJUSTMENT NOTE

To: Alaa's Cleaning Service
20 January No 109
Amount 1,740.00
GST 174.00
Total 1,914.00

# QFS wil TAX ADJUSTMENT NOTE

 To:
 Alaa's Cleaning Service

 22 January
 No 1122

 Amount
 1,050.00

 GST
 105.00

 Total
 1,155.00

| Purchases journal of |            |             |       |           |          |                     |  |
|----------------------|------------|-------------|-------|-----------|----------|---------------------|--|
| Date                 | Invoice No | Particulars | Folio | Purchases | GST paid | Accounts<br>Payable |  |
|                      |            |             |       |           |          |                     |  |
|                      |            |             |       |           |          |                     |  |
|                      |            |             |       |           |          |                     |  |
|                      |            |             |       |           |          |                     |  |
|                      |            |             |       |           |          |                     |  |

| Sales Return          | Sales Returns and |             |       |                      |          |                  |  |
|-----------------------|-------------------|-------------|-------|----------------------|----------|------------------|--|
| Allowances Journal of |                   |             |       |                      |          |                  |  |
| Date                  | Adjust<br>No      | Particulars | Folio | Purchases<br>Returns | GST Paid | Accounts Payable |  |
|                       |                   |             |       |                      |          |                  |  |
|                       |                   |             |       |                      |          |                  |  |
|                       |                   |             |       |                      |          |                  |  |
|                       |                   |             |       |                      |          |                  |  |
|                       |                   |             |       |                      |          |                  |  |





The following invoices and adjustment notes received by Qatar Copy Centre are used to prepare the purchase and purchases returns and allowances journal.

|        | Qatar Printing<br>TAX INVOICE |
|--------|-------------------------------|
| To:    | Qatar Copy Centre             |
| 6 Apr  | No 3589                       |
| Amount | 6 250.00                      |
| GST    | 625.00                        |
| Total  | 6 875.00                      |

| Gulf Stationery TAX INVOICE |                   |  |  |  |  |
|-----------------------------|-------------------|--|--|--|--|
| To:                         | Qatar Copy Centre |  |  |  |  |
| 23 January                  | No 72684          |  |  |  |  |
| Amount                      | 14 235.00         |  |  |  |  |
| GST                         | 1 423.50          |  |  |  |  |
| Total                       | 15 658.50         |  |  |  |  |
|                             |                   |  |  |  |  |

|        | Qatar Printing<br>TAX INVOICE |
|--------|-------------------------------|
| To:    | Qatar Copy Centre             |
| 18 Apr | No 3592                       |
| Amount | 9 750.00                      |
| GST    | 975.00                        |
| Total  | 10 725.00                     |
|        |                               |

|        | The Print Shop TAX INVOICE |
|--------|----------------------------|
| To:    | Qatar Copy Centre          |
| 23 Apr | No 3025                    |
| Amount | 2 220.00                   |
| GST    | 222.00                     |
| Total  | 2 442.00                   |

| Judionel y          |  |  |  |  |  |
|---------------------|--|--|--|--|--|
| TAX ADJUSTMENT NOTE |  |  |  |  |  |
| Qatar Copy Centre   |  |  |  |  |  |
| 20 January No 435   |  |  |  |  |  |
| 1 740.00            |  |  |  |  |  |
| 174.00              |  |  |  |  |  |
| 1,914.00            |  |  |  |  |  |
|                     |  |  |  |  |  |

**Gulf Stationery** 

|                             | UL2 MII |  |  |  |  |
|-----------------------------|---------|--|--|--|--|
| TAX ADJUSTMENT NOTE         |         |  |  |  |  |
| To: Alaa's Cleaning Service |         |  |  |  |  |
| 22 Apr No 7756              |         |  |  |  |  |
| Amount                      | 850.00  |  |  |  |  |
| GST                         | 85.00   |  |  |  |  |
| Total                       | 935.00  |  |  |  |  |
|                             |         |  |  |  |  |



|   | Purchases journal of |  |  |  |  |  |  |  |
|---|----------------------|--|--|--|--|--|--|--|
| Date Invoice No Particulars Folio Purchases GST paid Accordance |                      |  |  |  |  |  |  |  |
|   |                      |  |  |  |  |  |  |  |
|   |                      |  |  |  |  |  |  |  |
|   |                      |  |  |  |  |  |  |  |
|   |                      |  |  |  |  |  |  |  |
|   |                      |  |  |  |  |  |  |  |

| Sales Returns and     |              |             |       |                      |          |                     |
|-----------------------|--------------|-------------|-------|----------------------|----------|---------------------|
| Allowances Journal of |              |             |       |                      |          |                     |
| Date                  | Adjust<br>No | Particulars | Folio | Purchases<br>Returns | GST Paid | Accounts<br>Payable |
|                       |              |             |       |                      |          |                     |
|                       |              |             |       |                      |          |                     |
|                       |              |             |       |                      |          |                     |
|                       |              |             |       |                      |          |                     |
|                       |              |             |       |                      |          |                     |



As the accounts clerk for Alaa's Cleaning Service, you are required to prepare the sales, sales returns and allowances, purchases, purchases returns and allowances journals, cash receipts and cash payments journals from the following documents.



## Copies of invoices issued

## TAX INVOICE Alaa's Cleaning Service

7 November 20xx No 2511
To: TDZ Real Estate
Amount 4,100.00
GST 410.00
Total 4,510.00

## TAX INVOICE Alaa's Cleaning Service

 7 November 20xx
 No 2512

 To:
 Mansouri Motors

 Amount
 6,120.00

 GST
 612.00

 Total
 6,732.00

## TAX INVOICE Alaa's Cleaning Service

 24 November 20xx
 No 2513

 To:
 Lagoona Comp

 Amount
 8,270.00

 GST
 827.00

 Total
 9,097.00

## TAX INVOICE Alaa's Cleaning Service

7 November 20xx No 2514
To: City Centre
Amount 17,450.00
GST 1,745.00
Total 19,195.00

## Copies of adjustment notes issued

#### TAX ADJUSTMENT NOTE Alaa's Cleaning Service

9 November 20xx No 552
To: TDZ Real Estate
Amount 100.00
GST 10.00
Total 110.00

# TAX ADJUSTMENT NOTE Alaa's Cleaning Service

28 November 20xx No 553
To: City Centre
Amount 1,390.00
GST 139.00
Total 1,529.00

## Copies of adjustment notes received

# Q-Clean TAX ADJUSTMENT NOTE

To: Alaa's Cleaning Service
7 November 20xx No 853
Amount 580.00
GST 58.00
Total 638.00

# Qatar Distributors TAX ADJUSTMENT NOTE

To: Alaa's Cleaning Service
10 November 20xx No 7258
Amount 920.00
GST 92.00
Total 1,012.00



## Copies of invoices received

#### Q Clean TAX INVOICE

To: Alaa's Cleaning Service
6 November 20xx No 6942
Amount 6,850.00
GST 685.00
Total 7,535.00

# Qatar Distributors TAX INVOICE

 To:
 Alaa's Cleaning Service

 9 November 20xx
 No 7150

 Amount
 16,150.00

 GST
 1,615.00

 Total
 17,765.00

#### Q Clean TAX INVOICE

To: Alaa's Cleaning Service
6 November 20xx No 6942
Amount 6,850.00
GST 685.00
Total 7,535.00

# Qatar Distributors TAX INVOICE

 To:
 Alaa's Cleaning Service

 9 November 20xx
 No 7150

 Amount
 16,150.00

 GST
 1,615.00

 Total
 17,765.00

# Qatar Distributors TAX INVOICE

To: Alaa's Cleaning Service
19 November 20xx No 1578
Amount 5,130.00
GST 513.00
Total 5,643.00

# QatCom Supplies TAX INVOICE

To: Alaa's Cleaning Service
28 November 20xx No 5128
Amount 10,180.00
GST 1,018.00
Total 11,198.00

## Copies of cheque stubs and EFT summaries

6,380.00

#### **Cheque Stub**

1 November 20xx No 1357
Paid to The Clean Team
For Purchases
Amount 5,800.00
GST 580.00

#### **Cheque Stub**

4 November 20xx No 1358
Paid to Doha Chemicals
For Supplies

Amount 2,800.00 GST 280.00 **Total** 3,080.00



**Total** 

#### **Cheque Stub**

8 November 20xx No 1359

Paid to **Qat Com Supplies** For Settlement of a/c

**Amount** 2,200.00

GST

**Total** 2,200.00

#### **Cheque Stub**

15 November 20xx No 1360

Paid to Oatar Real Estate

For Rent

**Amount** 3,600.00 GST 360.00

**Total** 3,960.00

#### **Cheque Stub**

23 November 20xx No 1361 Paid to **Q** Couriers

For Freight **Amount** 1,900.00

**GST** 190.00

2,090.00

#### **Cheque Stub**

26 November 20xx No 1360

Paid to **Qatar Distributors** Settlement of a/c For **Amount** 3,000.00

GST

**Total** 3,000.00

#### **EFT Summary**

**Total** 

7 September 20xx Date Paid to N Al Ari For Wages Amount 1,545.00 **GST** Exempt **Total** 1,545.00

#### **EFT Summary**

Date 14 November Paid to S Mansouri For Wages **Amount** 1,980.00 GST Exempt **Total** 1,980.00

#### **EFT Summary**

Date 21 November Paid to N Al Ari For Wages Amount 1,545.00 GST Exempt Total 1,545.00

#### **EFT Summary**

24 November Date Paid to Kahramaa For Government fee 367.00 **Amount** GST Exempt **Total** 367.00

#### **EFT Summary**

28 November Date Paid to **S** Mansour For Wages 1,980.00 **Amount** GST Exempt **Total** 1,980.00



## Copies of receipts, EFTPOS and cash register summaries.

| Receipt         |                   |  |
|-----------------|-------------------|--|
| 1 November 20xx | No 351            |  |
| Received from   | M Al Jaber        |  |
| For             | Compound Cleaning |  |
| Amount          | 1,200.00          |  |
| GST             | 120.00            |  |
| Total           | 1,320.00          |  |

| Receipt         |                |  |
|-----------------|----------------|--|
| 4 November 20xx | No 352         |  |
| Received from   | M Al Ari       |  |
| For             | Tower Cleaning |  |
| Amount          | 3,450.00       |  |
| GST             | 345.00         |  |
| Total           | 3,795.00       |  |
|                 |                |  |

| Receipt          |             |  |
|------------------|-------------|--|
| 19 November 20xx | No 353      |  |
| Received from    | The Pearl   |  |
| For              | Sales       |  |
| Amount           | 11,200.00   |  |
| GST              | \$1,120.00  |  |
| Total            | \$12,320.00 |  |

| Receipt               |  |
|-----------------------|--|
| No 354                |  |
| City Centre           |  |
| Settlement of account |  |
| 4,140.00              |  |
|                       |  |
| Total 4,140.00        |  |
|                       |  |

| EFTPOS Summary  |          |
|-----------------|----------|
| 6 November 20xx |          |
| Sales           | 2,350.00 |
| GST             | 235.00   |
| Total           | 2,585.00 |
|                 |          |

| EFTPOS Summary   |        |
|------------------|--------|
| 15 November 20xx |        |
| Sales            | 350.00 |
| GST              | 35.00  |
| Total            | 385.00 |
|                  |        |

| EFTPOS Summary   |          |
|------------------|----------|
| 17 November 20xx |          |
| Sales            | 4,280.00 |
| GST              | 428.00   |
| Total            | 4,708.00 |
|                  |          |

| Cash Register Summary |          |
|-----------------------|----------|
| 4 November 20xx       |          |
| Sales                 | 380.00   |
| Cleaning              | 920.00   |
| Other                 | 150.00   |
| Sub Total             | 1,450.00 |
| GST                   | 145.00   |
| Total                 | 1,595.00 |

| Cash Register Summary |        |
|-----------------------|--------|
| 16 November 20xx      |        |
| Sales                 | 210.00 |
| Cleaning              | 440.00 |
| Other                 | 50.00  |
| Sub Total             | 700.00 |
| GST                   | 70.00  |
| Total                 | 770.00 |
|                       |        |

| Cash Register Summary |          |
|-----------------------|----------|
| 23 November 20        | XX       |
| Sales                 | 1,210.00 |
| Cleaning              | 980.00   |
| Other                 |          |
| Sub Total             | 2,190.00 |
| GST                   | 219.00   |
| Total                 | 2,409.00 |
|                       |          |



| Purchases journal of |            |             |       |           |          |                     |  |  |  |  |  |
|----------------------|------------|-------------|-------|-----------|----------|---------------------|--|--|--|--|--|
| Date                 | Invoice No | Particulars | Folio | Purchases | GST paid | Accounts<br>Payable |  |  |  |  |  |
|                      |            |             |       |           |          |                     |  |  |  |  |  |
|                      |            |             |       |           |          |                     |  |  |  |  |  |
|                      |            |             |       |           |          |                     |  |  |  |  |  |
|                      |            |             |       |           |          |                     |  |  |  |  |  |
|                      |            |             |       |           |          |                     |  |  |  |  |  |
|                      |            |             |       |           |          |                     |  |  |  |  |  |
|                      |            |             |       |           |          |                     |  |  |  |  |  |
|                      |            |             |       |           |          |                     |  |  |  |  |  |

| Sales Returns and     |              |             |                   |  |  |                     |  |  |  |  |  |
|-----------------------|--------------|-------------|-------------------|--|--|---------------------|--|--|--|--|--|
| Allowances Journal of |              |             |                   |  |  |                     |  |  |  |  |  |
| Date                  | Adjust<br>No | Particulars | Particulars Folio |  |  | Accounts<br>Payable |  |  |  |  |  |
|                       |              |             |                   |  |  |                     |  |  |  |  |  |
|                       |              |             |                   |  |  |                     |  |  |  |  |  |
|                       |              |             |                   |  |  |                     |  |  |  |  |  |
|                       |              |             |                   |  |  |                     |  |  |  |  |  |
|                       |              |             |                   |  |  |                     |  |  |  |  |  |
|                       |              |             |                   |  |  |                     |  |  |  |  |  |
|                       |              |             |                   |  |  |                     |  |  |  |  |  |
|                       |              |             |                   |  |  |                     |  |  |  |  |  |
|                       |              |             |                   |  |  |                     |  |  |  |  |  |



| Sales journal of |            |             |       |       |     |                     |  |  |  |  |
|------------------|------------|-------------|-------|-------|-----|---------------------|--|--|--|--|
| Date             | Invoice No | Particulars | Folio | Sales | GST | Accounts receivable |  |  |  |  |
|                  |            |             |       |       |     |                     |  |  |  |  |
|                  |            |             |       |       |     |                     |  |  |  |  |
|                  |            |             |       |       |     |                     |  |  |  |  |
|                  |            |             |       |       |     |                     |  |  |  |  |
|                  |            |             |       |       |     |                     |  |  |  |  |
|                  |            |             |       |       |     |                     |  |  |  |  |
|                  |            |             |       |       |     |                     |  |  |  |  |
|                  |            |             |       |       |     |                     |  |  |  |  |

| Purchases Returns and |              |             |       |                  |     |                     |  |  |  |  |  |
|-----------------------|--------------|-------------|-------|------------------|-----|---------------------|--|--|--|--|--|
| Allowances Journal of |              |             |       |                  |     |                     |  |  |  |  |  |
| Date                  | Adjust<br>No | Particulars | Folio | Sales<br>Returns | GST | Accounts receivable |  |  |  |  |  |
|                       |              |             |       |                  |     |                     |  |  |  |  |  |
|                       |              |             |       |                  |     |                     |  |  |  |  |  |
|                       |              |             |       |                  |     |                     |  |  |  |  |  |
|                       |              |             |       |                  |     |                     |  |  |  |  |  |
|                       |              |             |       |                  |     |                     |  |  |  |  |  |
|                       |              |             |       |                  |     |                     |  |  |  |  |  |
|                       |              |             |       |                  |     |                     |  |  |  |  |  |
|                       |              |             |       |                  |     |                     |  |  |  |  |  |



|                        | Bank                |  |  |  |  |
|------------------------|---------------------|--|--|--|--|
|                        | GST paid            |  |  |  |  |
|                        | Other               |  |  |  |  |
|                        | Wages               |  |  |  |  |
|                        | Supplies            |  |  |  |  |
|                        | Purchases           |  |  |  |  |
|                        | Accounts<br>payable |  |  |  |  |
| Cash Payments Book of: | Particulars         |  |  |  |  |
| ents Book of:          | Reference           |  |  |  |  |
| Cash Payme             | Date                |  |  |  |  |

|                        | Bank                |  |  |  |  |  |
|------------------------|---------------------|--|--|--|--|--|
|                        | GST paid            |  |  |  |  |  |
|                        | Other               |  |  |  |  |  |
|                        | Wages               |  |  |  |  |  |
|                        | Supplies            |  |  |  |  |  |
|                        | Purchases           |  |  |  |  |  |
|                        | Accounts<br>payable |  |  |  |  |  |
| Cash Payments Book of: | Particulars         |  |  |  |  |  |
| ents Book of:          | Reference           |  |  |  |  |  |
| Cash Paym              | Date                |  |  |  |  |  |

| Bank                |  |  |  |  |  |  |
|---------------------|--|--|--|--|--|--|
| GST paid            |  |  |  |  |  |  |
| Other               |  |  |  |  |  |  |
| Wages               |  |  |  |  |  |  |
| Supplies            |  |  |  |  |  |  |
| Purchases           |  |  |  |  |  |  |
| Accounts<br>payable |  |  |  |  |  |  |
| Particulars         |  |  |  |  |  |  |
| Reference           |  |  |  |  |  |  |
| Date                |  |  |  |  |  |  |

|                        | Bank                |  |  |  |  |  |
|------------------------|---------------------|--|--|--|--|--|
|                        | GST                 |  |  |  |  |  |
|                        | Other               |  |  |  |  |  |
| Cash Receipts Book of: |                     |  |  |  |  |  |
|                        | Cleaning            |  |  |  |  |  |
|                        | Sales               |  |  |  |  |  |
|                        | Accounts receivable |  |  |  |  |  |
|                        | Particulars         |  |  |  |  |  |
| ipts Book of:          | Reference           |  |  |  |  |  |
| Cash Recei             | Date                |  |  |  |  |  |

|                        | Bank                   |  |  |  |  |  |
|------------------------|------------------------|--|--|--|--|--|
|                        | GST                    |  |  |  |  |  |
|                        | Other                  |  |  |  |  |  |
|                        |                        |  |  |  |  |  |
| Cash Receipts Book of: | Cleaning               |  |  |  |  |  |
|                        | Sales                  |  |  |  |  |  |
|                        | Accounts<br>receivable |  |  |  |  |  |
|                        | Particulars            |  |  |  |  |  |
| pts Book of:           | Reference              |  |  |  |  |  |
| Cash Receil            | Date                   |  |  |  |  |  |



As the accounts clerk for Qatar Copy Centre, you are required to prepare the sales, sales returns and allowances, purchases, purchases returns and allowances journals, cash receipts and cash payments journals from the following documents.

## Copies of invoices issued

| TAX INVOICE              |  |  |  |  |  |  |  |
|--------------------------|--|--|--|--|--|--|--|
| <b>Qatar Copy Centre</b> |  |  |  |  |  |  |  |
| No 3916                  |  |  |  |  |  |  |  |
| Hamad Hospital           |  |  |  |  |  |  |  |
| 5 650.00                 |  |  |  |  |  |  |  |
| 565.00                   |  |  |  |  |  |  |  |
| <b>Total</b> 6 215.00    |  |  |  |  |  |  |  |
|                          |  |  |  |  |  |  |  |

| TAX INVOICE       |                   |  |  |  |  |  |  |  |
|-------------------|-------------------|--|--|--|--|--|--|--|
| Qatar Copy Centre |                   |  |  |  |  |  |  |  |
| 21 Apr 20xx       | No 3918           |  |  |  |  |  |  |  |
| T0:               | Lagoona Jewellery |  |  |  |  |  |  |  |
| Amount            | 6 115.00          |  |  |  |  |  |  |  |
| GST               | 611.50            |  |  |  |  |  |  |  |
| Total             | 6 726.50          |  |  |  |  |  |  |  |
|                   |                   |  |  |  |  |  |  |  |

| TAX INVOICE       |  |  |  |  |  |  |  |  |
|-------------------|--|--|--|--|--|--|--|--|
| Qatar Copy Centre |  |  |  |  |  |  |  |  |
| No 3917           |  |  |  |  |  |  |  |  |
| Doha Nursery      |  |  |  |  |  |  |  |  |
| 8 910.00          |  |  |  |  |  |  |  |  |
| 891.00            |  |  |  |  |  |  |  |  |
| 9 801.00          |  |  |  |  |  |  |  |  |
|                   |  |  |  |  |  |  |  |  |

|  | TAX INVOICE       |                  |  |  |  |
|--|-------------------|------------------|--|--|--|
|  | Qatar Copy Centre |                  |  |  |  |
|  | 27 Apr 20xx       | No 3919          |  |  |  |
|  | T0:               | Al Fardan Motors |  |  |  |
|  | Amount            | 11 500.00        |  |  |  |
|  | GST               | 1 150.00         |  |  |  |
|  | Total             | 12 650.00        |  |  |  |
|  |                   |                  |  |  |  |

# Copies of adjustment notes issued

| TAX ADJUSTMENT NOTE  Qatar Copy Centre |                |  |
|--|----------------|--|
| 8 Apr 20xx                             | No 5510        |  |
| TO:                                    | Hamad Hospital |  |
| Amount                                 | 85.00          |  |
| GST                                    | 8.50           |  |
| Total                                  | 93.50          |  |
|  |                |  |

| TAX ADJUSTMENT NOTE  Qatar Copy Centre |                  |  |  |
|--|------------------|--|--|
| 28 Apr 20xx                            | No 5511          |  |  |
| TO:                                    | Al Farden Motors |  |  |
| Amount                                 | 1 650.00         |  |  |
| GST                                    | 165.00           |  |  |
| <b>Total</b> 1 815.00                  |                  |  |  |

# Copies of adjustment notes received

| AI Jazeera Stationery<br>TAX ADJUSTMENT NOTE<br>To Qatar Copy Centre |         |
|--|---------|
| 5 Apr 20xx   | No 4592 |
| Amount   | 556.00  |
| GST  | 55.60   |
| Total  | 611.00  |

| Al Jazeera Sta<br>TAX ADJUSTMI<br>To Qatar Cop | ENT NOTE   |
|--|------------|
| 10 Apr 20xx                                    | No 7206    |
| Amount   | \$ 945.00  |
| GST  | \$ 94.50   |
| Total  | \$1 039.00 |

# Copies of invoices received

| Jazeera Stationery TAX INVOICE |                   |  |  |
|--------------------------------|-------------------|--|--|
| To:                            | Qatar Copy Centre |  |  |
| 3 Apr 20xx                     | No 21068          |  |  |
| Amount                         | 4 230.00          |  |  |
| GST                            | 423.00            |  |  |
| Total                          | 4 653.00          |  |  |

| Gulf Printers<br>TAX INVOICE |  |  |
|------------------------------|--|--|
| Qatar Copy Centre            |  |  |
| No 1095                      |  |  |
| 14 335.00                    |  |  |
| 1 433.50                     |  |  |
| 15 768.50                    |  |  |
|                              |  |  |

| TAX INVOICE |                   |  |
|-------------|-------------------|--|
| To:         | Qatar Copy Centre |  |
| 19 Ap 20xx  | No 1578           |  |
| Amount      | 6 080.00          |  |
| GST         | 608.00            |  |
| Total       | 6 688.00          |  |

**Qatar Distributors** 

| Guit Printers |                   |  |
|---------------|-------------------|--|
|               | TAX INVOICE       |  |
| To:           | Qatar Copy Centre |  |
| 28 Apr 20xx   | No 1154           |  |
| Amount        | 8 210.00          |  |
| GST           | 821.00            |  |
| Total         | 9 031.00          |  |
|               |                   |  |



# Copies of cheque butts and EFT summaries

| Cheque Stub |            |  |  |
|-------------|------------|--|--|
| 3 Apr 20xx  | No 2574    |  |  |
| Paid to     | Qatar Post |  |  |
| For         | Postage    |  |  |
| Amount      | 4180.00    |  |  |
| GST         | 418.00     |  |  |
| Total       | 4598.00    |  |  |

| Cheque Stub |            |  |  |
|-------------|------------|--|--|
| 4 Apr 20xx  | No 2575    |  |  |
| Paid to     | Doha Print |  |  |
| For         | Purchases  |  |  |
| Amount      | 11 050.00  |  |  |
| GST         | 1 105.00   |  |  |
| Total       | 12 155.00  |  |  |
|             |            |  |  |

|            | Cheque Stub |          |
|------------|-------------|----------|
| 7 Apr 20xx | No 2576     |          |
| Paid to    | QatCom      |          |
| For        | Rent.       |          |
| Amount     |             | 4 000.00 |
| GST        |             | 400.00   |
| Total      |             | 4 400.00 |
|            |             |          |

| Cheque Stub |                    |  |
|-------------|--------------------|--|
| 15 Apr 20xx | No 2577            |  |
| Paid to     | Jazeera Stationery |  |
| For         | Settlement of a/c  |  |
| Amount      | 8 520.00           |  |
| GST         | 852.00             |  |
| Total       | 9 372.00           |  |
|             |                    |  |

| Cheque Stub |            |        |
|-------------|------------|--------|
| 21 Apr 20xx | No 2578    |        |
| Paid to     | Q Couriers |        |
| For         | Freight    |        |
| Amount      |            | 900.00 |
| GST         |            | 90.00  |
| Total       |            | 990.00 |
|             |            |        |

| Cheque Stub |                    |  |
|-------------|--------------------|--|
| 28 Apr 20xx | No 2579            |  |
| Paid to     | Qatar Distributors |  |
| For         | Purchases          |  |
| Amount      | 16 500.00          |  |
| GST         | 1 650.00           |  |
| Total       | 18 150.00          |  |
|             |                    |  |

| <b>EFT Summary</b> |          |
|--------------------|----------|
| Date               | 7 Apr    |
| Paid to            | Cash     |
| For                | Wages    |
| Amount             | 3 575.00 |
| GST                | Exempt   |
| Total              | 3 575.00 |
|                    |          |

| EFT Summary |          |
|-------------|----------|
| Date        | 14 Apr   |
| Paid to     | Cash     |
| For         | Wages    |
| Amount      | 3 575.00 |
| GST         | Exempt   |
| Total       | 3 575.00 |
|             |          |

| <b>EFT Summary</b> |          |
|--------------------|----------|
| Date               | 21 Apr   |
| Paid to            | Cash     |
| For                | Wages    |
| Amount             | 4 015.00 |
| GST                | Exempt   |
| Total              | 4 015.00 |
|                    |          |

| EFT Summary |             |
|-------------|-------------|
| Date        | 24 Nov      |
| Paid to     | Kahramaa    |
| For         | Electricity |
| Amount      | 655.00      |
| GST         | Exempt      |
| Total       | 655.00      |

| <b>EFT Summary</b> |          |
|--------------------|----------|
| Date               | 28 Apr   |
| Paid to            | Cash     |
| For                | Wages    |
| Amount             | 3 575.00 |
| GST                | Exempt   |
| Total              | 3 575.00 |
|                    |          |

# Copies of receipts, EFTPOS and cash register summaries.

| Receipt       |            |
|---------------|------------|
| 6 Apr 20xx    | No 752     |
| Received from | J Al Ari   |
| For           | Stationery |
| Amount        | 1 450.00   |
| GST           | 145.00     |
| Total         | 1 595.00   |
|               |            |

| Receipt       |                |  |
|---------------|----------------|--|
| 14 Apr 20xx   | No 753         |  |
| Received from | Tower Cleaning |  |
| For           | Printing       |  |
| Amount        | 6 815.00       |  |
| GST           | 681.50         |  |
| Total         | 7 496.50       |  |

| Receipt  |  |  |
|----------|--|--|
|          |  |  |
| Plaza    |  |  |
|          |  |  |
| 1 078.00 |  |  |
| 107.80   |  |  |
| 1 185.80 |  |  |
|          |  |  |

| Receipt       |                       |  |
|---------------|-----------------------|--|
| 29 Apr 20xx   | No 755                |  |
| Received from | Doha Nursery          |  |
| For           | Settlement of account |  |
| Amount        | 3 210.00              |  |
| GST           | 321.00                |  |
| Total         | 3 531.00              |  |
|               |                       |  |

| EFTPOS Sum | E        |    |
|------------|----------|----|
| 7 Apr 20xx |          | 14 |
| Printing   | 2 120.00 | Pr |
| GST        | 212.00   | G  |
| Total      | 2 332.00 | T  |
|            |          |    |

| EFTPOS Sum  | mary     |
|-------------|----------|
| 14 Apr 20xx |          |
| Printing    | 3 945.00 |
| GST         | 394.50   |
| Total       | 4 339.50 |
|             |          |
|             |          |

| EFTPOS Summary |        |  |  |  |  |
|----------------|--------|--|--|--|--|
| 27 Apr 20xx    |        |  |  |  |  |
| Stationery     | 560.00 |  |  |  |  |
| GST            | 56.00  |  |  |  |  |
| Total          | 616.00 |  |  |  |  |
|                |        |  |  |  |  |



| Cash Register Summary |          |  |  |  |  |  |
|-----------------------|----------|--|--|--|--|--|
| 4 Nov 20xx            |          |  |  |  |  |  |
| Printing              | 765.00   |  |  |  |  |  |
| Copying               | 912.00   |  |  |  |  |  |
| Stationery            | 156.00   |  |  |  |  |  |
| Sub Total             | 1 833.00 |  |  |  |  |  |
| GST                   | 183.30   |  |  |  |  |  |
| Total                 | 2 016.30 |  |  |  |  |  |

| Cash Register Summary |          |  |  |  |  |  |  |
|-----------------------|----------|--|--|--|--|--|--|
| 16 Nov 20xx           |          |  |  |  |  |  |  |
| Printing              | 910.00   |  |  |  |  |  |  |
| Copying               | 1,240.00 |  |  |  |  |  |  |
| Stationery            | 256.00   |  |  |  |  |  |  |
| Sub Total             | 2,406.00 |  |  |  |  |  |  |
| GST                   | 240.60   |  |  |  |  |  |  |
| Total                 | 2,646.60 |  |  |  |  |  |  |

| Cash Register Summary |        |  |  |  |  |  |
|-----------------------|--------|--|--|--|--|--|
| 23 Nov 20xx           |        |  |  |  |  |  |
| Printing              | 565.00 |  |  |  |  |  |
| Copying               |        |  |  |  |  |  |
| Stationery            |        |  |  |  |  |  |
| Sub Total             | 565.00 |  |  |  |  |  |
| GST                   | 56.50  |  |  |  |  |  |
| Total                 | 621.50 |  |  |  |  |  |

| Purchases journal of |            |             |       |           |          |                     |  |  |  |
|----------------------|------------|-------------|-------|-----------|----------|---------------------|--|--|--|
| Date                 | Invoice No | Particulars | Folio | Purchases | GST paid | Accounts<br>Payable |  |  |  |
|                      |            |             |       |           |          |                     |  |  |  |
|                      |            |             |       |           |          |                     |  |  |  |
|                      |            |             |       |           |          |                     |  |  |  |
|                      |            |             |       |           |          |                     |  |  |  |
|                      |            |             |       |           |          |                     |  |  |  |
|                      |            |             |       |           |          |                     |  |  |  |
|                      |            |             |       |           |          |                     |  |  |  |
|                      |            |             |       |           |          |                     |  |  |  |

| Purchases Returns and |              |             |       |                  |          |                     |  |  |
|-----------------------|--------------|-------------|-------|------------------|----------|---------------------|--|--|
| Allowances Journal of |              |             |       |                  |          |                     |  |  |
| Date                  | Adjust<br>No | Particulars | Folio | Sales<br>Returns | GST Paid | Accounts<br>Payable |  |  |
|                       |              |             |       |                  |          |                     |  |  |
|                       |              |             |       |                  |          |                     |  |  |
|                       |              |             |       |                  |          |                     |  |  |
|                       |              |             |       |                  |          |                     |  |  |
|                       |              |             |       |                  |          |                     |  |  |
|                       |              |             |       |                  |          |                     |  |  |



| SALES journal of |            |             |       |           |                  |                        |  |  |  |
|------------------|------------|-------------|-------|-----------|------------------|------------------------|--|--|--|
| Date             | Invoice No | Particulars | Folio | Purchases | GST<br>Collected | Accounts<br>Receivable |  |  |  |
|                  |            |             |       |           |                  |                        |  |  |  |
|                  |            |             |       |           |                  |                        |  |  |  |
|                  |            |             |       |           |                  |                        |  |  |  |
|                  |            |             |       |           |                  |                        |  |  |  |
|                  |            |             |       |           |                  |                        |  |  |  |
|                  |            |             |       |           |                  |                        |  |  |  |
|                  |            |             |       |           |                  |                        |  |  |  |
|                  |            |             |       |           |                  |                        |  |  |  |

| SALES Returns and     |                  |             |       |                  |                  |                        |  |  |
|-----------------------|------------------|-------------|-------|------------------|------------------|------------------------|--|--|
| Allowances Journal of |                  |             |       |                  |                  |                        |  |  |
| Date                  | Adjustment<br>No | Particulars | Folio | Sales<br>Returns | GST<br>Collected | Accounts<br>Receivable |  |  |
|                       |                  |             |       |                  |                  |                        |  |  |
|                       |                  |             |       |                  |                  |                        |  |  |
|                       |                  |             |       |                  |                  |                        |  |  |
|                       |                  |             |       |                  |                  |                        |  |  |
|                       |                  |             |       |                  |                  |                        |  |  |
|                       |                  |             |       |                  |                  |                        |  |  |



|                        | Bank        |  |  |  |  |  |
|------------------------|-------------|--|--|--|--|--|
|                        | GST paid    |  |  |  |  |  |
|                        | Other       |  |  |  |  |  |
|                        |             |  |  |  |  |  |
|                        |             |  |  |  |  |  |
|                        |             |  |  |  |  |  |
|                        |             |  |  |  |  |  |
| CASH PAYMENTS BOOK OF: | Particulars |  |  |  |  |  |
| MENTS BOOK             | Reference   |  |  |  |  |  |
| CASH PAYI              | Date        |  |  |  |  |  |

|                        | Bank             |  |  |  |  |  |
|------------------------|------------------|--|--|--|--|--|
|                        | GST<br>Collected |  |  |  |  |  |
|                        | Other            |  |  |  |  |  |
|                        |                  |  |  |  |  |  |
|                        |                  |  |  |  |  |  |
|                        |                  |  |  |  |  |  |
|                        |                  |  |  |  |  |  |
|                        | Particulars      |  |  |  |  |  |
| CASH RECEIPTS BOOK OF: | Reference        |  |  |  |  |  |
| CASH RECE              | Date             |  |  |  |  |  |

### Summary of specialised journals

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

# Total journals in accordance with organisational procedures

All organisations will have procedures in place to ensure that journals are totalled accurately.

If a computerised system of accounting is used, calculations for totals will automatically occur.

However, where a spreadsheet or manual journals are maintained, care must be taken to ensure all columns are totalled correctly.

If you are using spreadsheets, the correct formula should be entered to ensure the appropriate range of cells within the column is added correctly.

If you are using a manual system, you should add columns down and then add the rows across to double check the accuracy of your journals.





- 1. Use your calculator to add the totals of the columns.
- 2. Use your calculator to add the totals of the rows.
- 3. Add your column totals and row totals to confirm they

|        | Purchases | Freight  | Wages     | Total |
|--------|-----------|----------|-----------|-------|
| Week 1 | 1,450.25  | 650.84   | 14,826.32 |       |
| Week 2 | 4,874.68  | 247.95   | 15,982.54 |       |
| Week 3 | 3,410.27  | 1,820.39 | 18,200.14 |       |
| Week 4 | 2,515.38  | 1,741.69 | 16,925.37 |       |
| Total  |           |          |           |       |



## **Practice activity 33**

Use your calculator to total the annual and quarterly expense figures below.

|                        | Q      | uarterly E | xpenses |        |                     |
|------------------------|--------|------------|---------|--------|---------------------|
|                        | Qtr 1  | Qtr 2      | Qtr 3   | Qtr 4  | <b>Total Annual</b> |
| Supplies               | 15,248 | 17,398     | 18,705  | 14,099 |                     |
| Freight                | 6,187  | 5,478      | 4,906   | 5,841  |                     |
| Wages                  | 16,200 | 17,189     | 14,680  | 15,300 |                     |
| Rent                   | 9,550  | 9,550      | 9,550   | 9,550  |                     |
| <b>Total Quarterly</b> |        |            |         |        |                     |

# **Prepare bank reconciliations**

## **Reconciliation of banking documents**

It is important to have controls over cash received and cash paid. 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.

We need to be able to reconcile or check our records with those of the bank so that we can recognise when customers/clients pay us and when we make payments to our suppliers and other account payables.

The bank statement is received on a regular basis from the bank. We use the bank statement to reconcile our cash journals against the bank records.

An example of our cash journals and a bank statement follows. GSTVAT has been excluded for the purpose of this example.



Bank statements provide evidence of all our cash transactions



|                 |           |  |                | Cash Receipts Book | ipts Book  |         |           |          |           |
|-----------------|-----------|--|----------------|--------------------|------------|---------|-----------|----------|-----------|
| Date            | Reference | Particulars                                      | Lounge         | Dining             | Carpet     | Kitchen | Bedroom   | Other    | Bank      |
| 1 October       | Rec 211   | J Al Ghanim                                      | 11,250.00      |                    | 650.00     |         |           | 225.00   |           |
|                 | CRS       | Cash sales                                       |                |                    | 250.00     | 175.00  |           | 420.00   | 12,970.00 |
| 2 October       | CRS       | Cash sales                                       | 800.00         | 00.009             |            |         |           | 650.00   | 2,050.00  |
| 3 October       | Rec 212   | H Al Thani                                       |                |                    |            |         | 12,450.00 |          |           |
|                 | CRS       | Cash sales                                       |                |                    | 200.00     | 855.00  |           | 1,250.00 | 14,755.00 |
|                 | EFTPOS    | EFTPOS sales                                     | 2,125.00       | 11,850.00          |            |         |           |          | 13,975.00 |
| 4 October       | CRS       | Cash sales                                       |                |                    |            |         |           | 635.00   | 635.00    |
|                 | EFTPOS    | EFTPOS sales                                     |                |                    |            |         | 955.00    | 860.00   | 1,815.00  |
| 5 October   CRS | CRS       | Cash sales                                       |                |                    | 415.00     | 280.00  | 395.00    | 1,245.00 | 2,335.00  |
| Ch = Cheque     | ant       | EFT = Electronic funds transfer (including BPay) | nic funds traı | nsfer (inclua      | ling BPay) |         |           |          |           |

|                    | Bank        | 5,800.00          | 6,550.00          | 6,850.00          | 8,250.00  |          | 1,750.00             |           |                     | 3,255.00  | 6,625.00          |  |
|--------------------|-------------|-------------------|-------------------|-------------------|-----------|----------|----------------------|-----------|---------------------|-----------|-------------------|--|
|                    | Other       |                   |                   |                   |           | 545.00   |                      | 500.00    | 465.00              |           |                   |  |
|                    | Rent        |                   | 6,550.00          |                   |           |          |                      |           |                     |           |                   |  |
|                    | Wages       |                   |                   |                   |           |          |                      |           |                     | 3,255.00  |                   |  |
| Cash Payments Book | Stationery  |                   |                   |                   |           |          | 1,750.00             |           |                     |           |                   | ding BPay)                                       |
| ash Payn           | Freight     |                   |                   | 350.00            |           |          |                      |           |                     |           |                   | ısfer (inclu                                     |
|                    | Purchases   | 5,800.00          |                   | 6,500.00          | 8,250.00  |          |                      |           |                     |           | 6,625.00          | nic funds trar                                   |
|                    | Particulars | Doha Furn<br>Dist | Al Amari<br>Trust | Doha Furn<br>Dist | QFS wll   | Kahramaa | Doha Statio-<br>nery | Repairs   | Petty cash<br>reimb | Wages     | Al Basara<br>Corp | EFT = Electronic funds transfer (including BPay) |
|                    | Reference   | Ch 2547           | Ch 2458           | Ch 2459           | Ch 2460   | EFT      | EFT                  | Ch 2461   | Ch 2462             | EFT       | Ch 2463           | ənt  |
|                    | Date        | 1 October         |                   | 2 October         | 3 October |          |                      | 4 October |                     | 5 October |                   | Ch = Cheque                                      |



#### QATAR BANK Al Sadd Branch

#### **BANK STATEMENT**

| Statement of acco | ount             | Account nam          | ie:      | Qatar Luxur | y Furnishing |    |
|-------------------|------------------|----------------------|----------|-------------|--------------|----|
| Statement of acco | Junt             | Account num          | ber:     | 11223 7852  | 4            |    |
| Date              | Particu          | ılars                | Debit    | Credit      | Balance      |    |
| 1 October         | Brough           | t forward            |          |             | 125,845.00   | Cr |
|                   | Deposit          | t                    |          | 12,970.00   | 138,815.00   | Cr |
| 2 October         | Deposit          | t                    |          | 2,050.00    | 140,865.00   | Cr |
|                   | Ch 2458          | 8                    | 6,550.00 |             | 134,315.00   | Cr |
| 3 October         | Ch 2542          | 7                    | 5,800.00 |             | 128,515.00   | Cr |
|                   | Ch 254           | 9                    | 6,850.00 |             | 121,665.00   | Cr |
|                   | Deposit          | t                    |          | 14,755.00   | 136,420.00   | Cr |
|                   | EFTPOS           | 5                    |          | 13,975.00   | 150,395.00   | Cr |
|                   | Interest - 78524 | (Term deposit<br>(A) |          | 135.00      | 150,530.00   | Cr |
| 4 October         | Deposit          | t                    |          | 635.00      | 151,165.00   | Cr |
|                   | EFTPOS           | )                    |          | 1815.00     | 152,980.00   | Cr |
|                   | EFT (Ka          | hramaa)              | 545.00   |             | 152,435.00   | Cr |
|                   | EFT (Do          | oha Stat)            | 1,750.00 |             | 150,685.00   | Cr |
|                   | Ch 2462          | 2                    | 465.00   |             | 150,220.00   | Cr |
| 5 October         | EFT (Mi          | sc transfers)        | 3,255.00 |             | 146,965.00   | Cr |
|                   | EFTPOS           | fees                 | 415.00   |             | 146,505.00   | Cr |

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.



# Check cash journals against bank statement to identify differences

#### Step 1

The first step in the reconciliation process is to compare the cash receipts book with the credit column of the bank statement. Tick the deposit amounts that appear in both the cash receipts book and 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 Book | ipts Book  |         |           |          |                    |   |
|-------------|-----------|--|----------------|--------------------|------------|---------|-----------|----------|--------------------|---|
| Date        | Reference | Particulars                                      | Lounge         | Dining             | Carpet     | Kitchen | Bedroom   | Other    | Bank               |   |
| 1 October   | Rec 211   | J Al Ghanim                                      | 11,250.00      |                    | 650.00     |         |           | 225.00   |                    | > |
|             | CRS       | Cash sales                                       |                |                    | 250.00     | 175.00  |           | 420.00   | 12,970.00          | > |
| 2 October   | CRS       | Cash sales                                       | 800.00         | 00.009             |            |         |           | 650.00   | 2,050.00           | > |
| 3 October   | Rec 212   | H Al Thani                                       |                |                    |            |         | 12,450.00 |          |                    |   |
|             | CRS       | Cash sales                                       |                |                    | 200.00     | 855.00  |           | 1,250.00 | 1,250.00 14,755.00 | > |
|             | EFTPOS    | EFTPOS sales                                     | 2,125.00       | 11,850.00          |            |         |           |          | 13,975.00          | > |
| 4 October   | CRS       | Cash sales                                       |                |                    |            |         |           | 635.00   | 635.00             | > |
|             | EFTPOS    | EFTPOS sales                                     |                |                    |            |         | 955.00    | 860.00   | 1,815.00           | > |
| 5 October   | CRS       | Cash sales                                       |                |                    | 415.00     | 280.00  | 395.00    | 1,245.00 | 2,335.00           |   |
| Ch = Cheque | ant       | EFT = Electronic funds transfer (including BPay) | nic funds tran | nsfer (inclua      | ling BPay) |         |           |          |                    |   |



|                    | Bank        | 5,800.00          | 6,550.00          | 6,850.00          | 8,250.00  | 545.00   | 1,750.00             | 500.00    | 465.00              | 3,255.00  | 6,625.00          |
|--------------------|-------------|-------------------|-------------------|-------------------|-----------|----------|----------------------|-----------|---------------------|-----------|-------------------|
|                    | Other       |                   |                   |                   |           | 545.00   |                      | 200.00    | 465.00              |           |                   |
|                    | Rent        |                   | 6,550.00          |                   |           |          |                      |           |                     |           |                   |
|                    | Wages       |                   |                   |                   |           |          |                      |           |                     | 3,255.00  |                   |
| Cash Payments Book | Stationery  |                   |                   |                   |           |          | 1,750.00             |           |                     |           |                   |
| Cash Paym          | Freight     |                   |                   | 350.00            |           |          |                      |           |                     |           |                   |
|                    | Purchases   | 5,800.00          |                   | 6,500.00          | 8,250.00  |          |                      |           |                     |           | 6,625.00          |
|                    | Particulars | Doha Furn<br>Dist | Al Amari<br>Trust | Doha Furn<br>Dist | QFS wll   | Kahramaa | Doha Statio-<br>nery | Repairs   | Petty cash<br>reimb | Wages     | Al Basara<br>Corp |
|                    | Reference   | Ch 2547           | Ch 2458           | Ch 2459           | Ch 2460   | EFT      | EFT                  | Ch 2461   | Ch 2462             | EFT       | Ch 2463           |
|                    | Date        | 1 October         |                   | 2 October         | 3 October |          |                      | 4 October |                     | 5 October |                   |



#### QATAR BANK Al Sadd Branch

#### **BANK STATEMENT**

| Statement of acco | unt              | Account nam          | ie:      |          | Qatar Lux | xury     | / Furnishing |    |
|-------------------|------------------|----------------------|----------|----------|-----------|----------|--------------|----|
| Statement of acco | unt              | Account num          | ber:     |          | 11223 78  | 524      | 1            |    |
| Date              | Particu          | lars                 | Debit    |          | Credit    |          | Balance      |    |
| 1 October         | Brough           | t forward            |          |          |           |          | 125,845.00   | Cr |
|                   | Deposit          |                      |          |          | 12,970.00 | <b>√</b> | 138,815.00   | Cr |
| 2 October         | Deposit          |                      |          |          | 2,050.00  | <b>√</b> | 140,865.00   | Cr |
|                   | Ch 2458          | 3                    | 6,550.00 | <b>√</b> |           |          | 134,315.00   | Cr |
| 3 October         | Ch 2547          | 7                    | 5,800.00 | <b>√</b> |           |          | 128,515.00   | Cr |
|                   | Ch 2549          | )                    | 6,850.00 | <b>√</b> |           |          | 121,665.00   | Cr |
|                   | Deposit          |                      |          |          | 14,755.00 | <b>√</b> | 136,420.00   | Cr |
|                   | EFTPOS           |                      |          |          | 13,975.00 | <b>√</b> | 150,395.00   | Cr |
|                   | Interest - 78524 | (Term deposit<br>!A) |          |          | 135.00    |          | 150,530.00   | Cr |
| 4 October         | Deposit          |                      |          |          | 635.00    | <b>√</b> | 151,165.00   | Cr |
|                   | EFTPOS           |                      |          |          | 1815.00   | <b>√</b> | 152,980.00   | Cr |
|                   | EFT (Kai         | hramaa)              | 545.00   | <b>√</b> |           |          | 152,435.00   | Cr |
|                   | EFT (Do          | ha Stat)             | 1,750.00 | <b>√</b> |           |          | 150,685.00   | Cr |
|                   | Ch 2462          | 2                    | 465.00   | <b>√</b> |           |          | 150,220.00   | Cr |
| 5 October         | EFT (Mis         | sc transfers)        | 3,255.00 | <b>√</b> |           |          | 146,965.00   | Cr |
|                   | EFTPOS           | fees                 | 415.00   | 1        |           |          | 146,505.00   | Cr |



# Update cash journals with relevant data from bank statements

#### Step 3

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

#### Step 4

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

Refer to the cash journals over the page and see how the unticked items from the bank statement have been entered into the cash journals.

#### Identify discrepancies and refer to appropriate staff

#### Step 5

There will always be differences between your cash journal entries and the bank statement.

- ➤ Bank charges
- ➤ Interest
- ➤ Direct deposits
- ➤ Direct payments
- ➤ Dishonoured cheques

It is important that when you identify these discrepancies, you refer them to appropriate personnel as set out in the organisational procedures.



# **Total cash journals**

### Step 6

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 next page have been completed after steps 3-6.

|           |                      |              |           | Cash Receipts Book | ipts Book |          |           |          |                    |   |
|-----------|----------------------|--------------|-----------|--------------------|-----------|----------|-----------|----------|--------------------|---|
| Date      | Reference            | Particulars  | Lounge    | Dining             | Carpet    | Kitchen  | Bedroom   | Other    | Bank               |   |
| 1 October | Rec 211              | J Al Ghanim  | 11,250.00 |                    | 650.00    |          |           | 225.00   |                    | > |
|           | CRS                  | Cash sales   |           |                    | 250.00    | 175.00   |           | 420.00   | 12,970.00          | > |
| 2 October | CRS                  | Cash sales   | 800.00    | 00.009             |           |          |           | 650.00   | 2,050.00           | > |
| 3 October | Rec 212              | H Al Thani   |           |                    |           |          | 12,450.00 |          |                    |   |
|           | CRS                  | Cash sales   |           |                    | 200.00    | 855.00   |           | 1,250.00 | 14,755.00          | > |
|           | EFTPOS               | EFTPOS sales | 2,125.00  | 11,850.00          |           |          |           |          | 13,975.00          | > |
| 4 October | CRS                  | Cash sales   |           |                    |           |          |           | 635.00   | 635.00             | > |
|           | EFTPOS               | EFTPOS sales |           |                    |           |          | 955.00    | 860.00   | 1,815.00           | > |
| 5 October | CRS                  | Cash sales   |           |                    | 415.00    | 280.00   | 395.00    | 1,245.00 | 2,335.00           |   |
|           | B/S                  | Interest     |           |                    |           |          |           | 135.00   | 135.00             |   |
|           |                      |              | 14,175.00 | 12,450.00          | 1,515.00  | 1,310.00 | 13,800.00 | 5,420.00 | 5,420.00 48,670.00 |   |
| B/S = Ban | B/S = Bank statement | ıt           |           |                    |           |          |           |          |                    |   |



|                    |             | >                 | >                 |                   | >         | >        |                      | >         |                     | >         |                   |             |                    |
|--------------------|-------------|-------------------|-------------------|-------------------|-----------|----------|----------------------|-----------|---------------------|-----------|-------------------|-------------|--------------------|
|                    | Bank        | 5,800.00          | 6,550.00          | 6,850.00          | 8,250.00  | 545.00   | 1,750.00             | 500.00    | 465.00              | 3,255.00  | 6,625.00          | 415.00      | 1,510.00 41,005.00 |
|                    | Other       |                   |                   |                   |           | 545.00   |                      | 500.00    | 465.00              |           |                   | 415.00      | 1,510.00           |
|                    | Rent        |                   | 6,550.00          |                   |           |          |                      |           |                     |           |                   |             | 6,550.00           |
|                    | Wages       |                   |                   |                   |           |          |                      |           |                     | 3,255.00  |                   |             | 3,255.00           |
| Cash Payments Book | Stationery  |                   |                   |                   |           |          | 1,750.00             |           |                     |           |                   |             | 1,750.00           |
| Cash Paym          | Freight     |                   |                   | 350.00            |           |          |                      |           |                     |           |                   |             | 350.00             |
|                    | Purchases   | 5,800.00          |                   | 6,500.00          | 8,250.00  |          |                      |           |                     |           | 6,625.00          |             | 27,175.00          |
|                    | Particulars | Doha Furn<br>Dist | Al Amari<br>Trust | Doha Furn<br>Dist | QFS wll   | Kahramaa | Doha Statio-<br>nery | Repairs   | Petty cash<br>reimb | Wages     | Al Basara<br>Corp | EFTPOS fees |                    |
|                    | Reference   | Ch 2547           | Ch 2458           | Ch 2459           | Ch 2460   | EFT      | EFT                  | Ch 2461   | Ch 2462             | EFT       | Ch 2463           | B/S         |                    |
|                    | Date        | 1 October         |                   | 2 October         | 3 October |          | 1                    | 4 October | ,                   | 5 October |                   |             |                    |

## Prepare regular reconciliation reports

#### Step 7

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

|           | Qatar              | Luxury Furnis  | shings    |            |    |
|-----------|--------------------|----------------|-----------|------------|----|
|           | L                  | .edger (extrac | t)        |            |    |
| Date      | <b>Particulars</b> | 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 8

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

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



| What is the purpose of the bank reconciliation?   |    |  |  |  |  |
|---|----|--|--|--|--|
|   |    |  |  |  |  |
| List the source documents and journals that are used to prepare a bareconciliation statement.   | nk |  |  |  |  |
|   |    |  |  |  |  |
| From the following information:  a) Use the bank statement to complete the cash receipts and ca |    |  |  |  |  |
| naumonts journals for Marlin Photographic Studio  |    |  |  |  |  |

- payments journals for Marlin Photographic Studio.
- b) Post journals to the cash at bank account.
- c) Prepare a bank reconciliation statement as at 31 March 20xx.
- d) The cash at bank account in the books of the business shows a debit balance of \$200.00 at 1 March 20xx.



|  | >                   |            |          |            |           |            |            |  |  |
|--|---------------------|------------|----------|------------|-----------|------------|------------|--|--|
|  | Bank                |            |          |            |           |            |            |  |  |
| ohic Studio  | Other               |            |          |            |           |            |            |  |  |
| Cash Receipts Journal – Marlin Photographic Studio | Accounts receivable |            | 1200.00  |            | 100.00    | 150.00     | 390.00     |  |  |
| ceipts Journal -                                   | Sales               | 400.00     |          | 300.00     |           |            |            |  |  |
| Cash Re  | Particulars         | Cash Sales | R Nasser | Cash Sales | J Marsden | Cash Sales | Cash Sales |  |  |
|  | Reference           | CRS        | Rec 16   | CRS        | Rec 17    | CRS        | CRS        |  |  |
|  | Date                | 1 March    | 9 March  | 11 March   | 16 March  | 23 March   | 29 March   |  |  |



|  | >                |            |            |                |            |             |  |  |  |
|--|------------------|------------|------------|----------------|------------|-------------|--|--|--|
|  | Bank             | 00.009     | 00:006     | 800.00         |            | 300.00      |  |  |  |
| phic Studio  | Other            |            |            |                |            |             |  |  |  |
| Cash Payments Journal – Marlin Photographic Studio | Accounts payable |            | 00.006     |                |            |             |  |  |  |
| ments Journal                                      | Wages            | 00.009     |            | 300.00         |            |             |  |  |  |
| Cash Pay   | Particulars      | Wages      | M Mohsen   | Cash Purchases | Rent       | Electricity |  |  |  |
|  | Reference        | Cheque 276 | Cheque 277 | Cheque 278     | Cheque 279 |             |  |  |  |
|  | Date             | 1 March    | 9 March    | 17 March       | 27 March   |             |  |  |  |

#### QATAR BANK Al Sadd Branch

### **BANK STATEMENT**

| Statement of account |                     | Account nan            | ne:    | Marlin Photographic Studio |          |    |  |  |
|----------------------|---------------------|------------------------|--------|----------------------------|----------|----|--|--|
| Statement of         | account             | Account nun            | nber:  | 6524 1274                  |          |    |  |  |
| Date                 | Partic              | ulars                  | Debit  | Credit                     | Balance  |    |  |  |
| 1 March              | Brough              | t forward              |        |                            | 200.00   | Cr |  |  |
|                      | Cash/C              | Cash/Cheque            |        | 400.00                     | 600.00   | Cr |  |  |
| 3 March              | Cheque              | ? Book                 | 5.00   |                            | 595.00   | Cr |  |  |
| 9 March              | Cash/C              | heque                  |        | 1,200.00                   | 1,795.00 | Cr |  |  |
| 11 March             | Cash/C              | heque                  | 600.00 | 300.00                     | 3,095.00 | Cr |  |  |
| 14 March             | Cheque              | ? No 276               |        |                            | 1,495.00 | Cr |  |  |
| 16 March             | Cash/C              | heque                  |        | 100.00                     | 1,595.00 | Cr |  |  |
| 18 March             | Cheque              | ? No 277               | 900.00 |                            | 695.00   | Cr |  |  |
| 23 March             | Cash/C              | heque                  |        | 150.00                     | 845.00   | Cr |  |  |
| 29 March             | Bank cl             | harges                 | 10.00  |                            |          | Cr |  |  |
| 30 March             | Electron<br>M Al-Ka | nic Transfer –<br>aabi |        | 450.00                     | 1,285.00 | Cr |  |  |
|                      |                     |                        |        |                            |          |    |  |  |
|                      |                     |                        |        |                            |          |    |  |  |
|                      |                     |                        |        |                            |          |    |  |  |
|                      |                     |                        |        |                            |          |    |  |  |
|                      |                     |                        |        |                            |          |    |  |  |



|      | Qatar Luxury Furnishings |       |        |         |  |  |  |
|------|--------------------------|-------|--------|---------|--|--|--|
|      | Ledger (extract)         |       |        |         |  |  |  |
| Date | Particulars              | Debit | Credit | Balance |  |  |  |
|      |                          |       |        |         |  |  |  |
|      |                          |       |        |         |  |  |  |
|      |                          |       |        |         |  |  |  |
|      |                          |       |        |         |  |  |  |
|      |                          |       |        |         |  |  |  |
|      |                          |       |        |         |  |  |  |
|      |                          |       |        |         |  |  |  |
|      |                          |       |        |         |  |  |  |
|      |                          |       |        |         |  |  |  |
|      |                          |       |        |         |  |  |  |

| Bank Reconciliation Statement  Marlin Photographic Studio |  |  |  |  |  |
|---|--|--|--|--|--|
| As at   |  |  |  |  |  |
|   |  |  |  |  |  |
|   |  |  |  |  |  |
|   |  |  |  |  |  |
|   |  |  |  |  |  |
|   |  |  |  |  |  |
|   |  |  |  |  |  |
|   |  |  |  |  |  |
|   |  |  |  |  |  |
|   |  |  |  |  |  |
|   |  |  |  |  |  |



Refer to the bank statement on the following page to answer the following questions.

| What is the closing balance? What is the closing balance? |            |             |              |               |  |  |
|---|------------|-------------|--------------|---------------|--|--|
|   |            |             |              |               |  |  |
| What is the n   | ame of the | bank that h | as issued th | is statement? |  |  |
|   |            |             |              |               |  |  |
|   |            |             |              |               |  |  |

| Explain the two transactions that occurred on October 2.   |
|--|
|  |
|  |
|  |
|  |
|  |
| What does EFTPOS stand for?  |
|  |
|  |
| What does EFT stand for?   |
|  |
| Should the closing bank statement figure always be exactly the same as our closing bank account figure in the ledger? Explain. |
|  |
|  |
|  |
|  |
|  |
|  |

#### QATAR BANK Al Sadd Branch

#### **BANK STATEMENT**

| Statement of account |                 | Account name:       |                 | Qatar Luxi | ury Furnishin | ng |
|----------------------|-----------------|---------------------|-----------------|------------|---------------|----|
| Statement o          | raccount        | Account number:     | Account number: |            |               |    |
| Date                 | Particulars     |                     |                 | Credit     | Balance       |    |
| Oct 1                | Brought for     | Brought forward     |                 |            | 125,845       | Cr |
|                      | Deposit         |                     |                 | 12970      | 138,815       | Cr |
| 2                    | Deposit         |                     | 2050            | 140,865    | Cr            |    |
|                      | Ch 2458         | 6550                |                 | 134,315    | Cr            |    |
| 3                    | Ch 2547         |                     | 5800            |            | 128,515       | Cr |
|                      | Ch 2549         | 6850                |                 | 121,665    | Cr            |    |
|                      | Deposit         |                     |                 | 14755      | 136,420       | Cr |
|                      | EFTPOS          |                     |                 | 13975      | 150,395       | Cr |
|                      | Interest (Ter   | m Deposit – 78524A) |                 | 135        | 150,530       | Cr |
| 4                    | Deposit         |                     |                 | 635        | 151,165       | Cr |
|                      | EFTPOS          |                     |                 | 1815       | 152,980       | Cr |
|                      | EFT (Kharamaa)  |                     | 545             |            | 152,435       | Cr |
|                      | EFT (Doha Stat) |                     | 1750            |            | 150,685       | Cr |
|                      | Ch 2462         |                     | 465             |            | 150,220       | Cr |
| 5                    | EFT (Misc tro   | ınsfers)            | 3255            |            | 146,965       | Cr |
|                      | EFTPOS fees     |                     | 415             |            | 146,550       | Cr |





#### QATAR BANK Gharaffa Branch

#### **BANK STATEMENT**

| Statement of account | Account name:   | Qatar Camping Supplies |
|----------------------|-----------------|------------------------|
| Statement of account | Account number: | 6658 1402              |
|                      |                 |                        |

| Date   | Particulars                      | Debit    | Credit   | Balance  |    |
|--------|----------------------------------|----------|----------|----------|----|
| 1 Mar  | Brought forward                  |          |          | 650.00   | Cr |
| 1 Mar  | Cash/Cheque                      |          | 2,315.00 | 2,965.00 | Cr |
| 3 Mar  | Cheque Book Fee                  | 25.00    |          | 2,940.00 | Cr |
| 9 Mar  | Cheque 584                       | 185.00   |          | 2,755.00 | Cr |
| 11 Mar | Cash/Cheque                      |          | 3,107.00 | 5,862.00 | Cr |
| 14 Mar | Cheque No 585                    |          | 2,475.00 | 3,387.00 | Cr |
| 16 Mar | Cash/Cheque                      |          | 1,956.00 | 5,343.00 | Cr |
| 18 Mar | Cheque No 587                    | 2,120.00 |          | 3,223.00 | Cr |
| 23 Mar | Interest – Term Deposit          |          | 125.00   | 3,348.00 | Cr |
| 29 Mar | Bank charges                     | 10.00    |          | 3,338.00 | Cr |
| 30 Mar | Electronic Transfer – F Al Emadi |          | 786.00   | 4,124.00 | Cr |
|        |                                  |          |          |          |    |
|        |                                  |          |          |          |    |



|        | CASH REC  | CEIPTS JOUI | RNAL – QA | TAR CAMPIN             | NG SUPF | PLIES   |   |
|--------|-----------|-------------|-----------|------------------------|---------|---------|---|
| Date   | Reference | Particulars | Sales     | Accounts<br>Receivable | Other   | Bank    | ✓ |
| 1 Mar  | Rec 121   | R Khalid    |           | 2315.00                |         | 2315.00 |   |
| 11 Mar | Rec 122   | Cash sales  | 3107.00   |                        |         | 3107.00 |   |
| 16 Mar | Rec 123   | Cash sales  | 1956.00   |                        |         | 1956.00 |   |
|        |           |             |           |                        |         |         |   |
|        |           |             |           |                        |         |         |   |
|        |           |             |           |                        |         |         |   |
|        |           |             |           |                        |         |         |   |
|        |           |             |           |                        |         |         |   |
|        |           |             |           |                        |         |         |   |
|        |           |             |           |                        |         |         |   |
|        |           |             |           |                        |         |         |   |

|        | <b>CASH PAY</b> | <b>MENTS JOU</b> | RNAL – QA | ATAR CAMPI       | NG SUP | PLIES   |   |
|--------|-----------------|------------------|-----------|------------------|--------|---------|---|
| Date   | Reference       | Particulars      | Supplies  | Accounts payable | Other  | Bank    | 1 |
| 7 Mar  | Ch 584          |                  | 185.00    |                  |        | 185.00  |   |
| 12 Mar | Ch 585          |                  |           | 2475.00          |        | 2475.00 |   |
| 17 Mar | Ch 586          |                  |           | 386.00           |        | 386.00  |   |
| 15 Mar | Ch 587          |                  | 2120.00   |                  |        | 2120.00 |   |
|        |                 |                  |           |                  |        |         |   |
|        |                 |                  |           |                  |        |         |   |
|        |                 |                  |           |                  |        |         |   |
|        |                 |                  |           |                  |        |         |   |
|        |                 |                  |           |                  |        |         |   |
|        |                 |                  |           |                  |        |         |   |
|        |                 |                  |           |                  |        |         |   |

| Qatar Luxury Furnishings |                  |       |        |         |  |  |  |
|--------------------------|------------------|-------|--------|---------|--|--|--|
|                          | Ledger (extract) |       |        |         |  |  |  |
| Date                     | Particulars      | Debit | Credit | Balance |  |  |  |
| 1 Mar                    | Balance          |       |        | 650.00  |  |  |  |
|                          |                  |       |        |         |  |  |  |
|                          |                  |       |        |         |  |  |  |
|                          |                  |       |        |         |  |  |  |
|                          |                  |       |        |         |  |  |  |
|                          |                  |       |        |         |  |  |  |
|                          |                  |       |        |         |  |  |  |
|                          |                  |       |        |         |  |  |  |
|                          |                  |       |        |         |  |  |  |
|                          |                  |       |        |         |  |  |  |

| Bank Reconciliation    | Bank Reconciliation Statement |    |  |  |  |
|------------------------|-------------------------------|----|--|--|--|
| QATAR CAMPING SUPPLIES |                               |    |  |  |  |
| As at                  |                               |    |  |  |  |
|                        | \$                            | \$ |  |  |  |
|                        |                               |    |  |  |  |
|                        |                               |    |  |  |  |
|                        |                               |    |  |  |  |
|                        |                               |    |  |  |  |
|                        |                               |    |  |  |  |
|                        |                               |    |  |  |  |
|                        |                               |    |  |  |  |
|                        |                               |    |  |  |  |
|                        |                               |    |  |  |  |
|                        |                               |    |  |  |  |
|                        |                               |    |  |  |  |





From the following information relating to the business of Hussan's Equipment Hire, complete the cash journals, show the cash at bank account and prepare a bank reconciliation statement

| Bank Reconciliatio                             | n Statement |     |  |  |
|--|-------------|-----|--|--|
| Hussan's Equipment Hire As at 31 December 2012 |             |     |  |  |
|  |             |     |  |  |
| Debit balance as per bank statement            |             | 100 |  |  |
| Add unpresented cheques                        |             |     |  |  |
| No 204   | 20          |     |  |  |
| No 209   | 50          |     |  |  |
|  |             | 70  |  |  |
|  |             | 170 |  |  |
| Less deposits not yet credited                 |             | 50  |  |  |
| Credit balance as per cash at bank account     |             | 20  |  |  |



|        | Particulars | Sales | Receivable | Other | Bank |  |
|--------|-------------|-------|------------|-------|------|--|
| Jan 1  | Cash sales  | 420   |            |       | 420  |  |
| Jan 10 | Cash sales  | 175   |            |       | 175  |  |
| Jan 15 | P Rasheed   |       | 1160       |       | 1160 |  |
| Jan 21 | Cash sales  | 270   |            |       | 270  |  |
| Jan 30 | Cash sales  | 100   |            |       | 100  |  |
|        |             |       |            |       |      |  |

|        | CASH PA   | YMENTS JO   | URNAL – H | lussan's Equ     | ipment ŀ | lire |   |
|--------|-----------|-------------|-----------|------------------|----------|------|---|
| Date   | Reference | Particulars | Supplies  | Accounts payable | Other    | Bank | 1 |
| Jan 2  | Ch 215    |             | 190       |                  |          | 190  |   |
| Jan 10 | Ch 216    |             |           | 410              |          | 410  |   |
| Jan 14 | Ch 217    |             |           |                  | 116      | 116  |   |
| Jan 17 | Ch 218    |             |           | 240              |          | 240  |   |
| Jan 28 | Ch 219    |             |           |                  | 870      | 870  |   |
|        | Ch 220    |             | 436       |                  |          | 436  |   |
| Jan 30 | Ch 221    |             |           |                  | 100      | 100  |   |
|        |           |             |           |                  |          |      |   |
|        |           |             |           |                  |          |      |   |

#### QATAR BANK Gharaffa Branch

#### **BANK STATEMENT**

| _         | _          |
|-----------|------------|
| Statement | of account |

**Account name:** 

Hussan's equipment

Hire

**Account number:** 

6658 1402

| Date   | Particulars           | Debit | Credit | Balance |    |
|--------|-----------------------|-------|--------|---------|----|
| Jan 1  | Balance               |       |        | 100     | Dr |
| Jan 2  | C/c                   |       | 50     |         |    |
|        | C/c                   |       | 420    |         |    |
|        | Ch 209                | 50    |        | 320     | Cr |
| Jan 7  | Ch 215                | 190   |        | 130     | Cr |
| Jan 11 | C/c                   |       | 175    | 305     | Cr |
|        | Ch 216                | 410   |        | 105     | Dr |
| Jan 12 | Interest on overdraft | 170   |        | 275     | Dr |
| Jan 16 | C/c                   |       | 1160   | 885     | Cr |
| Jan 21 | C/c                   |       | 270    | 1155    | Cr |
|        | Ch 218                | 240   |        | 915     | Cr |
| Jan 29 | Ch 219                | 870   |        | 45      | Cr |
| Jan 31 | EFT – P Campbell      |       | 330    | 375     | Cr |
|        |                       |       |        |         |    |
|        |                       |       |        |         |    |
|        |                       |       |        |         |    |

| Hussan's Equipment Hire |             |               |        |         |
|-------------------------|-------------|---------------|--------|---------|
|                         | Le          | edger (extrac | t)     |         |
| Date                    | Particulars | Debit         | Credit | Balance |
| 1 Mar                   | Balance     |               |        | 650.00  |
|                         |             |               |        |         |
|                         |             |               |        |         |
|                         |             |               |        |         |
|                         |             |               |        |         |
|                         |             |               |        |         |
|                         |             |               |        |         |
|                         |             |               |        |         |
|                         |             |               |        |         |
|                         |             |               |        |         |

| Bank Reconciliation Statement |  |  |
|-------------------------------|--|--|
| Hussan's Equipment Hire       |  |  |
| As at                         |  |  |
|                               |  |  |
|                               |  |  |
|                               |  |  |
|                               |  |  |
|                               |  |  |
|                               |  |  |
|                               |  |  |
|                               |  |  |
|                               |  |  |
|                               |  |  |
|                               |  |  |
|                               |  |  |
|                               |  |  |
|                               |  |  |

### Maintain accounts payable and accounts receivable systems

### Enter transactions into individual accounts receivable and accounts payable

Business organisations can perform hundreds of business transactions per month. This is why we summarise transactions into specialised journals.

The next step in the accounting process is to post the journals to the ledger. Let's review the procedures to record the purchases journal. You will recall that the source document for this transaction is the original of the GST Invoice received from the supplier. The invoice lists the goods purchased and how much they cost. If applicable, GST/VAT will be included on the invoice.

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

|           | re Distributors<br>NVOICE |
|-----------|---------------------------|
| To:       | Qatar Luxury Furnishing   |
| 1 October | No 95421                  |
| Amount    | 6,650.00                  |
| GST       | 665.00                    |
| Total     | 7,315.00                  |

|           | QFS wll                 |
|-----------|-------------------------|
|           | TAX INVOICE             |
| To:       | Qatar Luxury Furnishing |
| 3 October | No 1287                 |
| Amount    | 450.00                  |
| GST       | 45.00                   |
| Total     | 495.00                  |
|           |                         |

| Dona Furniture Distributors TAX INVOICE |                         |  |  |
|---|-------------------------|--|--|
| To:                                     | Qatar Luxury Furnishing |  |  |
| 4 October                               | No 95438                |  |  |
| Amount                                  | 4,210.00                |  |  |
| GST 421.00                              |                         |  |  |
| <b>Total</b> 4,631.00                   |                         |  |  |

| Qatar Kitchen Supplies<br>TAX INVOICE |                         |  |  |
|---------------------------------------|-------------------------|--|--|
| To:                                   | Qatar Luxury Furnishing |  |  |
| 3 October No 7284                     |                         |  |  |
| Amount                                | 10,854.00               |  |  |
| GST 1,085.40                          |                         |  |  |
| <b>Total</b> 11,939.40                |                         |  |  |



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

|       | Purchases journal of Qatar Luxury Furnishings |                     |       |           |          |                  |
|-------|---|---------------------|-------|-----------|----------|------------------|
| Date  | Invoice No                                    | Particulars         | Folio | Purchases | GST paid | Accounts payable |
| 1 Oct | 95421   | Doha Furniture 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 | 1,1939.40        |
|       |   |                     |       | 22,164.00 | 2 216.40 | 24,380.40        |
|       |   |                     |       | Dr        | Dr       | Cr               |

The next step in the accounting process is to post this journal to the general ledger. The general ledger lists all of the organisation's accounts and records every transaction according to the rules of double entry. Each ledger account contains a history of transactions that affect that particular account.

The purchases journal above will appear in the general ledger as follows.

| General Ledger Of Qatar Luxury Furnishings |                   |           |           |           |    |
|--|-------------------|-----------|-----------|-----------|----|
| Date Particulars Debit Credit Balance      |                   |           |           |           |    |
| Purchases -                                | - E1              |           |           |           |    |
| 6 Oct                                      | Accounts payable  | 22,164.00 |           | 22,164.00 | Dr |
| GST Paid –                                 | A1                |           |           |           |    |
| 6 Oct                                      | Accounts payable  | 2,216.40  |           | 2,216.40  | Dr |
| Accounts Po                                | ayable– L1        |           |           |           |    |
| 6 Oct                                      | Purchases and GST |           | 24,380.40 | 24,380.40 | Cr |



In addition to the general ledger, a separate ledger called a subsidiary ledger will be maintained to record the transactions affecting the individual accounts payable.

| Accounts Payable Ledger of Qatar Luxury Furnishings |                   |       |           |           |    |
|---|-------------------|-------|-----------|-----------|----|
| Date  | Particulars       | Debit | Credit    | Balance   |    |
| Doha Furniture Distributors – L1                    |                   |       |           |           |    |
| 1 Oct   | Purchases and GST |       | 7,315.00  | 7315.00   | Cr |
| 4 Oct   | Purchases and GST |       | 4,631.00  | 11,946.00 | Cr |
| QFS wll – L2  | QFS wll – L2      |       |           |           |    |
| 3 Oct   | Purchases and GST |       | 495.00    | 495.00    | Cr |
| Qatar Kitchen Supplies – L3                         |                   |       |           |           |    |
| 6 Oct   | Purchases and GST |       | 11,939.40 | 11,939.40 | Cr |

Note that double entry does not occur within the subsidiary ledger. Let's now look at the Purchases Returns and Allowances transactions. Qatar Luxury Furnishings has received the following Adjustment Notes.

| Doha Furniture Distributors TAX ADJUSTMENT NOTE |                          |  |
|---|--------------------------|--|
| To:   | Qatar Luxury Furnishings |  |
| 1 October                                       | No 351                   |  |
| Amount  | 2,740.00                 |  |
| GST 274.00                                      |                          |  |
| Total   | 3,014.00                 |  |

| QFS wil TAX ADJUSTMENT NOTE |                          |  |
|-----------------------------|--------------------------|--|
| To:                         | Qatar Luxury Furnishings |  |
| 3 October                   | No 963                   |  |
| Amount                      | 50.00                    |  |
| GST                         | 5.00                     |  |
| Total                       | 55.00                    |  |



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

|       | Purchases journal of Qatar Luxury Furnishings |                                |       |                      |          |                  |  |  |
|-------|---|--------------------------------|-------|----------------------|----------|------------------|--|--|
| Date  | Adjust No                                     | Particulars                    | Folio | Purchases<br>Returns | GST paid | Accounts payable |  |  |
| 1 Oct | 315   | Doha Furniture<br>Distributors |       | 2,740.00             | 274.00   | 3,014.00         |  |  |
| 4 Oct | 963   | QFS wll                        |       | 50.00                | 5.00     | 55.00            |  |  |
|       |   |                                |       | 2,790.00             | 279.00   | 3,069.00         |  |  |
|       |   |                                |       | Cr                   | Cr       | Dr               |  |  |

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

|               | General Ledger of Q       | atar luxur | y furnishin | gs        |    |
|---------------|---------------------------|------------|-------------|-----------|----|
| Date          | Particulars               | Debit      | Credit      | Balance   |    |
| Purchases – E | 1                         |            |             |           |    |
| 6 October     | Accounts payable          | 22,164.00  |             | 22,164.00 | Dr |
| Purchases re  | turns and allowances – E2 |            |             |           |    |
| 6 October     | Accounts payable          |            | 2,790.00    | 2,790.00  | Cr |
| GST Paid – A  | 1                         |            |             |           |    |
| 6 October     | Accounts payable          | 2,216.40   |             | 2,216.40  | Dr |
| 6 October     | Accounts payable          |            | 279.00      | 1,937.40  | Dr |
| Accounts pay  | rable – L1                |            |             |           |    |
| 6 October     | Purchases and GST         |            | 24,380.40   | 24,380.40 | CR |
| 6 October     | Purchases Ret and GST     | 3,069.00   |             | 21,311.00 | Cr |

The subsidiary ledger or accounts payable ledger will appear as follows:

| Accou           | Accounts Payable Ledger Of Qatar Luxury Furnishings |          |           |           |    |  |  |  |  |
|-----------------|---|----------|-----------|-----------|----|--|--|--|--|
| Doha furniture  | Doha furniture distributor – L1                     |          |           |           |    |  |  |  |  |
| 1 October       | Purchases and GST                                   |          | 7,315.00  | 7,315.00  | Cr |  |  |  |  |
| 1 October       | Purchases ret and GST                               | 3,014.00 |           | 4,301.00  | Cr |  |  |  |  |
| 4 October       | Purchases and GST                                   |          | 4,631.00  | 8,932.00  | Cr |  |  |  |  |
| QFS wll – L2    |   |          |           |           |    |  |  |  |  |
| 3 October       | Purchases and GST                                   | 2,216.40 |           | 2,216.40  | Dr |  |  |  |  |
| 6 October       | Accounts payable                                    |          | 2,790.00  | 2,790.00  | Cr |  |  |  |  |
| GST Paid – A1   |   |          |           |           |    |  |  |  |  |
| 6 October       | Accounts payable                                    |          | 495.00    | 495.00    | Cr |  |  |  |  |
| 4 October       | Purchases ret and GST                               | 55.00    |           | 440.00    | Cr |  |  |  |  |
| Qatar kitchen s | upplies – L3  |          |           |           |    |  |  |  |  |
| 6 October       | Purchases and GST                                   |          | 11,939.40 | 11,939.40 | Cr |  |  |  |  |



Complete the following purchases and purchases returns and allowances journals and post to the general ledger and accounts payable ledger.

|        | Pl            | JRCHASES JOURNA        | L OF QA | TAR COPY  | CENTRE   |                  |
|--------|---------------|------------------------|---------|-----------|----------|------------------|
| Date   | Invoice<br>No | Particulars            | Folio   | Purchases | GST paid | Accounts payable |
| 3 Apr  | 3945          | Qatar Stationery       |         | 3950      |          |                  |
| 7 Apr  | 87056         | Khaliji Print Supplies |         | 6842      |          |                  |
| 12 Apr | 5874          | Creative Stamps        |         | 1056      |          |                  |
| 26 Apr | 4248          | Qatar Stationery       |         | 4550      |          |                  |
|        |               |                        |         | Dr        | Dr       | Cr               |

|        | PUR          | CHASES RETURNS & QATAR C |       |                      | URNAL OF |                  |
|--------|--------------|--------------------------|-------|----------------------|----------|------------------|
| Date   | Adjust<br>No | Particulars              | Folio | Purchases<br>Returns | GST paid | Accounts payable |
| Apr 10 | 5523         | Khaliji Print Supplies   |       | 142                  |          |                  |
| Apr 16 | 9982         | Creative Stamps          |       | 40                   |          |                  |
|        |              |                          |       |                      |          |                  |
|        |              |                          |       | Cr                   | Cr       | Cr               |

#### GENERAL LEDGER OF QATAR PRINT CENTRE

| Date          | Particulars       | Debit | Credit | Balance |  |
|---------------|-------------------|-------|--------|---------|--|
| SALES – R1    |                   |       |        |         |  |
|               |                   |       |        |         |  |
|               |                   |       |        |         |  |
| SALES RETURNS | & ALLOWANCES – R2 |       |        |         |  |
|               |                   |       |        |         |  |
|               |                   |       |        |         |  |
| ACCOUNTS REC  | EIVABLE – A1      |       |        |         |  |
|               |                   |       |        |         |  |
|               |                   |       |        |         |  |
|               |                   |       |        |         |  |
| GST COLLECTED | ) – L1            |       |        |         |  |
|               |                   |       |        |         |  |
|               |                   |       |        |         |  |
|               |                   |       |        |         |  |

#### GENERAL LEDGER OF QATAR PRINT CENTRE

| Date            | Particulars | Debit | Credit | Balance |  |
|-----------------|-------------|-------|--------|---------|--|
| HAMAD HOSPIT    | AL – A1     |       |        |         |  |
|                 |             |       |        |         |  |
|                 |             |       |        |         |  |
| AL JAZEERA NEV  | VS – A2     |       |        |         |  |
|                 |             |       |        |         |  |
|                 |             |       |        |         |  |
|                 |             |       |        |         |  |
|                 |             |       |        |         |  |
| A AL SULATI – A | 3           |       |        |         |  |
|                 |             |       |        |         |  |
|                 |             |       |        |         |  |
|                 |             |       |        |         |  |

E LE LONG LEGIS PARTIE



#### a) What journal is prepared from each of the documents below?

| Invoices received                 |  |
|-----------------------------------|--|
| Copies of adjustment notes issued |  |
| Adjustment notes received         |  |
| Copies of invoices issued         |  |

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

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

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

| Ledger of Qatar Stationery |                       |           |            |            |    |  |  |  |
|----------------------------|-----------------------|-----------|------------|------------|----|--|--|--|
| Date                       | Particulars           | Debit     | Credit     | Balance    |    |  |  |  |
| Purchases – E              | 1                     |           |            |            |    |  |  |  |
| 1 Oct                      | 1                     | 12,000.00 |            | 12,000.00  | 2  |  |  |  |
| Purchases ret              | urns and allowances – | E2        |            |            |    |  |  |  |
| 6 October                  | Accounts payable      |           | 3          | 240.00     | Cr |  |  |  |
| GST Paid – A1              |                       |           |            |            |    |  |  |  |
| 6 October                  | Accounts payable      | 1,200.00  |            | 1,200.00   | Dr |  |  |  |
|                            | Accounts payable      |           | 24.00      | 4          | 5  |  |  |  |
| Accounts Payable           |                       |           |            |            |    |  |  |  |
| 6 October                  | Accounts payable      |           | 121,200.00 | 121,200.00 | Cr |  |  |  |
|                            | Accounts payable      | 264.00    |            | 6          | Cr |  |  |  |

The purchases, purchases returns, sales and sales returns journals all record credit transactions. However, many business transactions are cash transactions. When a cash transaction takes place it must be recorded in either the cash receipts journal or the cash payments journal.

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

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

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

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

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



|                 |           |             | Cash Receip | Cash Receipts Journal of City Pharmacy | City Pharma        | cy            |         |          |
|-----------------|-----------|-------------|-------------|--|--------------------|---------------|---------|----------|
| Date            | Reference | Particulars | Cash sales  | Accounts<br>receivable                 | Sundry<br>receipts | GST collected | Details | Bank     |
| March 1 Rec 455 | Rec 455   | T Rasic     |             | 1,500.00                               |                    |               |         | 1,500.00 |
| March 4 CRS     | CRS       | Cash sales  | 500.00      |  |                    | 50.00         |         | 550.00   |
| March 7 Rec 456 | Rec 456   | H Atalya    |             | 400.00                                 |                    |               | 400.00  |          |
| March 7 CRS     | CRS       | Cash sales  | 220.00      |  |                    | 22.00         | 242.00  | 642.00   |
| March 7 B/S     | B/S       | Interest    |             |  | 225.00             |               |         | 225.00   |
|                 |           |             | 720.00      | 1,900.00                               | 225.00             | 72.00         |         | 2917.00  |
|                 |           |             | Cr          |  | Ċ                  |               |         | Dr       |

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

Because it is a cash receipts journal, the bank account will be increasing. Therefore, it will be debit. All the other columns will be credit.

Sales are increasing, therefore they are credit.

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

Sundry Receipts will be either other revenue accounts or could be decreasing asset accounts eg the sale of assets for cash and therefore credit.

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

The cash receipts journal is now posted to the general ledger.

|                  | Ledger o        | f Qatar Stat | ionery   |          |    |
|------------------|-----------------|--------------|----------|----------|----|
| Date             | Particulars     | Debit        | Credit   | Balance  |    |
| Sales            |                 |              |          |          |    |
| Mar 7            | Cash at bank    |              | 720.00   | 720.00   | Cr |
| Interest receive | d               |              |          |          |    |
|                  | Cash at bank    |              | 225.00   | 225.00   | Cr |
| Cash at bank     |                 |              |          |          |    |
| Mar 7            | Sundry receipts | 2,917.00     |          | 2,917.00 | Dr |
| Accounts Receiv  | vable           |              |          |          |    |
| Mar 7            | Cash at bank    |              | 1,900.00 | 1,900.00 | Cr |
| GST Collected    |                 |              |          |          |    |
| Mar 1            | Cash at bank    |              | 72.00    | 72.00    | Cr |



The accounts receivable ledger will be posted as follows:

|          | Accounts Receivab | ole Ledger o | f City Pharm | асу      |    |
|----------|-------------------|--------------|--------------|----------|----|
| Date     | Particulars       | Debit        | Credit       | Balance  |    |
| T Rasic  |                   |              |              |          |    |
| March 1  | Cash at bank      |              | 1,500.00     | 1,500.00 | Cr |
| H Atalya |                   |              |              |          |    |
| March 7  | Cash at bank      |              | 400.00       | 400.00   | Cr |



#### **Practice activity 40**

Total the following cash receipts journal and post to the general and accounts receivable ledger.

#### CASH RECEIPTS JOURNAL OF QATAR PRINT CENTRE

|       | Pu        | rchases jo  | ournal of Qa        | atar Lux | ury Furn           | ishings          |         |         |
|-------|-----------|-------------|---------------------|----------|--------------------|------------------|---------|---------|
| Date  | Reference | Particulars | Accounts receivable | Printing | Sundry<br>Receipts | GST<br>Collected | Details | Bank    |
| Mar 1 | Rec 954   | F Al Emadi  | 2300.00             |          |                    |                  |         | 2300.00 |
| Mar 6 | CRS       | Cash sales  |                     | 515.00   |                    | 51.50            |         | 566.50  |
| Mar 7 | Rec 955   | P West      | 1480.00             |          |                    |                  |         |         |
| Mar 7 | CRS       | Cash sales  |                     | 90.00    |                    | 9.00             |         | 1579.00 |
| Mar 7 | B/S       | Interest    |                     |          | 95.00              |                  |         | 95.00   |
|       |           |             |                     |          |                    |                  |         |         |
|       |           |             | Cr                  | Cr       | Cr                 | Cr               |         | Dr      |



#### GENERAL LEDGER OF QATAR PRINT CENTRE

| <b>Particulars</b> | Debit | Credit | Balance |   |
|--------------------|-------|--------|---------|---|
|                    |       |        |         |   |
|                    |       |        |         |   |
|                    |       |        |         |   |
|                    |       |        |         |   |
| d                  |       |        |         |   |
|                    |       |        |         |   |
|                    |       |        |         |   |
|                    |       |        |         |   |
|                    |       |        |         |   |
|                    |       |        |         |   |
|                    |       |        |         |   |
| able               |       |        |         |   |
|                    |       |        |         |   |
|                    |       |        |         |   |
|                    |       |        |         |   |
|                    |       |        |         |   |
|                    |       |        |         |   |
|                    | d     | d      | d       | d |

#### ACCOUNTS RECEIVABLE LEDGER OF QATAR PRINT CENTRE

| Date       | <b>Particulars</b> | Debit | Credit | Balance |  |
|------------|--------------------|-------|--------|---------|--|
| F AI Emadi |                    |       |        |         |  |
|            |                    |       |        |         |  |
|            |                    |       |        |         |  |
| P West     |                    |       |        |         |  |
|            |                    |       |        |         |  |
|            |                    |       |        |         |  |

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

|                |            | ŭ           | Cash Payment | Payments Journal of City Pharmacy | f City Phan     | macy     |         |          |
|----------------|------------|-------------|--------------|-----------------------------------|-----------------|----------|---------|----------|
| Date           | Reference  | Particulars | Purchases    | Accounts<br>payable               | Sundry payments | GST paid | Details | Bank     |
| March 1 Ch 922 | Ch 922     | M Sawadi    |              | 1,200.00                          |                 |          |         | 1,200.00 |
| March 3 Ch 923 | Ch 923     | Purchases   | 500.00       |                                   |                 | 25.00    |         | 275.00   |
| March 6 Ch 924 | Ch 924     | Wages       |              |                                   | 1,100.00        |          |         | 1,100.00 |
| March 7 Ch 925 | Ch 925     | Rent        |              |                                   | 00.009          | 00.00    |         |          |
| March 7        |            | Cleaning    |              |                                   | 35.00           | 3.50     |         | 698.50   |
| March 7 B/S    | <i>B/S</i> | Bank fees   |              | 1,900.00                          | 25.00           |          |         | 25.00    |
|                |            |             | 250.00       | 1,200.00                          | 1,760.00        | 88.50    |         | 3,298.50 |
|                |            |             | Cr           |                                   | Dr              |          |         | C        |

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

Because it is a cash payments journal, the bank account will be decreasing. Therefore it will be credit. All the other columns will be debit.

Purchases are increasing, therefore they are debit.

Accounts Payables are decreasing (we are paying the account payable and reducing what we owe them), therefore debit.

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

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

Wages and Bank charges are exempt from GST. GST is not recorded in the payment to an account payable because it has already been recorded in the original credit purchase transaction.

The cash payments journal is now posted to the general ledger.

|                  | Ledger of City | y Pharmacy | y      |          |    |
|------------------|----------------|------------|--------|----------|----|
| Date             | Particulars    | Debit      | Credit | Balance  |    |
| Ledger of City F | Pharmacy       |            |        |          |    |
| March 7          | Cash at bank   | 250.00     |        | 250.00   | Dr |
| Wages            |                |            |        |          |    |
| March 6          | Cash at bank   | 1,100.00   |        | 1,100.00 | Dr |
| Rent             |                |            |        |          |    |
| March 7          | Cash at bank   | 600.00     |        | 600.00   | Dr |
| Cleaning         |                |            |        |          |    |
| March 7          | Cash at bank   | 35.00      |        | 35.00    | Dr |
| Bank fees        |                |            |        |          |    |
| March 7          | Cash at bank   | 25.00      |        | 25.00    | Dr |



| Date           | Particulars     | Debit    | Credit   | Balance  |    |
|----------------|-----------------|----------|----------|----------|----|
| Cash at bank   |                 |          |          |          |    |
| March 7        | Sundry payments |          | 3,298.50 | 250.00   | Dr |
| GST paid       |                 |          |          |          |    |
| March 7        | Cash at bank    |          | 88.50    | 1,100.00 | Dr |
| Accounts payab | le              |          |          |          |    |
| March 7        | Cash at bank    | 1,200.00 |          | 1,200.00 | Dr |

The cash payments journal is now posted to the accounts payable subsidiary ledger.

|          | Ledger of Cit | y Pharmac | у      |          |    |
|----------|---------------|-----------|--------|----------|----|
| Date     | Particulars   | Debit     | Credit | Balance  |    |
| M Sawadi |               |           |        |          |    |
| March 1  | Cash at bank  | 1,200.00  |        | 1,200.00 | Dr |





Total the following cash payments journal and post to the general and accounts payable ledger.

#### CASH PAYMENTS JOURNAL OF QATAR COPY CENTRE

|       | Pu        | rchases jo  | ournal of Qa        | atar Lux           | ury Furn           | ishings  |         |         |
|-------|-----------|-------------|---------------------|--------------------|--------------------|----------|---------|---------|
| Date  | Reference | Particulars | Accounts<br>Payable | Sundry<br>Expenses | Sundry<br>Receipts | GST Paid | Details | Bank    |
| Mar 1 | Ch 1452   | M Alatya    |                     | 1995.00            |                    |          |         | 1995.00 |
| Mar 4 | Ch 1453   | Purchases   |                     |                    |                    | 368.70   |         | 4055.70 |
| Mar 5 | Ch 1454   | Qatar Print | 3687.00             | 3654.00            |                    |          |         | 3654.00 |
| Mar 7 | Ch 1455   | Repairs     |                     |                    | 250.00             | 25.00    |         |         |
| Mar 7 |           | Cleaning    |                     |                    | 110.00             | 11.00    |         | 396.00  |
| Mar 7 | B/S       | Interest    |                     |                    | 45.00              |          |         | 45.00   |
|       |           |             |                     |                    |                    |          |         |         |
|       |           |             | Cr                  | Cr                 | Cr                 | Cr       |         | Dr      |

#### ACCOUNTS PAYABLE LEDGER OF QATAR COPY CENTRE

| Date     | Particulars | Debit | Credit | Balance |    |
|----------|-------------|-------|--------|---------|----|
| M ALATYA |             |       |        |         |    |
| Mar 1    | Balance     |       |        | 250.00  | Cr |
|          |             |       |        |         |    |
|          |             |       |        |         |    |
|          |             |       |        |         |    |
| GST paid |             |       |        |         |    |
| Mar 1    | Balance     |       | 88.50  | 3958.00 | Cr |
|          |             |       |        |         |    |
|          |             |       |        |         |    |



#### GENERAL LEDGER OF QATAR COPY CENTRE

| Date           | Particulars | Debit | Credit | Balance  |    |
|----------------|-------------|-------|--------|----------|----|
| Purchases      |             |       |        |          |    |
|                |             |       |        |          |    |
|                |             |       |        |          |    |
|                |             |       |        |          |    |
| Repairs        |             |       |        |          |    |
|                |             |       |        |          |    |
|                |             |       |        |          |    |
| Cleaning       |             |       |        |          |    |
| <b>_</b>       |             |       |        |          |    |
|                |             |       |        |          |    |
|                |             |       |        |          |    |
| Interest       |             |       |        |          |    |
| merest         |             |       |        |          |    |
|                |             |       |        |          |    |
|                |             |       |        |          |    |
| Cash at Bank   |             |       |        |          |    |
|                | Dalamas     |       |        | 20045.00 |    |
| Mar 1          | Balance     |       |        | 29845.00 |    |
|                |             |       |        |          |    |
|                |             |       |        |          |    |
| GST Paid       |             |       |        |          |    |
|                |             |       |        |          |    |
|                |             |       |        |          |    |
|                |             |       |        |          |    |
| Accounts Payab |             |       |        |          |    |
| Mar 1          | Balance     |       |        | 35412.00 | Cr |
|                |             |       |        |          |    |
|                |             |       |        |          |    |



Complete the blanks in the Cash Receipts Journals below.

|         |           | Cash        | Cash Receipts Journal of the Qatar Copy Centre | urnal of the  | Qatar Cop          | y Centre |          |          |
|---------|-----------|-------------|--|---------------|--------------------|----------|----------|----------|
| Date    | Reference | Particulars | Cash sales                                     | Accounts<br>1 | Sundry<br>payments | GST<br>2 | æ        | Bank     |
| April 1 | Rec 522   | P Thompson  |  | 1,250.00      |                    |          |          | 1,250.00 |
| April 4 | CRS       | Cash sales  | 200.00   |               |                    | 20.00    |          | 4        |
| April 6 | Rec 532   | M Jazzi     |  | 1,000.00      |                    |          | 1,000.00 |          |
| April 6 | CRC       | Cash sales  | 400.00   |               |                    | 40.00 5  | 5        | 9        |
| April 7 | B/S       | Interest    |  |               | 7                  |          |          | 25.00    |
|         |           |             | 600.00   | 2,250.00 8    | œ                  | 60.00    |          |          |
|         |           |             | ט  | Ċ             | Ċ                  | ŭ        |          |          |
|         |           |             |  |               |                    |          |          |          |





Complete the blanks in the Cash Payments Journal below.

| Date            | Reference | Particulars | 1      | Accounts | <b>Sundry</b> expenses | <b>GST Paid</b> | Details | 2        |
|-----------------|-----------|-------------|--------|----------|------------------------|-----------------|---------|----------|
| March 12 Ch 234 | Ch 234    | G Wilson    |        | 800.00   |                        |                 |         | 800.00   |
| March 13 Ch 235 | Ch 235    | Purchases   | 300.00 |          |                        | 30.00           |         | 330.00   |
| March 13 Ch 236 | Ch 236    | Freight     |        |          | 45.00                  | 4.50 3          | 8       |          |
|                 |           | Stationery  |        |          | 00.009                 | 60.00           | 4       | 5        |
| March 17 6      | 9         | Cleaning    |        |          | 50.00                  | 5.00            |         | 55.00    |
| March 17 7      | 7         | Bankfees    |        |          | 15.00                  |                 |         | 15.00    |
|                 |           |             | 300.00 | 800.00   | 710.00                 |                 |         | <b>∞</b> |
|                 |           |             | Dr     | Dr       | Dr                     | 6               |         | 10       |
|                 |           |             |        |          |                        |                 |         |          |



Write the appropriate journal next to the transactions below.

| Records purchases of goods on credit                        |  |
|---|--|
| Records adjustments<br>made to goods<br>purchased on credit |  |
| Records sales of goods on credit                            |  |
| Records the adjustment<br>made to goods sold on<br>credit   |  |
| Records the receipt of cash                                 |  |
| Records the payment of cash                                 |  |

## Preparation of schedules of accounts receivable and accounts payable and reconcile with general ledger accounts

It is important for a business that follows standard accounting principles to be able to regularly reconcile their accounts receivable and accounts payable with the general ledger totals.

Therefore, a schedule of accounts receivable and payable will be prepared. These schedules represent a summary of the individual accounts in each subsidiary ledger and should be reconciled with the general ledger account balances.



|                       | General Ledger of Q          | atar Luxur | y Furnishing | gs        |    |  |
|-----------------------|------------------------------|------------|--------------|-----------|----|--|
| Date                  | Particulars                  | Debit      | Credit       | Balance   |    |  |
| Accounts Receiv       | rable – A1                   |            |              |           |    |  |
| 7 October             | Sales and GST                | 41,690.00  |              | 41,690.00 | Dr |  |
| 7 October             | Sales Returns and GST        |            | 1,848.00     | 39,842.00 | Dr |  |
| 7 October             | Cash at bank                 |            | 8,500.00     | 31,342.00 | DR |  |
| Accounts Payable – L1 |                              |            |              |           |    |  |
| 7 October             | Purchases and GST            |            | 24,380.40    | 24,380.40 | Cr |  |
| 7 October             | Purchases Returns and<br>GST | 3,069.00   |              | 21,311.40 | Cr |  |
| 7 October             | Cash at bank                 | 2,640.00   |              | 18,671.40 | Cr |  |



| Accounts Receivable Ledger of Qatar Luxury Furnishings |                   |           |          |           |    |  |  |
|--|-------------------|-----------|----------|-----------|----|--|--|
| Date   | Particulars       | Debit     | Credit   | Balance   |    |  |  |
| J Al Ghanim – A1                                       |                   |           |          |           |    |  |  |
| 1 Oct  | Sales and GST     | 11,000.00 |          | 11,000.00 | Dr |  |  |
| 5 Oct  | Sales and GST     | 1,375.00  |          | 12,375.00 | Dr |  |  |
| 7 Oct  | Cash at bank      |           | 6,000.00 | 6,375.00  | Dr |  |  |
| H Al Thani – A2  |                   |           |          |           |    |  |  |
| 2 Oct  | Sales and GST     | 13,695.00 |          | 13,695.00 | Dr |  |  |
| 6 Oct  | Sales Ret and GST |           | 1,320.00 | 12,375.00 | Dr |  |  |
| Qatar Homes – A3                                       |                   |           |          |           |    |  |  |
| 4 Oct  | Sales and GST     | 15,620.00 |          | 15,620.00 | Dr |  |  |
| 5 Oct  | Sales Ret and GST |           | 528.00   | 15,092.00 | Dr |  |  |
| 7 Oct  | Cash at bank      |           | 2,500.00 | 12,592.00 | Dr |  |  |

| Accounts Receivable Ledger of Qatar Luxury Furnishings        |           |  |  |  |  |
|---|-----------|--|--|--|--|
| Account name  | Amount QR |  |  |  |  |
| J Al Ghanim   | 6,375.00  |  |  |  |  |
| H Al Thani  | 12,375.00 |  |  |  |  |
| Qatar Homes   | 12,592.00 |  |  |  |  |
| Total as per Accounts Receivable Control A/C (General Ledger) | 31,342.00 |  |  |  |  |



| Accounts Payable Ledger of Qatar Luxury Furnishings |                       |          |           |           |    |  |  |
|---|-----------------------|----------|-----------|-----------|----|--|--|
| Date  | Particulars           | Debit    | Credit    | Balance   |    |  |  |
| Doha Furniture Distributors – L1                    |                       |          |           |           |    |  |  |
| 1 Oct   | Purchases and GST     |          | 7,315.00  | 7,315.00  | Cr |  |  |
| 1 Oct   | Purchases Ret and GST | 3,014.00 |           | 4,301.00  | Cr |  |  |
| 4 Oct   | Purchases and GST     |          | 4,631.00  | 8,932.00  | Cr |  |  |
| 7 Oct   | Cash at bank          | 2,200.00 |           | 6,732.00  |    |  |  |
| QFS wll – L2  |                       |          |           |           |    |  |  |
| 3 Oct   | Purchases and GST     |          | 495.00    | 4,95.00   | Cr |  |  |
| 4 Oct   | Purchases Ret and GST | 55.00    |           | 440.00    | Cr |  |  |
| 6 Oct   | Cash at bank          | 440.00   |           | -         |    |  |  |
| Qatar Kitchen Supplies – L3                         |                       |          |           |           |    |  |  |
| 6 Oct   | Purchases and GST     |          | 11,939.40 | 11,939.40 | Cr |  |  |

| Schedule of Accounts Payable as at 7 October |           |  |  |  |
|--|-----------|--|--|--|
| Account name                                 | Amount QR |  |  |  |
| Doha furniture                               | 6,732.00  |  |  |  |
| QFS wll                                      |           |  |  |  |
| Qatar Kitchen Supplies                       | 11,939.40 |  |  |  |
| Total as per Accounts Payable Control A/c    | 18,671.40 |  |  |  |



When completed the schedules of accounts receivable and payable should be reconciled with the control accounts in the general ledger. If there are discrepancies, identification of the error and correction should occur in line with organisational requirements.



#### Here are some tips for identifying errors

- 1. Review the debit and credit entries in the accounts payable ledger to ensure that all entries made relate to accounts payable transactions.
- 2. Review the debit and credit entries in the accounts receivable ledger to ensure that all entries made relate to accounts receivable transactions.
- **3.** Check that the supporting source documents such as sales invoices, receipts and statements, are attributed to the correct customer and entries are supported by those documents.
- **4.** Verify that all payments were recorded as debit entries to the general ledger control account and to the subsidiary ledger accounts and that all purchases were recorded as credit entries.
- 5. Verify that all receipts were recorded as credit entries to the general ledger control account and to the subsidiary ledger accounts and that all sales were recorded as debits entries.
- **6.** Check that entries recorded in the cash payments and cash receipts journals reconcile against the entries in the bank statement.





Refer to Activity 38. Prepare a schedule of accounts receivable and reconcile with the accounts receivable account in the general ledger.

| QATAR COPY CENTRE          |             |  |  |  |  |  |  |  |
|----------------------------|-------------|--|--|--|--|--|--|--|
| Schedule of Accounts Recei | vable as at |  |  |  |  |  |  |  |
| Account name               | Amount QR   |  |  |  |  |  |  |  |
|                            |             |  |  |  |  |  |  |  |
|                            |             |  |  |  |  |  |  |  |
|                            |             |  |  |  |  |  |  |  |
|                            |             |  |  |  |  |  |  |  |
|                            |             |  |  |  |  |  |  |  |
|                            |             |  |  |  |  |  |  |  |
|                            |             |  |  |  |  |  |  |  |



On 1 July the balance of the accounts receivable control account in the general ledger of Qatar Water Supplies was QR 9,800 and corresponded to the following account receivable balances:

| Account receivable | Amount      |
|--------------------|-------------|
| R Wong             | 3,200.00    |
| J Walters          | 400.00      |
| P Rashid           | 6,200.00    |
|                    | QR 9,800.00 |

The following journals were recorded for the month of July

|         | Sales Journal of Qatar Water Supplies |             |       |             |                  |                     |  |  |  |  |  |
|---------|---------------------------------------|-------------|-------|-------------|------------------|---------------------|--|--|--|--|--|
| Date    | Invoice<br>no                         | Particulars | Folio | Sales       | GST<br>collected | Accounts receivable |  |  |  |  |  |
| 2 July  | 275                                   | J Walters   |       | 900.00      | 90.00            | 990.00              |  |  |  |  |  |
| 16 July | 276                                   | P Rashid    |       | 2,400.00    | 240.00           | 2,640.00            |  |  |  |  |  |
| 21 July | 277                                   | A Mansouri  |       | 200.00      | 20.00            | 220.00              |  |  |  |  |  |
| 31 July |                                       |             |       | QR 3,500.00 | QR 350.00        | QR 3,850.00         |  |  |  |  |  |
|         |                                       |             |       | Cr          | Cr               | Dr                  |  |  |  |  |  |

| Sal     | es Return     | s and Allowa | nces J | ournal of Qa | tar Water S      | upplies             |
|---------|---------------|--------------|--------|--------------|------------------|---------------------|
| Date    | Invoice<br>no | Particulars  | Folio  | Sales        | GST<br>collected | Accounts receivable |
| 5 July  | 117           | J Walters    |        | 20.00        | 2.00             | 22.00               |
| 20 July | 118           | P Rashid     |        | 200.00       | 20.00            | 220.00              |
| 31 July |               |              |        | QR 220.00    | QR 22.00         | QR 242.00           |
|         |               |              |        | Dr           | Dr               | Cr                  |

|         |           | Cash F                       | Cash Receipts Journal of Qatar Water Supplies | rnal of Qata        | r Water Su      | pplies           |         |           |
|---------|-----------|------------------------------|---|---------------------|-----------------|------------------|---------|-----------|
| Date    | Reference | Particulars                  | Cash sales                                    | Accounts receivable | Sundry receipts | GST<br>collected | Details | Bank      |
| 6 July  | CRS       | Sales                        | 2,000.00                                      |                     |                 | 200.00           |         | 2,200.00  |
| 15 July | CRS       | Sales                        | 1,240.00                                      |                     |                 | 124.00           |         | 1,364.00  |
| 16 July | 165       | Apollo Real<br>Estate (Rent) |   |                     | 500.00          | 50.00            |         |           |
|         | 166       | R Wong                       |   | 3,200.00            |                 |                  |         | 3,750.00  |
| 21 July | 167       | J Walters                    |   | 400.00              |                 |                  |         | 400.00    |
| 22 July | CRS       | Sales                        | 1,900.00                                      |                     |                 | 190.00           |         | 2,090.00  |
| 29 July | 168       | P Rashid                     |   | 6,200.00            |                 |                  |         | 6,200.00  |
| 31 July |           |                              | 5,140.00                                      | 9,800.00            | 500.00          | 564.00           |         | 16,004.00 |
|         |           |                              | C   | C                   | C               | C                |         | Dr        |



- **1.** Complete the accounts receivable control account in the general ledger.
- **2.** Post the journals to the accounts receivable subsidiary ledger accounts.
- **3.** Prepare a schedule of accounts receivable as at 31 July to reconcile with the closing accounts receivable control balance.

**Note:** Don't forget the opening balances.

|                  | General Ledger of | Qatar Wat | ter Supplies |         |    |
|------------------|-------------------|-----------|--------------|---------|----|
| Date             | Particulars       | Debit     | Credit       | Balance |    |
| Accounts receiva | ble – A1          |           |              |         |    |
|                  |                   |           |              |         | Dr |
|                  |                   |           |              |         | Dr |
|                  |                   |           |              |         |    |
|                  |                   |           |              |         |    |
|                  |                   |           |              |         |    |
|                  |                   |           |              |         |    |
|                  |                   |           |              |         |    |
|                  |                   |           |              |         |    |
|                  |                   |           |              |         |    |
|                  |                   |           |              |         |    |
|                  |                   |           |              |         |    |



| Accounts Receivable Ledger of Qatar Water Supplies |             |       |        |         |  |  |  |  |  |
|--|-------------|-------|--------|---------|--|--|--|--|--|
| Date   | Particulars | Debit | Credit | Balance |  |  |  |  |  |
|  |             |       |        |         |  |  |  |  |  |
|  |             |       |        |         |  |  |  |  |  |
|  |             |       |        |         |  |  |  |  |  |
|  |             |       |        |         |  |  |  |  |  |
|  |             |       |        |         |  |  |  |  |  |
|  |             |       |        |         |  |  |  |  |  |
|  |             |       |        |         |  |  |  |  |  |
|  |             |       |        |         |  |  |  |  |  |
|  |             |       |        |         |  |  |  |  |  |
|  |             |       |        |         |  |  |  |  |  |
|  |             |       |        |         |  |  |  |  |  |
|  |             |       |        |         |  |  |  |  |  |
|  |             |       |        |         |  |  |  |  |  |
|  |             |       |        |         |  |  |  |  |  |
|  |             |       |        |         |  |  |  |  |  |
|  |             |       |        |         |  |  |  |  |  |

| Schedule of Accounts Receivable as at 31 July |         |  |  |  |  |  |
|---|---------|--|--|--|--|--|
| Account name                                  | Balance |  |  |  |  |  |
|   |         |  |  |  |  |  |
|   |         |  |  |  |  |  |
|   |         |  |  |  |  |  |
|   |         |  |  |  |  |  |





On 1 July the balance of the accounts receivable control account in the general ledger of Qatar Camping Supplies was QR13,952 and corresponded to the following account receivable balances:

| Account receivable | Amount  |
|--------------------|---------|
| P Brown            | 8650    |
| R Ibrihim          | 715     |
| Y Hassan           | 4587    |
|                    | QR13952 |

The following journals were partly recorded for the month of July.

|        | SALES JOURNAL OF QATAR CAMPING SUPPLIES |             |       |       |                  |                        |  |  |  |  |  |
|--------|---|-------------|-------|-------|------------------|------------------------|--|--|--|--|--|
| Date   | Invoice No                              | Particulars | Folio | Sales | GST<br>Collected | Accounts<br>Receivable |  |  |  |  |  |
| 7 Apr  | 986                                     | R Ibrihim   |       | 4125  |                  |                        |  |  |  |  |  |
| 14 Apr | 987                                     | Y Hassan    |       | 2504  |                  |                        |  |  |  |  |  |
| 23 Apr | 988                                     | R Ibrihim   |       | 3896  |                  |                        |  |  |  |  |  |
| 30 Apr |   |             |       |       |                  |                        |  |  |  |  |  |
|        |   |             |       | Cr    | Cr               | Dr                     |  |  |  |  |  |

| SA     | SALES RETURNS & ALLOWANCES JOURNAL OF QATAR CAMPING SUPPLIES |             |       |       |                  |                        |  |  |  |  |  |
|--------|--|-------------|-------|-------|------------------|------------------------|--|--|--|--|--|
| Date   | Invoice No   | Particulars | Folio | Sales | GST<br>Collected | Accounts<br>Receivable |  |  |  |  |  |
| 17 Apr | 305  | R Ibrihim   |       | 845   |                  |                        |  |  |  |  |  |
| 28 Apr | 306  | Y Hassan    |       | 694   |                  |                        |  |  |  |  |  |
| 30 Apr |  |             |       |       |                  |                        |  |  |  |  |  |
|        |  |             |       | Dr    | Dr               | Cr                     |  |  |  |  |  |

|        | CASH R    | ECEIPTS JO  | OURNAL        | OF QATAR (             | CAMPIN             | IG SUPP | LIES    |      |
|--------|-----------|-------------|---------------|------------------------|--------------------|---------|---------|------|
| Date   | Reference | Particulars | Cash<br>Sales | Accounts<br>Receivable | Sundry<br>Receipts | GST     | Details | Bank |
| 4 Apr  | Rec457    | P Brown     |               | 4650                   |                    |         |         | 4650 |
| 7 Apr  | CRS       | Cash sales  | 2200          |                        |                    | 220     |         |      |
|        | Rec458    | Y Hassan    |               | 1225                   |                    |         |         | 3645 |
| 14 Apr | B/S       | Interest    |               |                        | 55                 |         |         | 55   |
| 21 Apr | Rec459    | R Ibrihim   |               | 715                    |                    |         |         | 715  |
| 24 Apr | CRS       | Cash sales  | 1780          |                        |                    | 178     |         | 1958 |
| 26 Apr | CRS       | Cash sales  | 3954          |                        |                    |         |         | 3954 |
|        |           |             |               |                        |                    |         |         |      |
|        |           |             | Cr            | Cr                     | Cr                 | Cr      |         | Dr   |



- 1. Complete the sales and sales returns journals.
- **2.** Post the total of the journals to the accounts receivable control account in the general ledger.
- **3.** Post the journals to the accounts receivable subsidiary ledger accounts.
- **4.** Prepare a schedule of accounts receivable as at 30 April to reconcile with the closing accounts receivable control balance

Note: Don't forget the opening balances.



# GENERAL LEDGER OF QATAR CAMPING SUPPLIE

| Date         | Particulars  | Debit | Credit | Balance |  |
|--------------|--------------|-------|--------|---------|--|
| ACCOUNTS REC | EIVABLE – A1 |       |        |         |  |
|              |              |       |        |         |  |
|              |              |       |        |         |  |
|              |              |       |        |         |  |
|              |              |       |        |         |  |
|              |              |       |        |         |  |
|              |              |       |        |         |  |
|              |              |       |        |         |  |

# ACCOUNTS RECEIVABLE LEDGER OF QATAR CAMPING SUPPLIES

| Date | Particulars | Debit | Credit | Balance |  |
|------|-------------|-------|--------|---------|--|
|      |             |       |        |         |  |
|      |             |       |        |         |  |
|      |             |       |        |         |  |
|      |             |       |        |         |  |
|      |             |       |        |         |  |
|      |             |       |        |         |  |
|      |             |       |        |         |  |
|      |             |       |        |         |  |
|      |             |       |        |         |  |
|      |             |       |        |         |  |
|      |             |       |        |         |  |
|      |             |       |        |         |  |
|      |             |       |        |         |  |
|      |             |       |        |         |  |
|      |             |       |        |         |  |
|      |             |       |        |         |  |
|      |             |       |        |         |  |
|      |             |       |        |         |  |
|      |             |       |        |         |  |
|      |             |       |        |         |  |
|      |             |       |        |         |  |
|      |             |       |        |         |  |
|      |             |       |        |         |  |
|      |             |       |        |         |  |
|      |             |       |        |         |  |
|      |             |       |        |         |  |
|      |             |       |        |         |  |
|      |             |       |        |         |  |

| Schedule of accounts receivable as at 30 April |         |  |  |  |
|--|---------|--|--|--|
| Account name                                   | Balance |  |  |  |
|  |         |  |  |  |
|  |         |  |  |  |
|  |         |  |  |  |
|  |         |  |  |  |
|  |         |  |  |  |
|  |         |  |  |  |
|  |         |  |  |  |



Refer to Activity 39. Prepare a schedule of accounts payable and reconcile with the accounts payable account in the general ledger.

| QATAR COPY CENTRE                     |        |  |  |  |  |
|---------------------------------------|--------|--|--|--|--|
| Schedule of Accounts Receivable as at |        |  |  |  |  |
| Account name                          | Amount |  |  |  |  |
|                                       |        |  |  |  |  |
|                                       |        |  |  |  |  |
|                                       |        |  |  |  |  |
|                                       |        |  |  |  |  |
|                                       |        |  |  |  |  |
|                                       |        |  |  |  |  |





On 1 July the balance of the accounts payable control account in the general ledger of Samer's Curtains was QR 3,140 and corresponded to the following account payable balances:

| Account name | Balance     |
|--------------|-------------|
| A Rakhman    | 920.00      |
| J Barber     | 1,960.00    |
| M Azizz      | 260.00      |
|              | QR 3,140.00 |

The following journals were recorded for the month of July,

|         | SALES         | S JOURNAL O | F QATA | R CAMPING | SUPPLIES |                  |
|---------|---------------|-------------|--------|-----------|----------|------------------|
| Date    | Invoice<br>No | Particulars | Folio  | Purchases | GST paid | Accounts payable |
| 4 July  | 1476          | A Mahmoud   |        | 8,400.00  | 840.00   | 9,240.00         |
| 15 July | 279           | J Barber    |        | 350.00    | 35.00    | 385.00           |
| 21 July | 87            | A Rakhman   |        | 1,440.00  | 144.00   | 1,584.00         |
| 31 July |               |             |        | QR 10,190 | QR 1,019 | QR 11,209        |
|         |               |             |        | Dr        | Dr       | Cr               |

| Purc    | hases Retu       | rns and Allo | owance | es Journal of     | f Samer's | Curtains         |
|---------|------------------|--------------|--------|-------------------|-----------|------------------|
| Date    | Adjustment<br>No | Particulars  | Folio  | Purchases returns | GST paid  | Accounts payable |
| 16 July | 8749             | J Barber     |        | 30.00             | 3.00      | 33.00            |
| 27 July | 21               | A Rakhman    |        | 80.00             | 8.00      | 88.00            |
| 31 July |                  |              |        | QR 110            | QR 11     | QR 121           |
|         |                  |              |        | Cr                | Cr        | Dr               |
|         |                  |              |        | Dr                | Dr        | Cr               |



|         |           | Cash Payments Journal of Samer's Curtains | nts Journal       | of Samer's       | Curtains           |          |         |          |
|---------|-----------|---|-------------------|------------------|--------------------|----------|---------|----------|
| Date    | Reference | Particulars                               | Cash<br>purchases | Accounts payable | Sundry<br>payments | GST paid | Details | Bank     |
| 6 July  | 214       | M Azizz                                   |                   | 2,600.00         |                    |          |         | 2,600.00 |
| 12 July | 215       | Wages                                     |                   |                  | 400.00             |          |         |          |
| 12 July | 216       | Rent                                      |                   |                  | 1,500.00           | 150.00   |         | 1,       |
| 16 July | 217       | Fabrix WLL                                | 3,850.00          |                  |                    | 385.00   |         | 4,       |
| 26 July | 218       | Wages                                     |                   |                  | 400.00             |          |         |          |
| 28 July | 219       | J Barber                                  |                   | 1,960.00         |                    |          |         | 1,       |
| 28 July | 220       | A Mahmoud                                 |                   | 9,240.00         |                    |          |         | 6        |
| 29 July | 221       | Fabrix WLL                                | 540.00            |                  |                    | 54.00    |         |          |
| 30 July | 222       | Al Rayyan Garage (Repairs)                |                   |                  | 350.00             | 35.00    |         |          |
|         |           |   | 4,390.00          | 13,800.00        | 2,650.00           | 624.00   |         | 21,      |
|         |           |   | Ç                 | Ç                | C                  | Ç        |         |          |

- Complete the accounts payable control account in the general ledger.
- **2.** Post the journals to the accounts payable subsidiary ledger accounts.
- **3.** Prepare a schedule of accounts payable as at 31 July to reconcile with the closing accounts payable control balance.

| Date Particulars Debit Credit Balance  Accounts payable – A1 |    |         |        | i     | r of Samer's Curtair | General Ledge   |
|--|----|---------|--------|-------|----------------------|-----------------|
| Accounts payable – A1  |    | Balance | Credit | Debit | Particulars          | Date            |
|  |    |         |        |       | e – A1               | Accounts payabl |
|  | Dr |         |        |       |                      |                 |
|  | Dr |         |        |       |                      |                 |
|  |    |         |        |       |                      |                 |
|  |    |         |        |       |                      |                 |
|  |    |         |        |       |                      |                 |
|  |    |         |        |       |                      |                 |
|  |    |         |        |       |                      |                 |
|  |    |         |        |       |                      |                 |
|  |    |         |        |       |                      |                 |
|  |    |         |        |       |                      |                 |
|  |    |         |        |       |                      |                 |
|  |    |         |        |       |                      |                 |
|  |    |         |        |       |                      |                 |
|  |    |         |        |       |                      |                 |
|  |    |         |        |       |                      |                 |
|  |    |         |        |       |                      |                 |
|  |    |         |        |       |                      |                 |

| Accounts Payable Ledger of Samer's Curtains |             |       |        |         |  |  |  |
|---|-------------|-------|--------|---------|--|--|--|
| Date  | Particulars | Debit | Credit | Balance |  |  |  |
| Accounts payabl                             | le – A1     |       |        |         |  |  |  |
|   |             |       |        |         |  |  |  |
|   |             |       |        |         |  |  |  |
|   |             |       |        |         |  |  |  |
|   |             |       |        |         |  |  |  |
|   |             |       |        |         |  |  |  |
|   |             |       |        |         |  |  |  |
|   |             |       |        |         |  |  |  |
|   |             |       |        |         |  |  |  |
|   |             |       |        |         |  |  |  |
|   |             |       |        |         |  |  |  |
|   |             |       |        |         |  |  |  |
|   |             |       |        |         |  |  |  |
|   |             |       |        |         |  |  |  |
|   |             |       |        |         |  |  |  |
|   |             |       |        |         |  |  |  |
|   |             |       |        |         |  |  |  |
|   |             |       |        |         |  |  |  |

| Schedule of accounts receivable as at 30 April |  |  |  |  |  |
|--|--|--|--|--|--|
| Balance  |  |  |  |  |  |
|  |  |  |  |  |  |
|  |  |  |  |  |  |
|  |  |  |  |  |  |
|  |  |  |  |  |  |
|  |  |  |  |  |  |



On 1 July the balance of the accounts payable control account in the general ledger of Qatar Camping Supplies was QR 11 444 and corresponded to the following account payable balances:

| Account payable    | Amount   |
|--------------------|----------|
| Qatar Print        | 5874     |
| Khaliji Stationery | 3952     |
| A Mahmoud          | 1618     |
|                    | QR 11444 |

The following journals were recorded for the month of July.

| PURCHASES JOURNAL OF QATAR CAMPING SUPPLIES                                      |       |                    |  |      |    |    |  |  |  |
|--|-------|--------------------|--|------|----|----|--|--|--|
| Date   Invoice   Particulars   Folio   Purchases   GST paid   Accounts   payable |       |                    |  |      |    |    |  |  |  |
| 4 Jul  | 59247 | Khaliji Stationery |  | 4452 |    |    |  |  |  |
| 13 Jul   | 3681  | A Mahmoud          |  | 5287 |    |    |  |  |  |
| 20 Jul   | 4485  | Qatar Print        |  | 2357 |    |    |  |  |  |
|  |       |                    |  |      |    |    |  |  |  |
|  |       |                    |  | Dr   | Dr | Cr |  |  |  |

| PURCHASES RETURNS & ALLOWANCES JOURNAL OF QATAR CAMPING SUPPLIES |                  |                    |       |                        |          |                  |  |  |  |
|--|------------------|--------------------|-------|------------------------|----------|------------------|--|--|--|
| Date   | Adjustment<br>No | Particulars        | Folio | Purchases<br>Ret & All | GST paid | Accounts payable |  |  |  |
| 10 Jul   | 9624             | Khaliji Stationery |       | 1215                   |          |                  |  |  |  |
| 19 Jul   | 1089             | A Mahmoud          |       | 2986                   |          |                  |  |  |  |
|  |                  |                    |       |                        |          |                  |  |  |  |
|  |                  |                    |       | Cr                     | Cr       | Dr               |  |  |  |

|        | CASH PAYMENTS JOURNAL OF QATAR CAMPING SUPPLIES |                         |                   |                     |                    |     |         |      |  |  |
|--------|---|-------------------------|-------------------|---------------------|--------------------|-----|---------|------|--|--|
| Date   | Reference                                       | Particulars             | Cash<br>Purchases | Accounts<br>Payable | Sundry<br>Payments | GST | Details | Bank |  |  |
| 2 Jul  | 346   | Khaliji Sta-<br>tionery |                   | 1584                |                    |     |         | 1584 |  |  |
| 5 Jul  | 347   | Rent                    |                   |                     | 5200               | 520 |         | 5720 |  |  |
| 9 Jul  | 348   | Purchases               | 6850              |                     |                    | 685 |         | 7535 |  |  |
| 12 Jul | 349   | A<br>Mahmoud            |                   | 855                 |                    |     |         | 855  |  |  |
| 19 Jul | 350   | Freight                 |                   |                     | 600                | 60  |         | 660  |  |  |
| 23 Jul | 351   | Qatar<br>Print          |                   | 1500                |                    |     |         | 1500 |  |  |
|        |   |                         |                   |                     |                    |     |         |      |  |  |
|        |   |                         |                   |                     |                    |     |         |      |  |  |
|        |   |                         |                   |                     |                    |     |         |      |  |  |
|        |   |                         | Cr                | Cr                  | Cr                 | Cr  |         | Dr   |  |  |

- 1. Complete the purchases and purchases returns journals.
- **2.** Complete the accounts payable control account in the general ledger.
- **3.** Post the journals to the accounts payable subsidiary ledger accounts.
- **4.** Prepare a schedule of accounts payable as at 31 July to reconcile with the closing accounts payable control balance.

Note: Don't forget the opening balances.



# GENERAL LEDGER OF QATAR CAMPING SUPPLIES

| DATE                  | <b>PARTICULARS</b> | DEBIT | CREDIT | BALANCE |  |  |  |  |  |
|-----------------------|--------------------|-------|--------|---------|--|--|--|--|--|
| ACCOUNTS PAYABLE – A1 |                    |       |        |         |  |  |  |  |  |
|                       |                    |       |        |         |  |  |  |  |  |
|                       |                    |       |        |         |  |  |  |  |  |
|                       |                    |       |        |         |  |  |  |  |  |
|                       |                    |       |        |         |  |  |  |  |  |
|                       |                    |       |        |         |  |  |  |  |  |
|                       |                    |       |        |         |  |  |  |  |  |

# ACCOUNTS PAYABLE LEDGER OF QATAR CAMPING SUPPLIES

| DATE | <b>PARTICULARS</b> | DEBIT | CREDIT | BALANCE |  |
|------|--------------------|-------|--------|---------|--|
|      |                    |       |        |         |  |
|      |                    |       |        |         |  |
|      |                    |       |        |         |  |
|      |                    |       |        |         |  |
|      |                    |       |        |         |  |
|      |                    |       |        |         |  |
|      |                    |       |        |         |  |
|      |                    |       |        |         |  |
|      |                    |       |        |         |  |
|      |                    |       |        |         |  |
|      |                    |       |        |         |  |
|      |                    |       |        |         |  |
|      |                    |       |        |         |  |
|      |                    |       |        |         |  |
|      |                    |       |        |         |  |
|      |                    |       |        |         |  |
|      |                    |       |        |         |  |
|      |                    |       |        |         |  |

| Schedule of accounts payable as at 31 July |         |  |  |  |  |  |
|--|---------|--|--|--|--|--|
| Account name                               | Balance |  |  |  |  |  |
|  |         |  |  |  |  |  |
|  |         |  |  |  |  |  |
|  |         |  |  |  |  |  |
|  |         |  |  |  |  |  |
|  |         |  |  |  |  |  |



On 1 November the balance of the accounts receivable control account in the general ledger of Qatar Camping and Leisure was QR748 and corresponded to the following account receivable balances:

| Account receivable | Amount    |
|--------------------|-----------|
| G Hall             | 143.00    |
| Al Khor Canoe Club | 385.00    |
| V Khalifa          | 220.00    |
|                    | QR 748.00 |

On the same date the balance of the accounts payable control account in the general ledger of Qatar Camping and Leisure was QR 2,640 and corresponded to the following account payable balances:

| <b>Account Payable</b> | Amount      |
|------------------------|-------------|
| C Dale                 | 2,200.00    |
| R Hamoud               | 440.00      |
|                        | QR 2,640.00 |

The following journals were recorded for the month of November.

| Sales J | Sales Journal of Qatar Camping and Leisure |                    |       |           |                  |                     |  |  |  |  |
|---------|--|--------------------|-------|-----------|------------------|---------------------|--|--|--|--|
| Date    | Invoice<br>No                              | Particulars        | Folio | Purchases | GST<br>collected | Accounts receivable |  |  |  |  |
| 1 Nov   | 1  | Al Khor Canoe club |       | 200.00    | 20.00            | 220.00              |  |  |  |  |
| 3 Nov   | 2  | Q Youth Club       |       | 150.00    | 15.00            | 165.00              |  |  |  |  |
| 4 Nov   | 3  | Al Khor Canoe club |       | 300.00    | 30.00            | 330.00              |  |  |  |  |
| 29 Nov  | 4  | G Hall             |       | 600.00    | 60.00            | 660.00              |  |  |  |  |
| 30 Nov  |  |                    |       | 1,250.00  | 125.00           | 1,375.00            |  |  |  |  |
|         |  |                    |       | Cr        | Cr               | Dr                  |  |  |  |  |

| Sales Ro | Sales Returns and Allowances Journal of Qatar Camping and Leisure |                       |       |                   |                  |                     |  |  |  |  |
|----------|---|-----------------------|-------|-------------------|------------------|---------------------|--|--|--|--|
| Date     | Adjustment<br>No  | Particulars           | Folio | Purchases returns | GST<br>collected | Accounts receivable |  |  |  |  |
| 4 Nov    | 1   | Q Youth Club          |       | 20.00             | 2.00             | 22.00               |  |  |  |  |
| 8 Nov    | 2   | Al Khor Canoe<br>club |       | 40.00             | 4.00             | 44.00               |  |  |  |  |
| 26 Nov   | 3   | Q Youth Club          |       | 20.00             | 2.00             | 22.00               |  |  |  |  |
| 30 Nov   |   |                       |       | 80.00             | 8.00             | 88.00               |  |  |  |  |
|          |   |                       |       | Dr                | Dr               | Cr                  |  |  |  |  |

| Purchases Journal of Qatar Leisure and Camping |            |             |       |           |          |                  |  |  |  |
|--|------------|-------------|-------|-----------|----------|------------------|--|--|--|
| Date   | Invoice No | Particulars | Folio | Purchases | GST paid | Accounts payable |  |  |  |
| 1 Nov  | 14         | C Dale      |       | 400.00    | 40.00    | 440.00           |  |  |  |
| 10 Nov   | 87         | R Hamoud    |       | 200.00    | 20.00    | 220.00           |  |  |  |
| 11 Nov   | 42         | C Dale      |       | 40.00     | 4.00     | 44.00            |  |  |  |
| 27 Nov   | 70         | R Hamoud    |       | 20.00     | 2.00     | 22.00            |  |  |  |
| 31 Nov   |            |             |       | 660.00    | 66.00    | 726.00           |  |  |  |
|  |            |             |       | Dr        | Dr       | Cr               |  |  |  |

| Purchas | Purchases Returns and Allowances Journal of Qatar Leisure and Camping |             |     |                  |          |                  |  |  |  |  |
|---------|---|-------------|-----|------------------|----------|------------------|--|--|--|--|
| Date    | Adjustment<br>No  | Particulars | Fol | Sales<br>returns | GST paid | Accounts payable |  |  |  |  |
| 5 Nov   | 115   | C Dale      |     | 20.00            | 2.00     | 22.00            |  |  |  |  |
| 15 Nov  | 87  | C Dale      |     | 40.00            | 4.00     | 44.00            |  |  |  |  |
| 30 Nov  |   |             |     | QR 60.00         | QR 6.00  | QR 66.00         |  |  |  |  |
|         |   |             |     | Cr               | Cr       | Dr               |  |  |  |  |
|         |   |             |     | Dr               | Dr       | Cr               |  |  |  |  |



|        |           | Receipts Journal of Qatar Camping and Leisure | nal of Qatar | Camping a           | and Leisure     |        |         |          |
|--------|-----------|---|--------------|---------------------|-----------------|--------|---------|----------|
| Date   | Reference | Particulars                                   | Cash sales   | Accounts receivable | Sundry receipts | GST    | Details | Bank     |
| 1 Nov  | 1         | Capital                                       |              |                     | 2,000.00        |        |         | 2,000.00 |
| 2 Nov  | CRS       | Sales   | 200.00       |                     |                 | 20.00  |         | 220.00   |
| 3 Nov  | 2         | G Hall  |              | 143.00              |                 |        |         |          |
|        | CRS       | Sales   | 500.00       |                     |                 | 50.00  |         | 693.00   |
| 10 Nov | m         | Al Khor Canoe Club                            |              | 200.00              |                 |        |         |          |
|        | CRS       | Sales   | 100.00       |                     |                 | 10.00  |         | 310.00   |
| 15 Nov | 4         | Interest                                      |              |                     | 80.00           |        |         |          |
|        | CRS       | Sales   | 40.00        |                     |                 | 4.00   |         | 124.00   |
| 18 Nov | CRS       | Sales   | 300.00       |                     |                 | 30.00  |         | 330.00   |
| 26 Nov | 5         | Q Youth Club                                  |              | 122.00              |                 |        |         | 122.00   |
| 30 Nov |           |   | 1,140.00     | 465.00              | 2,080.00        | 114.00 |         | 3,799.00 |
|        |           |   | C            | Ç                   | Ç               | C      |         | Dr       |



|        |           | Payments Journ   | nal of Qata       | r Camping           | Journal of Qatar Camping and Leisure |          |         |           |
|--------|-----------|------------------|-------------------|---------------------|--------------------------------------|----------|---------|-----------|
| Date   | Reference | Particulars      | Cash<br>purchases | Accounts<br>payable | Sundry<br>payments                   | GST paid | Details | Bank      |
| 2 Nov  | 480       | R Hamoud         |                   |                     |                                      |          |         | 440.00    |
| 3 Nov  | 481       | Tentzz           | 2,000.00          |                     |                                      | 200.00   |         | 2,200.00  |
| 6 Nov  | 482       | Wages            |                   |                     | 1,500.00                             |          |         | 1,500.00  |
| 7 Nov  | 483       | Doha Stationery  |                   |                     | 400.00                               | 40.00    |         | 440.00    |
| 19 Nov | 484       | Kahrama          |                   |                     | 150.00                               | 15.00    |         | 165.00    |
| 20 Nov | 485       | C Dale           |                   | 402.00              |                                      |          |         | 402.00    |
| 30 Nov | 486       | Office Equipment |                   |                     | 1,000.00                             | 100.00   |         | 1,100.00  |
|        | 487       | Cables and Ties  | 400.00            |                     |                                      | 40.00    |         | 440.00    |
|        |           |                  | 2,400.00          | 842.00              | 3,050.00                             | 395.00   |         | 00'289'90 |
|        |           |                  | Dr                | Dr                  | Dr                                   | Dr       |         | Ç         |



- **1.** Complete the accounts receivable and accounts payable control accounts in the general ledger.
- **2.** Post the journals to the accounts receivable and accounts payable subsidiary ledger accounts.
- **3.** Prepare a schedule of accounts receivable and a schedule of accounts payable as at 30 November to reconcile with the closing accounts receivable and accounts payable control balance.

Note: Don't forget the opening balances.

| General Ledger of Qatar Camping and Leisure |             |       |        |         |  |
|---|-------------|-------|--------|---------|--|
| Date  | Particulars | Debit | Credit | Balance |  |
| Accounts receiva                            | ıble – A1   |       |        |         |  |
|   |             |       |        |         |  |
|   |             |       |        |         |  |
|   |             |       |        |         |  |
|   |             |       |        |         |  |
|   |             |       |        |         |  |
|   |             |       |        |         |  |
| Accounts payable – L1                       |             |       |        |         |  |
|   |             |       |        |         |  |
|   |             |       |        |         |  |
|   |             |       |        |         |  |
|   |             |       |        |         |  |
|   |             |       |        |         |  |
|   |             |       |        |         |  |



| Accounts Receivable Ledger of Qatar Camping and Leisure  DATE PARTICULARS DEBIT CREDIT BALANCE |  |  |  |  |  |
|--|--|--|--|--|--|
| 27112  |  |  |  |  |  |
|  |  |  |  |  |  |
|  |  |  |  |  |  |
|  |  |  |  |  |  |
|  |  |  |  |  |  |
|  |  |  |  |  |  |
|  |  |  |  |  |  |
|  |  |  |  |  |  |
|  |  |  |  |  |  |
|  |  |  |  |  |  |
|  |  |  |  |  |  |
|  |  |  |  |  |  |
|  |  |  |  |  |  |
|  |  |  |  |  |  |
|  |  |  |  |  |  |
|  |  |  |  |  |  |
|  |  |  |  |  |  |
|  |  |  |  |  |  |
|  |  |  |  |  |  |
|  |  |  |  |  |  |
|  |  |  |  |  |  |
|  |  |  |  |  |  |
|  |  |  |  |  |  |
|  |  |  |  |  |  |
|  |  |  |  |  |  |
|  |  |  |  |  |  |
|  |  |  |  |  |  |
|  |  |  |  |  |  |
|  |  |  |  |  |  |
|  |  |  |  |  |  |
|  |  |  |  |  |  |



| Accounts Payable Ledger of Qatar Camping and Leisure |             |       |        |         |  |
|--|-------------|-------|--------|---------|--|
| DATE   | PARTICULARS | DEBIT | CREDIT | BALANCE |  |
|  |             |       |        |         |  |
|  |             |       |        |         |  |
|  |             |       |        |         |  |
|  |             |       |        |         |  |
|  |             |       |        |         |  |
|  |             |       |        |         |  |
|  |             |       |        |         |  |
|  |             |       |        |         |  |
|  |             |       |        |         |  |
|  |             |       |        |         |  |
|  |             |       |        |         |  |
|  |             |       |        |         |  |
|  |             |       |        |         |  |
|  |             |       |        |         |  |
|  |             |       |        |         |  |
|  |             |       |        |         |  |
|  |             |       |        |         |  |
|  |             |       |        |         |  |
|  |             |       |        |         |  |
|  |             |       |        |         |  |
|  |             |       |        |         |  |
|  |             |       |        |         |  |
|  |             |       |        |         |  |
|  |             |       |        |         |  |
|  |             |       |        |         |  |
|  |             |       |        |         |  |
|  |             |       |        |         |  |
|  |             |       |        |         |  |
|  |             |       |        |         |  |
|  |             |       |        |         |  |
|  |             |       |        |         |  |
|  |             |       |        |         |  |
|  |             |       |        |         |  |
|  |             |       |        |         |  |
|  |             |       |        |         |  |



| Schedule of Accounts Receivable as at 30 November |         |  |  |  |
|---|---------|--|--|--|
| Account name                                      | Balance |  |  |  |
|   |         |  |  |  |
|   |         |  |  |  |
|   |         |  |  |  |
|   |         |  |  |  |
|   |         |  |  |  |

| Schedule of Accounts Payable as at 30 November |         |  |  |  |
|--|---------|--|--|--|
| Account name                                   | Balance |  |  |  |
|  |         |  |  |  |
|  |         |  |  |  |
|  |         |  |  |  |
|  |         |  |  |  |
|  |         |  |  |  |



You are required to complete the cash receipts, cash payments, purchases, purchases returns, sales and sales returns journals. Prepare a general ledger extract showing the accounts receivable and accounts payable control accounts. Show the accounts receivable ledger and accounts payable ledger. Reconcile the general ledger accounts by showing completed schedules of accounts receivable and payable as at 30 June 20xx.



| Schedule of Accounts Receivable As at 31 May 20xx |          | Schedule of Account<br>As at 31 May 2        | · · · · · · · · · · · · · · · · · · · |
|---|----------|--|---------------------------------------|
| Account name                                      | Balance  | Account name                                 | Balance                               |
| J Marsh   | 2,100.00 | R Gerber                                     | 3,417.00                              |
| R Khalid  | 1,472.00 | D Nicholls                                   | 2,618.00                              |
| Total as per Accounts<br>Receivable control A/c   | 3,572.00 | Total as per Accounts<br>Payable control A/c | 6,035.00                              |

# Receipts issued

| RI            | ECEIPT            |
|---------------|-------------------|
| 7 Jun 20xx    | No 2              |
| Received from | J Marsh           |
| For           | Settlement of a/c |
| Amount        | 1500.00           |
| Total         | 1500.00           |
|               |                   |

|                | RECEIPT       |  |  |  |
|----------------|---------------|--|--|--|
| 21 Jun 20xx    | No 4          |  |  |  |
| Received from  | Qatar Theatre |  |  |  |
| For Commission |               |  |  |  |
| Amount         | 990.00        |  |  |  |
| Total          | 990.00        |  |  |  |
|                |               |  |  |  |

| RECEIPT       |                |  |  |  |
|---------------|----------------|--|--|--|
| 15 Jun 20xx   | No 3           |  |  |  |
| Received from | K J Industries |  |  |  |
| For           | Rent           |  |  |  |
| Amount        | 660.00         |  |  |  |
| Total         | 660.00         |  |  |  |
|               |                |  |  |  |

| RECEIPT       |                   |  |  |  |
|---------------|-------------------|--|--|--|
| 30 Jun 20xx   | No 5              |  |  |  |
| Received from | R Khalid          |  |  |  |
| For           | Settlement of a/c |  |  |  |
| Amount        | 1815.00           |  |  |  |
| Total         | 1815.00           |  |  |  |
|               |                   |  |  |  |

# Cash register summaries

| Cash Register Summary 1 Jun 20xx | Cash Register Summary 10 Jun 20xx | Cash Register Summary<br>21 Jun 20xx |
|----------------------------------|-----------------------------------|--------------------------------------|
| Total 3,300.00                   | Total 4,950.0                     | Total 6,600.00                       |



#### Tax invoices issued

# TAX INVOICE Qatar Computers

6 Jun 20xx No 1
T0: J Marsh **Total 3 300** 

#### TAX INVOICE Qatar Computers

 10 Jun 20xx
 No 2

 T0:
 R Khalid

 Total
 2 475

#### TAX INVOICE Qatar Computers

27 Jun 20xx No 3
T0: C Banks **Total** 1980

#### Adjustment notes issued

# TAX ADJUSTMENT NOTE Qatar Computers

 10 Jun 20xx
 No 1

 T0:
 J Marsh

 Total
 165.00

#### TAX ADJUSTMENT NOTE Qatar Computers

 10 Jun 20xx
 No 1

 T0:
 R Khalid

 Total
 660.00

## Cheques

#### **Cheque Butt**

3 Jun 20xx No 020
Paid to A Johnson
For Purchases

Total 2640.00

#### **Cheque Butt**

10 Jun 20xx No 021
Paid to N Wilson
For Drawings

Total 600.00

#### **Cheque Butt**

11 Jun 20xx No 022
Paid to Cash
For Wages

Total 3600.00

#### **Cheque Butt**

10 Jun 20xx No 023
Paid to R Gerber
For Settlement of a/c
Total 1650.00



#### **Cheque Butt**

30 Jun 20xx No 024 Paid to N Sams

For Advertising

Total 660.00

#### Tax invoices received

# D Nicholls TAX INVOICE

To Qatar Computers

4 Jun 20xx No 82

**Total** 1485.00

# M Brown TAX INVOICE

 To
 Qatar Computers

 4 Jun 20xx
 No 271

 Total
 2057.00

#### R Gerber TAX INVOICE

To Qatar Computers 4 Jun 20xx No 7

**Total** 1892.00

## Adjustment note received

# R GERBER TAX ADJUSTMENT NOTE Qatar Computers

20 Jun 20xx No 50 **Total 242.00** 



| PURCHASES JOURNAL OF |            |             |       |           |          |                  |  |  |  |  |  |
|----------------------|------------|-------------|-------|-----------|----------|------------------|--|--|--|--|--|
| Date                 | Invoice No | Particulars | Folio | Purchases | GST paid | Accounts payable |  |  |  |  |  |
|                      |            |             |       |           |          |                  |  |  |  |  |  |
|                      |            |             |       |           |          |                  |  |  |  |  |  |
|                      |            |             |       |           |          |                  |  |  |  |  |  |
|                      |            |             |       |           |          |                  |  |  |  |  |  |
|                      |            |             |       |           |          |                  |  |  |  |  |  |
|                      |            |             |       |           |          |                  |  |  |  |  |  |

| PURCHASES RETURNS & ALLOWANCES JOURNAL OF |                  |             |       |                  |                  |                        |  |  |  |  |  |
|---|------------------|-------------|-------|------------------|------------------|------------------------|--|--|--|--|--|
| Date                                      | Adjustment<br>No | Particulars | Folio | Sales<br>Returns | GST<br>Collected | Accounts<br>Receivable |  |  |  |  |  |
|   |                  |             |       |                  |                  |                        |  |  |  |  |  |
|   |                  |             |       |                  |                  |                        |  |  |  |  |  |
|   |                  |             |       |                  |                  |                        |  |  |  |  |  |
|   |                  |             |       |                  |                  |                        |  |  |  |  |  |
|   |                  |             |       |                  |                  |                        |  |  |  |  |  |
|   |                  |             |       |                  |                  |                        |  |  |  |  |  |
|   |                  |             |       |                  |                  |                        |  |  |  |  |  |



|                        | Bank        |  |  |  |  |  |
|------------------------|-------------|--|--|--|--|--|
|                        | Other       |  |  |  |  |  |
|                        |             |  |  |  |  |  |
|                        |             |  |  |  |  |  |
|                        |             |  |  |  |  |  |
|                        |             |  |  |  |  |  |
|                        |             |  |  |  |  |  |
| 300K OF:               | Particulars |  |  |  |  |  |
| CASH PAYMENTS BOOK OF: | Reference   |  |  |  |  |  |
| CASH P                 | Date        |  |  |  |  |  |

|                      | Bank        |  |  |  |  |  |
|----------------------|-------------|--|--|--|--|--|
|                      | Other       |  |  |  |  |  |
|                      |             |  |  |  |  |  |
|                      |             |  |  |  |  |  |
|                      |             |  |  |  |  |  |
|                      |             |  |  |  |  |  |
|                      |             |  |  |  |  |  |
| ж оғ                 | Particulars |  |  |  |  |  |
| ASH RECEIPTS BOOK OF | Reference   |  |  |  |  |  |
| CASH REC             | Date        |  |  |  |  |  |

|   | Bank        |  |  |  |  |  |
|---|-------------|--|--|--|--|--|
|   | Other       |  |  |  |  |  |
| 0<br>0<br>0<br>0<br>0<br>0                          |             |  |  |  |  |  |
|   |             |  |  |  |  |  |
| 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0               |             |  |  |  |  |  |
| 0<br>0<br>0<br>0<br>0<br>0<br>0<br>0<br>0<br>0<br>0 |             |  |  |  |  |  |
| 0             |             |  |  |  |  |  |
| CASH RECEIPTS BOOK OF                               | Particulars |  |  |  |  |  |
| EIPTS BOC   | Reference   |  |  |  |  |  |
| CASH REC  | Date        |  |  |  |  |  |

# GENERAL LEDGER OF QATAR COMPUTERS

| DATE         | <b>PARTICULARS</b> | DEBIT | CREDIT | BALANCE |  |
|--------------|--------------------|-------|--------|---------|--|
| ACCOUNTS REC | EIVABLE – A1       |       |        |         |  |
|              |                    |       |        |         |  |
|              |                    |       |        |         |  |
|              |                    |       |        |         |  |
|              |                    |       |        |         |  |
|              |                    |       |        |         |  |
|              |                    |       |        |         |  |
|              |                    |       |        |         |  |
| ACCOUNTS PAY | ABLE – L1          |       |        |         |  |
|              |                    |       |        |         |  |
|              |                    |       |        |         |  |
|              |                    |       |        |         |  |
|              |                    |       |        |         |  |
|              |                    |       |        |         |  |
|              |                    |       |        |         |  |

#### ACCOUNTS RECEIVABLE LEDGER OF QATAR COMPUTERS

| DATE | PARTICULARS | DEBIT | CREDIT | BALANCE |  |
|------|-------------|-------|--------|---------|--|
|      |             |       |        |         |  |
|      |             |       |        |         |  |
|      |             |       |        |         |  |
|      |             |       |        |         |  |
|      |             |       |        |         |  |
|      |             |       |        |         |  |
|      |             |       |        |         |  |
|      |             |       |        |         |  |
|      |             |       |        |         |  |
|      |             |       |        |         |  |
|      |             |       |        |         |  |
|      |             |       |        |         |  |
|      |             |       |        |         |  |
|      |             |       |        |         |  |
|      |             |       |        |         |  |
|      |             |       |        |         |  |
|      |             |       |        |         |  |
|      |             |       |        |         |  |
|      |             |       |        |         |  |
|      |             |       |        |         |  |

| Schedule of accounts receivable as at 30 June  Account name  Balance |  |  |  |  |  |
|--|--|--|--|--|--|
|  |  |  |  |  |  |
|  |  |  |  |  |  |
|  |  |  |  |  |  |
|  |  |  |  |  |  |
|  |  |  |  |  |  |
|  |  |  |  |  |  |

#### ACCOUNTS PAYABLE LEDGER OF QATAR COMPUTERS

| DATE | PARTICULARS | DEBIT | CREDIT | BALANCE |  |
|------|-------------|-------|--------|---------|--|
|      |             |       |        |         |  |
|      |             |       |        |         |  |
|      |             |       |        |         |  |
|      |             |       |        |         |  |
|      |             |       |        |         |  |
|      |             |       |        |         |  |
|      |             |       |        |         |  |
|      |             |       |        |         |  |
|      |             |       |        |         |  |
|      |             |       |        |         |  |
|      |             |       |        |         |  |
|      |             |       |        |         |  |
|      |             |       |        |         |  |
|      |             |       |        |         |  |
|      |             |       |        |         |  |
|      |             |       |        |         |  |
|      |             |       |        |         |  |
|      |             |       |        |         |  |
|      |             |       |        |         |  |

| Schedule of accounts receivable as at 30 June |  |  |  |  |
|---|--|--|--|--|
| Account name Balance                          |  |  |  |  |
|   |  |  |  |  |
|   |  |  |  |  |
|   |  |  |  |  |
|   |  |  |  |  |
|   |  |  |  |  |

#### Process payments for accounts payable

#### Reconcile accounts payable statements with accounting records

Discrepancies and errors are inevitable. However, effective management policies will identify errors and rectify them as quickly as possible.

Business organisations will attempt to identify and rectify the errors at the time of the transaction.

- ➤ Common discrepancies can include:
- ➤ Duplicate invoices (being charged twice for the same goods)
- ➤ Charges for other companies incorrectly invoiced to our business.
- ➤ Incorrect or excessive charges for freight, handling and administration fees etc.
- > Figures on financial documents are transposed.
- ➤ Incorrect calculations on statements and invoices.

Once the invoices received for the month have been checked for discrepancies, they should be matched against the invoice details in the subsidiary ledger for each supplier.

Where more than one invoice is received from suppliers during the month, the supplier will often send a statement showing a summary of the invoices issued and any payments that have been made during the month. Again, these statements should be checked against the invoices received as well as the individual accounts in the subsidiary ledger.

As soon as the account payable documentation has been approved for payment, you should check due dates. Some suppliers will offer discounts for prompt payment. All suppliers will offer different trading terms. Some will require payment within 7 days, 10 days, 14 days or 30 days. It is important that payment is made by the due date.



Trading terms: 15/5; n/30



#### **Example**

The example below is designed to show you the documents, journals and ledger accounts prepared to accurately record the purchase of goods.



#### Note the following:

- ➤ Invoices received from different suppliers (three invoices received from Soft Furnishings)
- Statement received from Soft Furnishings
- ➤ Statements are not received from other suppliers as there is only one invoice from each for the month.
- ➤ A statement will generally be issued when more than one invoice per month is issued to the same customer.
- ➤ Purchases journal
- ➤ Accounts payable ledger (compare the statement received from Soft Furnishings with the ledger account for Soft Furnishings)
- > Schedule of accounts payable.



| Doha Wholesale Furniture  |          |  |  |  |
|---------------------------|----------|--|--|--|
| INVOICE                   |          |  |  |  |
| Qatar Luxury Furnishings  |          |  |  |  |
| 2 March 20xx Invoice 3981 |          |  |  |  |
|                           | QR       |  |  |  |
| Goods                     | 5,250.00 |  |  |  |
| Freight                   | 150.00   |  |  |  |
| GST                       | 540.00   |  |  |  |
| Total 5,940.00            |          |  |  |  |

| Soft Furnishings |               |  |  |  |
|------------------|---------------|--|--|--|
| INVOICE          |               |  |  |  |
| Qatar Luxur      | y Furnishings |  |  |  |
| 10 March 20xx    | Invoice 5680  |  |  |  |
|                  | QR            |  |  |  |
| Goods            | 1,800.00      |  |  |  |
| Freight          |               |  |  |  |
| GST              | 180.00        |  |  |  |
| TOTAL            | 1,980.00      |  |  |  |

|  | Furniture Mart<br>INVOICE   |           |  |  |
|--|-----------------------------|-----------|--|--|
|  |                             |           |  |  |
|  | Qatar Luxury Furnishings    |           |  |  |
|  | 12 March 20xx Invoice 44101 |           |  |  |
|  |                             | QR        |  |  |
|  | Goods                       | 9,800.00  |  |  |
|  | Freight                     | 980.00    |  |  |
|  | GST                         | 540.00    |  |  |
|  | Total                       | 10,780.00 |  |  |

| Soft Furnishings<br>INVOICE<br>Qatar Luxury Furnishings |          |  |  |  |
|---|----------|--|--|--|
| 17 March 20xx Invoice 5691                              |          |  |  |  |
|   | QR       |  |  |  |
| Goods   | 4,450.00 |  |  |  |
| Freight   | 200.00   |  |  |  |
| GST   | 465.00   |  |  |  |
| TOTAL   | 5115.00  |  |  |  |

| Doha Wholesale Furniture   |                 |  |  |  |
|----------------------------|-----------------|--|--|--|
| INVOICE                    |                 |  |  |  |
| Qatar Luxı                 | ıry Furnishings |  |  |  |
| 22 March 20xx Invoice 5714 |                 |  |  |  |
|                            | QR              |  |  |  |
| Goods                      | 1,040.00        |  |  |  |
| Freight                    |                 |  |  |  |
| GST                        | 104.00          |  |  |  |
| TOTAL                      | 1,144.00        |  |  |  |

|                                 | Soft Furnishings              |          |  |  |  |  |
|---------------------------------|-------------------------------|----------|--|--|--|--|
|                                 | INVOICE                       |          |  |  |  |  |
| <b>Qatar Luxury Furnishings</b> |                               |          |  |  |  |  |
|                                 | 27 March 20xx Invoice 7108 QF |          |  |  |  |  |
|                                 |                               |          |  |  |  |  |
|                                 | Goods                         | 3,000.00 |  |  |  |  |
|                                 | Freight                       | 100.00   |  |  |  |  |
|                                 | GST                           | 310.00   |  |  |  |  |
|                                 | TOTAL                         | 3,410.00 |  |  |  |  |



## Soft Furnishings PO BOX 9893 DOHA Tel 4478 5287

#### **Customer Details**

Postal Address Location and Telephone Date: 31 March 20xx

PO Box 33490 Najima

Doha Telephone: 4458 7832 Terms: Strictly 30 days

| Date         | Transaction        | Debit     | Credit    | Balance     |
|--------------|--------------------|-----------|-----------|-------------|
| 1 March      | Balance            |           | 12,855.00 |             |
| 3 March      | Cheque - Rec 22390 | 12,855.00 | -         |             |
| 10 March     | Invoice 5680       | 1,980.00  |           | 1,980.00    |
| 17 March     | Invoice 5691       | 5,115.00  |           | 7,095.00    |
| 22 March     | Invoice 5714       | 1,144.00  |           | 8,239.00    |
|              |                    |           |           |             |
|              |                    |           |           |             |
|              |                    |           |           |             |
|              |                    |           |           |             |
| Over 90 days | 90 days            | 60 days   | 30 days   | Current     |
|              |                    |           |           | QR 8,239.00 |



| Purchases | Purchases Journal of Qatar Luxury Furnishings |                         |       |           |          |                  |  |
|-----------|---|-------------------------|-------|-----------|----------|------------------|--|
| Date      | Invoice<br>No                                 | Particulars             | Folio | Purchases | GST paid | Accounts payable |  |
| 2 March   | 3981  | Doha Wholesale<br>Furn. |       | 5,400.00  | 540.00   | 5,940.00         |  |
| 10 March  | 5680  | Soft Furnishings        |       | 1,800.00  | 180.00   | 1,980.00         |  |
| 12 March  | 44101   | Furniture Mart          |       | 9,800.00  | 980.00   | 1,0780.00        |  |
| 17 March  | 5691  | Soft Furnishings        |       | 4,650.00  | 465.00   | 5,115.00         |  |
| 22 March  | 5714  | Soft Furnishings        |       | 1,040.00  | 104.00   | 1,144.00         |  |
| 27 March  | 7108  | Q Kitchens              |       | 3,100.00  | 310.00   | 3,410.00         |  |
|           |   |                         |       | 25,790.00 | 2,579.00 | 28,369.00        |  |
|           |   |                         |       | Dr        | Dr       | Cr               |  |

| Accounts Payable Ledger of Qatar Luxury Furnishings |              |          |           |           |    |
|---|--------------|----------|-----------|-----------|----|
| Date  | Particulars  | Debit    | Credit    | Balance   |    |
| Doha Wholesale Furniture                            |              |          |           |           |    |
| 1 March   | Balance      |          |           | 6,125.00  | Cr |
| 1 March   | Cash at bank | 6,125.00 |           | 0.00      |    |
| 2 March   | Purchases    |          | 5,940.00  | 5,940.00  | Cr |
| Furniture Mart                                      |              |          |           |           |    |
| 1 March   | Balance      |          |           | 0.00      |    |
| 12 March  | Purchases    |          | 10,780.00 | 10,780.00 | Cr |



| Date            | Particulars       | Debit    | Credit   | Balance  |    |
|-----------------|-------------------|----------|----------|----------|----|
| Q Kitchens      |                   |          |          |          |    |
| 1 March         | Balance           |          |          | 3,880.00 | Cr |
|                 | Cash at bank      |          | 3,000.00 | 880.00   | Cr |
|                 | Purchases returns | 880.00   |          | 0.00     |    |
| 27 March        | Purchases         |          | 3,410.00 | 3,410.00 | Cr |
| Soft Furnishing | s                 |          |          |          |    |
| 1 March         | Balance           |          |          | 12855.00 | Cr |
|                 | Cash at bank      | 12855.00 |          | 0        |    |
| 10 March        | Purchases         |          | 1980.00  | 1980.00  | Cr |
| 17 March        | Purchases         |          | 5115.00  | 7095.00  | Cr |
| 22 March        | Purchases         |          | 1144.00  | 8239.00  | Cr |

| Schedule of Accounts Payable as at 31 March |           |
|---|-----------|
| Account name                                | Balance   |
| Doha Wholesale Furniture                    | 5,940.00  |
| Furniture Mart                              | 10,780.00 |
| Q Kitchens                                  | 3,410.00  |
| Soft Furnishings                            | 8,239.00  |
| Total as per Accounts Payable Control A/c   | 28,369.00 |





You have been asked to check the invoices on the following page.

Qatar Luxury Furnishings has the following agreements in place with suppliers:

- > Soft Furnishings will not charge freight under any circumstances.
- ➤ Furniture Mart will only charge freight if the invoice is less than QR 1,000.
- **1.** Circle any errors you find on the following invoices. Use your calculator to check all calculations including GST/VAT and totals.

| 2. | On what date does the invoice received from Doha Wholesale |  |
|----|--|--|
|    | Furniture have to be paid by?                              |  |
|    |  |  |
|    |  |  |

**3.** If Qatar Luxury Furnishings takes advantage of the discount terms offered by Furniture mart, what date should the invoice be paid by and how much will be paid?

Calculation



| Doha Wholesale Furniture |                 |
|--------------------------|-----------------|
| INVOICE                  |                 |
| Qatar Luxi               | ıry Furnishings |
| 2 March 20xx             | Invoice 3981    |
|                          | QR              |
| Goods                    | 5,250.00        |
| Freight                  | 150.00          |
| GST                      | 640.00          |
| TOTAL 6,040.0            |                 |
| Terms: n/15;             |                 |

| Soft Furnishings                |              |
|---------------------------------|--------------|
| INVOICE                         |              |
| <b>Qatar Luxury Furnishings</b> |              |
| 10 March 20xx                   | Invoice 5680 |
|                                 | QR           |
| Goods                           | 1,800.00     |
| Freight                         | 50.00        |
| GST                             | 180.00       |
| TOTAL                           | 2,030.00     |
| Terms: 5/15; n/30               |              |

| Furniture Mart                  |               |
|---------------------------------|---------------|
| INVOICE                         |               |
| <b>Qatar Luxury Furnishings</b> |               |
| 12 March 20xx                   | Invoice 44101 |
|                                 | QR            |
| Goods                           | 2,100.00      |
| Freight                         |               |
| GST                             | 210.00        |
| TOTAL                           | 2,310.00      |
| Terms: 7.5/15; n/30             |               |

| Soft Furnishings  |                                 |  |  |
|-------------------|---------------------------------|--|--|
| INV               | INVOICE                         |  |  |
| Qatar Luxur       | <b>Qatar Luxury Furnishings</b> |  |  |
| 17 March 20xx     | Invoice 5691                    |  |  |
|                   | QR                              |  |  |
| Goods             | 4,450.00                        |  |  |
| Freight           |                                 |  |  |
| GST               | 445.00                          |  |  |
| TOTAL             | 5,115.00                        |  |  |
| Terms: 5/15; n/30 |                                 |  |  |

| Soft Furnishings                |              |
|---------------------------------|--------------|
| INVOICE                         |              |
| <b>Qatar Luxury Furnishings</b> |              |
| 22 March 20xx                   | Invoice 5714 |
|                                 | QR           |
| Goods                           | 1,040.00     |
| Freight                         |              |
| GST                             | 104.00       |
| TOTAL                           | 1,144.00     |
| Terms: 5/15; n/30               |              |

| Q Kitchens<br>INVOICE |              |  |            |
|-----------------------|--------------|--|------------|
|                       |              |  | Qatar Luxu |
| 27 March 20xx         | Invoice 7108 |  |            |
|                       | QR           |  |            |
| Goods                 | 3,000.00     |  |            |
| Freight               | 100.00       |  |            |
| GST                   | 310.00       |  |            |
| TOTAL                 | 3,410.00     |  |            |
| Terms: n/30           |              |  |            |







You have been asked to check the invoices on the following page.

- **1.** Circle any errors you find on the following invoices. Use your calculator to check all calculations including GST/VAT and totals.
- 2. On what date does the invoice received from Doha Wholesale Stationery have to be paid by?

**3.** If Qatar Luxury Furnishings takes advantage of the discount terms offered by Stationery Mart, what date should the invoice be paid by and how much will be paid?

**Calculation** 



| DOHA WHOLESALE STATIONERY           |          |
|-------------------------------------|----------|
| INVOICE<br>Qatar Luxury Furnishings |          |
|                                     |          |
| 4 Apr 20xx                          | Inv 8151 |
|                                     | QR       |
| Goods                               | 1550     |
| Freight                             | 100      |
| GST                                 | 165      |
| TOTAL                               | 1815     |
| Terms: n/15;                        |          |

| STATIONERY & SOFTWARE        |          |  |
|------------------------------|----------|--|
| INVOICE<br>Qatar Copy Centre |          |  |
| 8 Apr 20xx                   | Inv 9480 |  |
|                              | QR       |  |
| Goods                        | 2485     |  |
| Freight                      | 55       |  |
| GST                          | 254      |  |
| TOTAL                        | 2794     |  |
| Terms: 5/15; n/30            |          |  |

|   | STATIONERY MART INVOICE |           |
|---|-------------------------|-----------|
|   |                         |           |
|   | Qatar Copy Centre       |           |
| 1 | 2 Apr 20xx              | Inv 45301 |
|   |                         | QR        |
|   | Goods                   | 3984.00   |
|   | Freight                 | 155.00    |
|   | GST                     | 413.90    |
| 1 | TOTAL                   | 4552.90   |
|   | Terms: 7.5/15; n/30     |           |

| STATIONERY & SOFTWARE |          |
|-----------------------|----------|
| INVOICE               |          |
| Qatar Copy Centre     |          |
| 19 Apr 20xx           | Inv 5781 |
|                       | QR       |
| Goods                 | 2650     |
| Freight               | 150      |
| GST                   | 208      |
| TOTAL                 | 3008     |
| Terms: 5/15; n/30     |          |

|         | STATIONERY & SOFTWARE |          |
|---------|-----------------------|----------|
| INVOICE |                       | VOICE    |
|         | Qatar Copy Centre     |          |
|         | 25 Apr 20xx           | Inv 5704 |
|         |                       | QR       |
|         | Goods                 | 2585     |
|         | Freight               | 125      |
|         | GST                   | 271      |
|         | TOTAL                 | 2891     |
|         | Terms: 5/15; n/30     |          |

| Q PRINT<br>INVOICE |          |
|--------------------|----------|
|                    |          |
| 26 Apr 20xx        | Inv 7498 |
|                    | QR       |
| Goods              | 500      |
| Freight            |          |
| GST                | 50       |
| TOTAL              | 550      |
| Terms: n/30        |          |



You have been asked to check the invoices on the following page.

Prepare the schedule below showing the due date and the amount due for each invoice. (Assume company policy is to always take advantage of discounts)

| Supplier | <b>Due Date</b> | Amount Due |
|----------|-----------------|------------|
|          |                 |            |
|          |                 |            |
|          |                 |            |
|          |                 |            |
|          |                 |            |
|          |                 |            |

| DOHA WHOLESALE FISHING SUPPLIES |          |
|---------------------------------|----------|
| INVOICE                         |          |
| Qatar Camping Supplies          |          |
| 4 May 20xx                      | Inv 3981 |
|                                 | QR       |
| Goods                           | 5480     |
| Freight                         | 160      |
| GST                             | 564      |
| TOTAL                           | 6204     |
| Terms: n/15;                    |          |

| STATIONERY & SOFTWARE           |          |
|---------------------------------|----------|
| INVOICE  Qatar Camping Supplies |          |
| 9 May 20xx                      | Inv 5680 |
|                                 | QR       |
| Goods                           | 5450     |
| Freight                         |          |
| GST                             | 545      |
| TOTAL                           | 5995     |
| Terms: 5/15; n/30               |          |

| CAMP MART              |           |
|------------------------|-----------|
| INVOICE                |           |
| Qatar Camping Supplies |           |
| 14 May 20xx            | Inv 44101 |
|                        | QR        |
| Goods                  | 3605.00   |
| Freight                | 110.00    |
| GST                    | 371.50    |
| TOTAL                  | 4086.50   |
| Terms: 7.5/15; n/30    |           |

| CAMP FURNISHINGS INVOICE |          |
|--------------------------|----------|
|                          |          |
| 16 May 20xx              | Inv 5691 |
|                          | QR       |
| Goods                    | 3900     |
| Freight                  |          |
| GST                      | 390      |
| TOTAL                    | 4290     |
| Terms: 5/10; n/30        |          |

| CAMP FURNISHINGS       |          |
|------------------------|----------|
| INVOICE                |          |
| Qatar Camping Supplies |          |
| 23 May 20xx            | Inv 5714 |
|                        | QR       |
| Goods                  | 8462.00  |
| Freight                | 125.00   |
| GST                    | 858.70   |
| TOTAL                  | 9445.70  |
| Terms: 5/15; n/30      |          |

| Q MARINE                      |          |  |
|-------------------------------|----------|--|
| INVOICE                       |          |  |
| <b>Qatar Camping Supplies</b> |          |  |
| 26 May 20xx                   | Inv 7108 |  |
|                               | QR       |  |
| Goods                         | 4585     |  |
| Freight                       | 125      |  |
| GST                           | 471      |  |
| TOTAL                         | 5181     |  |
| Terms: n/30                   |          |  |





The following invoices and statement have been received from Soft Furnishings. Check the invoices against the statement. Circle any errors you discover.

| Soft Furnishings                |              |  |
|---------------------------------|--------------|--|
| INV                             | INVOICE      |  |
| <b>Qatar Luxury Furnishings</b> |              |  |
| 2 March 20xx                    | Invoice 2145 |  |
|                                 | QR           |  |
| Goods                           | 5,250.00     |  |
| Freight                         | 150.00       |  |
| GST                             | 640          |  |
| TOTAL                           | 6,040.00     |  |
| Terms: 5/15; n/30               |              |  |

|                            | Soft Fur          | rnishings       |  |
|----------------------------|-------------------|-----------------|--|
|                            | INVOICE           |                 |  |
|                            | Qatar Luxur       | ury Furnishings |  |
| 10 March 20xx Invoice 2156 |                   |                 |  |
|                            |                   | QR              |  |
|                            | Goods             | 1,800.00        |  |
|                            | Freight           | 50.00           |  |
|                            | GST               | 180.00          |  |
|                            | TOTAL             | 2,030.00        |  |
|                            | Terms: 5/15; n/30 |                 |  |

|  | Soft Furnishings INVOICE        |              |  |  |
|--|---------------------------------|--------------|--|--|
|  |                                 |              |  |  |
|  | <b>Qatar Luxury Furnishings</b> |              |  |  |
|  | 10 March 20xx                   | Invoice 2156 |  |  |
|  |                                 | QR           |  |  |
|  | Goods                           | 1,800.00     |  |  |
|  | Freight                         | 50.00        |  |  |
|  | GST                             | 180.00       |  |  |
|  | TOTAL                           | 2,030.00     |  |  |
|  | Terms: 5/15; n/30               |              |  |  |

|                                 | Soft Furnishings  |              |  |  |
|---------------------------------|-------------------|--------------|--|--|
| INVOICE                         |                   |              |  |  |
| <b>Qatar Luxury Furnishings</b> |                   |              |  |  |
|                                 | 17 March 20xx     | Invoice 2188 |  |  |
|                                 |                   | QR           |  |  |
|                                 | Goods             | 4,450.00     |  |  |
|                                 | Freight           |              |  |  |
|                                 | GST               | 445.00       |  |  |
|                                 | TOTAL             | 5,115.00     |  |  |
|                                 | Terms: 5/15; n/30 |              |  |  |

## Soft Furnishings PO BOX 9893 DOHA Tel 4478 5287

#### **Customer Details**

Postal Address Location and Telephone Date: 31 March 20xx

PO Box 33490 Najima

Doha Telephone: 4458 7832 Terms: Strictly 30 days

| Date         | Transaction        | Debit    | Credit   | Balance      |
|--------------|--------------------|----------|----------|--------------|
| 1 March      | Balance            |          | 5,000.00 |              |
| 1 March      | Cheque – Rec 22390 | 5,000.00 |          |              |
| 2 March      | Invoice 2145       | 6,040.00 |          | 6,040.00     |
| 10 March     | Invoice 2156       | 2,030.00 |          | 8,070.00     |
| 17 March     | Invoice 2188       | 5,515.00 |          | 13,585.00    |
|              |                    |          |          |              |
|              |                    |          |          |              |
|              |                    |          |          |              |
|              |                    |          |          |              |
| Over 90 days | 90 days            | 60 days  | 30 days  | Current      |
|              |                    |          |          | QR 13,585.00 |





The following invoices and statements have been received by Qatar Camping Supplies. Check the invoices against the appropriate statement. Circle any errors you discover.

| <b>Marine Supplies</b>       |          |  |  |
|------------------------------|----------|--|--|
| INVOICE  Qatar Camp Supplies |          |  |  |
| 2 Mar 20xx                   | Inv 2137 |  |  |
|                              | QR       |  |  |
| Goods                        | 2550     |  |  |
| Freight                      | 50       |  |  |
| GST                          | 260      |  |  |
| TOTAL                        | 2860     |  |  |
| Terms: 5/15; n/30            |          |  |  |

| <b>Camping Wholesalers</b> |          |  |  |
|----------------------------|----------|--|--|
| INVOICE                    |          |  |  |
| Qatar Camp Supplies        |          |  |  |
| 8 Mar 20xx                 | Inv 6356 |  |  |
|                            | QR       |  |  |
| Goods                      | 1865     |  |  |
| Freight                    | 135      |  |  |
| GST                        | 200      |  |  |
| TOTAL                      | 2200     |  |  |
| Terms: 5/15; n/30          |          |  |  |

| Marine Supplies            |          |  |
|----------------------------|----------|--|
| INVOICE                    |          |  |
| <b>Qatar Camp Supplies</b> |          |  |
| 12 Mar 20xx                | Inv 2216 |  |
|                            | QR       |  |
| Goods                      | 3400     |  |
| Freight                    | 200      |  |
| GST                        | 360      |  |
| TOTAL                      | 3960     |  |
| Terms: 5/15; n/30          |          |  |

| Camping Wholesalers INVOICE Qatar Camp Supplies |      |  |                      |
|---|------|--|----------------------|
|   |      |  | 10 Mar 20xx Inv 6378 |
|   | QR   |  |                      |
| Goods   | 1800 |  |                      |
| Freight   | 50   |  |                      |
| GST   | 180  |  |                      |
| TOTAL   | 2030 |  |                      |
| Terms: 5/15; n/30                               |      |  |                      |

| <b>Camping Wholesalers</b> |            |  |  |
|----------------------------|------------|--|--|
| INVOICE                    |            |  |  |
| Qatar Cam                  | p Supplies |  |  |
| 15 Mar 20xx                | Inv 2288   |  |  |
|                            | QR         |  |  |
| Goods                      | 4540.00    |  |  |
| Freight                    | 125.00     |  |  |
| GST                        | 466.50     |  |  |
| TOTAL                      | 5131.50    |  |  |
| Terms: 5/15; n/30          |            |  |  |

|           | Camping Wholesalers INVOICE Qatar Camp Supplies |      |  |
|-----------|---|------|--|
|           |   |      |  |
| 17 Mar 20 |   |      |  |
|           |   | QR   |  |
|           | Goods   | 4450 |  |
|           | Freight   |      |  |
|           | GST   | 445  |  |
|           | TOTAL   | 5115 |  |
|           | Terms: 5/15; n/30                               |      |  |



## MARINE SUPPLIES PO BOX 9893 DOHA Tel 4478 5287

#### **Customer Details**

Postal Address Location and Telephone Date: 31 March 20xx

Qatar Luxury Furnishings Airport Road

PO Box 33490 Najima

Doha Telephone: 4458 7832 Terms: Strictly 30 days

| Date         | Transaction        | Debit   | Credit  | Balance     |
|--------------|--------------------|---------|---------|-------------|
| 1 Mar        | Balance            |         | 3600.00 |             |
| 1 Mar        | Cheque - Rec 31798 | 3600.00 | -       |             |
| 2 Mar        | Inv 2137           | 2860.00 |         | 2860.00     |
| 12 Mar       | Inv 2216           | 3690.00 |         | 6550.00     |
| 15 Mar       | Inv 2288           | 5131.50 |         | 11681.50    |
|              |                    |         |         |             |
|              |                    |         |         |             |
|              |                    |         |         |             |
|              |                    |         |         |             |
| Over 90 days | 90 days            | 60 days | 30 days | Current     |
|              |                    |         |         | QR 11680.00 |



## PO BOX 1459 DOHA Tel 6652 0280

#### **Customer Details**

Postal Address Location and Telephone Date: 31 March 20xx

Qatar Camp Supplies Airport Road

PO Box 33490 Najima

Telephone: 4458 7832 Terms: Strictly 30 days

| Date         | Transaction        | Debit   | Credit   | Balance     |
|--------------|--------------------|---------|----------|-------------|
| 1 Mar        | Balance            |         | 4800.00  |             |
| 1 Mar        | Cheque - Rec 31802 | 3000.00 | 1800.00- |             |
| 8 Mar        | Inv 6356           | 2200.00 |          | 4000.00     |
| 10 Mar       | Inv 6378           | 2300.00 |          | 6300.00     |
| 17 Mar       | Inv 6448           | 5115.00 |          | 11415.00    |
|              |                    |         |          |             |
|              |                    |         |          |             |
|              |                    |         |          |             |
|              |                    |         |          |             |
| Over 90 days | 90 days            | 60 days | 30 days  | Current     |
|              |                    |         |          | QR 11415.00 |

#### **Check payment documentation**



#### The procedure for paying account payables includes the following:

- > checking the financial data contained on invoices
- calculating discounts and double-checking these against past purchases from the same supplier
- > check the information on cheques prior to distributing
- > check the remittance advice prior to sending.

Prior to remitting any payment, an accurate and tax compliant invoice must be received from the creditor or account payable.

Once payment has been authorised, it will then need to be remitted to the supplier. This involves payment of the account payable and attaching a remittance advice to the payment.

Payment may be made by cheque or direct bank transfer.

If a direct bank transfer is made, care should be taken to record reference numbers and bank details accurately.

If a cheque is to be prepared, again check that figures are not transposed.

The remittance advice is a short note clarifying which invoice the payment is related to.



#### The remittance advice will include the following:

- ➤ Supplier's name
- > Statement month
- > Final amount
- ➤ Cheque number attached
- ➤ A list of all invoices being paid.





**Calculation** 

#### **Practice activity 59**

A supplier's statement shows a QR 1,980 balance owing. You have checked it and apart from having an invoice amount of QR 200 which relates to another customer, the details are correct. You have notified the supplier of the error and they have agreed to send a corrected statement.

- ➤ The supplier allows a %5 discount for prompt payment.
- ➤ Your business always takes advantage of discount terms.
- ➤ What amount should the cheque be made out for?





Calculation

#### **Practice activity 60**

Another supplier's statement shows a QR 56,000 balance owing. You have checked your records and the supplier has forgotten to include your standard 15% discount (negotiated privately with the supplier). The other details are correct.

- ➤ This supplier allows a further %10 discount for prompt payment.
- ➤ Assuming prompt payment, what amount should the cheque be made out for?

| Carcaration |  |
|-------------|--|
|             |  |
|             |  |
|             |  |
|             |  |
|             |  |
|             |  |
|             |  |
|             |  |
|             |  |
|             |  |
|             |  |
|             |  |
|             |  |
|             |  |
|             |  |
|             |  |
|             |  |
|             |  |
|             |  |
|             |  |
|             |  |
|             |  |
|             |  |



Calculation

#### **Practice activity 61**

You are required to check all supplier statements and calculate the amount owing. The first statement you check is showing a balance owing of QR 3,540. You have an adjustment note for QR 215 that has not been recorded on the statement. You have notified the supplier and they have agreed to send a corrected statement.

The supplier offers a 3.5% discount for prompt payment which your company always takes advantage of.

Calculate the amount that the cheque should be made out for





The next statement you discover with an error has an outstanding balance of QR 16,854. This statement has omitted the standard 12% discount that the supplier offers your company. All other details are correct, including the further 5% discount for prompt payment, which your company will take advantage of.

What amount should the cheque be made out for?

| aiculation |  |
|------------|--|
|            |  |
|            |  |
|            |  |
|            |  |
|            |  |
|            |  |
|            |  |
|            |  |
|            |  |
|            |  |
|            |  |
|            |  |
|            |  |

#### Prepare statements for accounts receivable

#### Produce accounts receivable

Business organisations will generally issue invoices during the month either when goods are delivered or services performed. At the end of the month, a statement of account is issued. The statement of account is a summary of the transactions that have occurred during the month. In addition to the invoice details, it will also indicate the opening balance and show any payments made during the month.

Having a well-maintained accounts receivable system is important for organisations that rely on money being in the bank on time in order to continue routine business operations. This is known as the business 'cash flow', a term used to indicate the movement of cash between accounts. Cash needs to be available to be used for necessary business functions such as paying rent, wages and purchasing stock.

You should be very familiar with the preparation of an invoice. In the last section we looked at the receipt of statements of accounts. However, we did not prepare them.

As mentioned previously, the statement of account is issued as close as possible to the end of the month and provides our customer with a summary of transactions for the month.

The information in the statement of account is the same as the information recorded in the individual subsidiary ledger account.

Note the similarities between the subsidiary ledger account below and the statement of account on the next page.





| Accounts Receivable Ledger of Qatar Luxury Furnishings |                              |                          |          |           |    |  |  |
|--|------------------------------|--------------------------|----------|-----------|----|--|--|
| Date   | Particulars                  | Particulars Debit Credit |          | Balance   |    |  |  |
| Qatar Homes – A3                                       |                              |                          |          |           |    |  |  |
| 1 October  | Balance                      |                          |          | 17,500.00 | Dr |  |  |
| 3 October  | Cash at bank                 |                          | 5,500.00 | 12,000.00 | Dr |  |  |
| 4 October  | Sales and GST                | 15,620.00                |          | 27,620.00 | Dr |  |  |
| 5 October  | Sales returns and allowances |                          | 2,000.00 | 25,620.00 | Dr |  |  |
| 25 October   | Sales and GST                | 5,280.00                 |          | 30,900.00 | Dr |  |  |
| 27 October   | Sales and GST                | 2,500.00                 |          | 33,400.00 | Dr |  |  |

## Qatar Luxury Furnishings PO BOX 9893 DOHA Tel 4478 5287

#### **Customer Details**

Postal Address Location and Telephone Date: 31 March 20xx

Qatar Homes Old Salata Road

PO Box 33490 Najima

Doha Telephone: 4458 7832 **Terms:** Strictly 30 days

|              | <b>-</b>             |           |              |              |  |
|--------------|----------------------|-----------|--------------|--------------|--|
| Date         | Transaction          | Debit     | Credit       | Balance      |  |
| 1 October    | Balance              |           | 17,500.00    |              |  |
| 3 October    | Cheque - Rec 2142    | 5,500.00  | 12,000.00    |              |  |
| 4 October    | Invoice 7415         | 15,620.00 |              | 27,620.00    |  |
| 5 October    | Adjustment note 8540 | 2,000.00  | 25,620.00    |              |  |
| 25 October   | Invoice 7502         | 5,280.00  |              | 30,900.00    |  |
| 27 October   | Invoice 7536         | 2,500.00  |              | 33,400.00    |  |
|              |                      |           |              |              |  |
|              |                      |           |              |              |  |
|              |                      |           |              |              |  |
| Over 90 days | 90 days              | 60 days   | 30 days      | Current      |  |
|              |                      |           | QR 12,000.00 | QR 21,400.00 |  |

When a remittance advice is received with payment from a debtor, the money can be allocated against the invoices being paid. However, if there is no remittance advice, the only way to allocate the money received is to offset it against money owing at the beginning of the period.

In the example above, the cash received and the adjustment note are both offset against the opening balance. The cash of QR 5,500 and the adjustment of QR 2,000 will be deducted from the opening balance of QR 17,500 leaving QR 10,000 still owing from the original balance. This means it is now outstanding for 30 days or more. The remaining QR 22,400 owing will reflect what is owing from the current period.

This example assumes the adjustment note relates to an invoice from the previous period.



Prepare the statement of account to be issued to J Al Ghanim from the subsidiary ledger account below.

| Accounts Receivable Ledger of Qatar Luxury Furnishings |  |           |           |           |    |  |  |
|--|--|-----------|-----------|-----------|----|--|--|
| Date   | Particulars                            | Debit     | Credit    | Balance   |    |  |  |
| Qatar Homes – A3                                       |  |           |           |           |    |  |  |
| 1 October  | Balance                                |           |           | 22,500.00 | Dr |  |  |
| 1 October  | Sales and GST<br>(Invoice 3125)        | 11,000.00 |           | 33,500.00 | Dr |  |  |
| 5 October  | Sales and GST<br>(Invoice 3186)        | 1,375.00  |           | 34,875.00 | Dr |  |  |
| 8 October  | Cash at bank<br>(Rec 88956)            |           | 15,000.00 | 19,875.00 | Dr |  |  |
| 14 October   | Sales Ret and All<br>(Adjustment 4451) |           | 5,150.00  | 14,725.00 | Dr |  |  |
| 22 October   | Sales and GST<br>(Invoice 4014)        | 9,750.00  |           | 24,475.00 | Dr |  |  |



## Qatar Luxury Furnishings PO BOX 9893 DOHA Tel 4478 5287

## Customer DetailsPostal AddressLocation and TelephoneDate: 31 March 20xxJAI GhanimOld Salata RoadPO Box 33490NajimaDohaTelephone: 4458 7832Terms: Strictly 30 daysDateTransactionDebitCreditBalance

| Date         | Transaction | Debit   | Credit  | Balance |
|--------------|-------------|---------|---------|---------|
|              |             |         |         |         |
|              |             |         |         |         |
|              |             |         |         |         |
|              |             |         |         |         |
|              |             |         |         |         |
|              |             |         |         |         |
|              |             |         |         |         |
|              |             |         |         |         |
|              |             |         |         |         |
|              |             |         |         |         |
| Over 90 days | 90 days     | 60 days | 30 days | Current |
|              |             |         |         |         |
|              |             |         |         |         |



Prepare the statement of account to be issued to Faisal Almari from the subsidiary ledger account below.

| Accounts Receivable Ledger of Qatar Print Centre |                                     |                          |           |           |    |  |  |  |
|--|-------------------------------------|--------------------------|-----------|-----------|----|--|--|--|
| Date   | Particulars                         | Particulars Debit Credit |           | Balance   |    |  |  |  |
| Faisal Almari – A1                               |                                     |                          |           |           |    |  |  |  |
| 1 May  | Balance                             |                          |           | 37,250.00 | Dr |  |  |  |
| 4 May  | Sales and GST (Invoice 5504)        | 21,252.00                |           | 58,502.00 | Dr |  |  |  |
| 9 May  | Cash at Bank (Rec<br>88357)         |                          | 28,200.00 | 30,302.00 | Dr |  |  |  |
| 13 May   | Sales & GST (Inv 5528)              | 15,856.00                |           | 46,158.00 | Dr |  |  |  |
| 20 May   | Sales Ret and All (Adjustment 8596) |                          | 3,846.00  | 42,672.00 | Dr |  |  |  |
| 28 May   | Sales and GST (Invoice 5549)        | 10,085.00                |           | 52,757.00 | Dr |  |  |  |



### QATAR PRINT CENTRE DOHA Tel 6653 0102

|                | Customer Details |                               |         |                     |                 |  |
|----------------|------------------|-------------------------------|---------|---------------------|-----------------|--|
| Postal Address |                  | <b>Location and Telephone</b> |         | Date: 31 March 20xx |                 |  |
|                |                  | Terms: S                      |         | Terms: Strict       | trictly 30 days |  |
| Date           | Transaction      | n                             | Debit   | Credit              | Balance         |  |
|                |                  |                               |         |                     |                 |  |
|                |                  |                               |         |                     |                 |  |
|                |                  |                               |         |                     |                 |  |
|                |                  |                               |         |                     |                 |  |
|                |                  |                               |         |                     |                 |  |
|                |                  |                               |         |                     |                 |  |
|                |                  |                               |         |                     |                 |  |
|                |                  |                               |         |                     |                 |  |
|                |                  |                               |         |                     |                 |  |
|                |                  |                               |         |                     |                 |  |
| Over 90 days   | 90 days          |                               | 60 days | 30 days             | Current         |  |



Prepare statement of accounts for the accounts receivable in activity 48

#### **STATEMENT**

## QATAR PRINT CENTRE PO BOX 6925 DOHA Tel 6653 0102

# Postal Address Location and Telephone Terms: Strictly 30 days Date Transaction Debit Credit Balance Over 90 days 90 days 60 days 30 days Current



## QATAR CAMPING SUPPLIES PO BOX 6925 DOHA Tel 6653 0102

| Customer Details |              |              |                       |         |               |            |
|------------------|--------------|--------------|-----------------------|---------|---------------|------------|
| Postal Address   |              | Location and | ocation and Telephone |         | ch 20xx       |            |
|                  |              |              |                       |         | Terms: Strict | ly 30 days |
|                  | Date         | Transaction  | 1                     | Debit   | Credit        | Balance    |
|                  |              |              |                       |         |               |            |
|                  |              |              |                       |         |               |            |
|                  |              |              |                       |         |               |            |
|                  |              |              |                       |         |               |            |
|                  |              |              |                       |         |               |            |
|                  |              |              |                       |         |               |            |
|                  |              |              |                       |         |               |            |
|                  |              |              |                       |         |               |            |
|                  |              |              |                       |         |               |            |
|                  |              |              |                       |         |               |            |
|                  | Over 90 days | 90 days      |                       | 60 days | 30 days       | Current    |
|                  |              |              |                       |         |               |            |

## QATAR CAMPING SUPPLIES PO BOX 6925 DOHA Tel 6653 0102

| Customer Details |             |   |         |                     |         |  |  |
|------------------|-------------|---|---------|---------------------|---------|--|--|
| Postal Address   |             | • |         | Date: 31 March 20xx |         |  |  |
|                  |             |   |         | Terms: Strict       |         |  |  |
| Date             | Transaction | 1 | Debit   | Credit              | Balance |  |  |
|                  |             |   |         |                     |         |  |  |
|                  |             |   |         |                     |         |  |  |
|                  |             |   |         |                     |         |  |  |
|                  |             |   |         |                     |         |  |  |
|                  |             |   |         |                     |         |  |  |
|                  |             |   |         |                     |         |  |  |
|                  |             |   |         |                     |         |  |  |
|                  |             |   |         |                     |         |  |  |
|                  |             |   |         |                     |         |  |  |
|                  |             |   |         |                     |         |  |  |
| Over 90 days     | 90 days     |   | 60 days | 30 days             | Current |  |  |
|                  |             |   |         |                     |         |  |  |

#### **Rectify discrepancies**

There is always potential for discrepancies and errors. The reasons for these discrepancies can include the following:

- ➤ Transposed figures when entering data. If you can identify a discrepancy and the difference can be divided by 9, then you may have transposed a figure eg 65 instead of 56.
- ➤ Duplicate records a transaction may have been entered twice.
- ➤ There may appear to be an underpayment received from your debtor. This will be evident by a difference between the balance owing and the amount paid. You should contact the debtor first to determine why this has occurred.
- ➤ Customers will either incorrectly calculate discounts or deduct discounts from amounts owing when they are not entitled to the discount.

Whenever discrepancies become evident, they must be rectified as soon as possible.

If you are the appropriate person to rectify discrepancies, then it is important to:

- ➤ Check back on previous statements and reconciliations to see if the client has disputed any outstanding balances
- ➤ Check to see if any allowances have been promised that have not been applied to the client's account
- ➤ Checktheagedaccountreceivable ledger to see what payments from that debtor are upcoming and expected around the time the payment was received
- ➤ If using a computerised system, consider printing out the client's invoice and account history in order to reconcile it manually.





#### Calculation





List the reasons why discrepancies and errors might arise.





A customer is invoiced for goods on May 6 for QR 4,128. The customer is offered a 3% discount if payment is received within 7 days.

We receive QR 3980 on May 11.

| is this amount correct? |             |            |      |  |
|-------------------------|-------------|------------|------|--|
| If not, how much should | I the custo | mer have p | aid? |  |
| Calculation             |             |            |      |  |
|                         |             |            |      |  |
|                         |             |            |      |  |



### Follow up outstanding accounts

#### Maintain accounts receivable ledger system

Maintaining an account receivable ledger system is the first step in ensuring control over accounts receivable

A separate accounts receivable subsidiary ledger enables the business organisation to separate the duties of their staff. No person who handles the physical assets of cash and inventories should have access to the accounts receivable records. This is to ensure that assets are not removed illegally and the records adjusted to cover up the fraud.

A well maintained accounts receivable ledger system will ensure customer debt does not get too high and out of control. A business organisation with high turnover levels but poor control over the debt it is owed, can run into liquidity problems.

#### Aged analysis of accounts receivable

Each accounts receivable must be monitored to ensure that debts are paid on time. The most common technique is called 'ageing the accounts receivable'. A report is prepared that sets out the age of each account as either current, up to 30 days past the due date, 60 days past the due date and so on.

Refer to the example on the following page.



|                         |                     | Catar Luxury Furmishings                              |               |               |           |          |           |
|-------------------------|---------------------|---|---------------|---------------|-----------|----------|-----------|
|                         | Ageir               | Ageing of Accounts Receivable as at 30 September 20xx | Receivable as | at 30 Septemk | oer 20xx  |          |           |
| Account Receivable      | <b>Credit limit</b> | Balance due   | Current       | 30 day        | 60 day    | 90 day   | Over 90 d |
|                         | QR                  | QR  | QR            | QR            | QR        | QR       | QR        |
| Falcon Trading          | 30,000.00           | 9,100.00  | 3,600.00      | 5,500.00      |           |          |           |
| Allglass Company wll    | 9,000.00            | 1,000.00  | 1,000.00      |               |           |          |           |
| Alitaliya Products      | 15,000.00           | 6,600.00  | 0,600.00      |               |           |          |           |
| National Equipment Hire | 15,000.00           | 12,600.00   | 3,600.00      | 3,600.00      | 5,400.00  |          |           |
| Al Johar Trading        |                     | 1,750.00  |               |               |           | 1,750.00 |           |
| Qatar Tractor Equipment |                     | 1,550.00  |               |               |           |          | 1,5       |
| Al Qamra Group          | 3,000.00            | 375.00  | 375.00        |               |           |          |           |
| Buzwair Contracting     |                     | 5,200.00  |               |               | 5,200.00  |          |           |
| Qatar Steel Products    | 15,000.00           | 2,950.00  | 1,050.00      | 1,900.00      |           |          |           |
|                         |                     | 41,125.00   | 16,225.00     | 11,000.00     | 10,600.00 | 1,750.00 | 1,5       |

Slow paying customers can be identified at a glance. The value of the debt can be easily identified. The report also enables us to identify which customers have exceeded their credit limit or are approaching their credit limit.



#### **Practice activity 69**

Answer the following questions with reference to the 'aged receivables' report above.

| a) What credit limit does Al Qamra Group have?                 |
|--|
| b) Which company has the largest credit limit?                 |
| c) Which company has the smallest credit limit?                |
| d) How much does Al Johar Trading owe and how old is the debt? |
| e) Which company has the oldest debt and how old is it?        |
| f) Which company or companies have exceeded their credit limit |





| Schedule of accounts receivable For the week ended 15 May 20xx. |              |  |  |
|---|--------------|--|--|
| Account receivable  | Amount<br>QR |  |  |
| Qatar Rail  | 39,114       |  |  |
| A Saeed   | 14,125       |  |  |
| GMC Manufacturers   | 57,632       |  |  |
| M Abdulaziz   | 6,355        |  |  |
| Gulf Interiors  | 12,558       |  |  |
| A Mansouri  | 27,865       |  |  |
| Qatar Enterprises   | 63,817       |  |  |
| Accounts receivable (as per general ledger)                     | 221,466      |  |  |

#### **Organisation Credit Policy**

- 1. Individual debt level should not exceed QR25,000
- 2. Company debt level should not exceed QR50,000.
- **3.** Maximum amount of total debt should not exceed QR200,000.
- **4.** Accounts receivable department to provide the Accountant with a written report at the end of each week.





Use the following statement of accounts to complete the aged receivable report below

# **QATAR COPY CENTRE**

#### Ageing of accounts receivable

#### As at 31 March 20xx

| Account<br>Receivable  | Credit<br>limit | Balance<br>due | Current | 30<br>day | 60<br>day | 90<br>day | Over<br>90 days |
|------------------------|-----------------|----------------|---------|-----------|-----------|-----------|-----------------|
|                        | QR              | QR             | QR      | QR        | QR        | QR        | QR              |
| Qatar Camp<br>Supplies | 10,000          |                |         |           |           |           |                 |
| Qatar Toys             | 10,000          |                |         |           |           |           |                 |
| P Azipardi             | 5,000           |                |         |           |           |           |                 |
| T Simpson              | 5,000           |                |         |           |           |           |                 |
| R T Contracting        | 10,000          |                |         |           |           |           |                 |
|                        |                 |                |         |           |           |           |                 |
|                        |                 |                |         |           |           |           |                 |
|                        |                 |                |         |           |           |           |                 |
|                        |                 |                |         |           |           |           |                 |



# Qatar Copy Centre PO BOX 1459 DOHA Tel 6652 0280

#### **Customer Details**

Postal Address Location and Telephone Date: 31 March 20xx

Qatar Camp Supplies Airport Road

PO Box 33490 Najima

Doha Tel 4458 7832 Terms: Strictly 30 days

| Date         | Transaction        | Debit   | Credit     | Balance    |
|--------------|--------------------|---------|------------|------------|
| 1 Mar        | Balance            |         | 4800.00    |            |
| 1 Mar        | Cheque - Rec 31802 | 3000.00 | 1800.00    |            |
| 8 Mar        | Inv 6356           | 2200.00 |            | 4000.00    |
| 10 Mar       | Inv 6378           | 2300.00 |            | 6300.00    |
| 17 Mar       | Inv 6448           | 5115.00 |            | 11415.00   |
|              |                    |         |            |            |
|              |                    |         |            |            |
|              |                    |         |            |            |
|              |                    |         |            |            |
| Over 90 days | 90 days            | 60 days | 30 days    | Current    |
|              |                    |         | QR 1800.00 | QR 9615.00 |

# Qatar Copy Centre PO BOX 1459 DOHA Tel 6652 0280

#### **Customer Details**

**Postal Address Location and Telephone Date**: 31 March 20xx

Qatar Toys C Ring

PO Box 8741 Montaza

Doha Terms: Strictly 30 days

| Date         | Transaction        | Debit   | Credit  | Balance     |
|--------------|--------------------|---------|---------|-------------|
| 1 Mar        | Balance            |         | 6950.00 |             |
| 3 Mar        | Cheque - Rec 31810 | 6950.00 | 00.00   |             |
| 8 Mar        | Inv 6363           | 5115    |         | 5115.00     |
| 10 Mar       | Inv 6368           | 2000    |         | 7115.00     |
| 17 Mar       | Inv 6440           | 3600    |         | 10715.00    |
|              |                    |         |         |             |
|              |                    |         |         |             |
|              |                    |         |         |             |
|              |                    |         |         |             |
| Over 90 days | 90 days            | 60 days | 30 days | Current     |
|              |                    |         |         | QR 10715.00 |

# Qatar Copy Centre PO BOX 1459 DOHA Tel 6652 0280

#### **Customer Details**

Postal Address Location and Telephone Date: 31 March 20xx

P Azipardi Airport Road

PO Box 33490 Najima

Doha Tel 4458 7832 Terms: Strictly 30 days

| Date         | Transaction        | Debit   | Credit     | Balance    |
|--------------|--------------------|---------|------------|------------|
| 1 Mar        | Balance            |         | 4800.00    |            |
| 1 Mar        | Cheque - Rec 31802 | 3000.00 | 1800.00    |            |
| 8 Mar        | Inv 6356           | 2200.00 |            | 4000.00    |
| 10 Mar       | Inv 6378           | 2300.00 |            | 6300.00    |
| 17 Mar       | Inv 6448           | 5115.00 |            | 11415.00   |
|              |                    |         |            |            |
|              |                    |         |            |            |
|              |                    |         |            |            |
|              |                    |         |            | _          |
| Over 90 days | 90 days            | 60 days | 30 days    | Current    |
|              |                    |         | QR 1800.00 | QR 9615.00 |



# Qatar Copy Centre PO BOX 1459 DOHA Tel 6652 0280

#### **Customer Details**

**Postal Address Location and Telephone Date**: 31 March 20xx

T Simpson A Sadd St

PO Box 8024 Al Sadd

Doha Terms: Strictly 30 days

| Date         | Transaction        | Debit     | Credit   | Balance    |
|--------------|--------------------|-----------|----------|------------|
| 1 Mar        | Balance            |           | 2300.00  |            |
| 14 Mar       | Cheque - Rec 31808 | 1600.00   | 700.00   |            |
| 16 Mar       | Inv 6460           | 3855.00   |          | 4555.00    |
|              |                    |           |          |            |
|              |                    |           |          |            |
|              |                    |           |          |            |
|              |                    |           |          |            |
|              |                    |           |          |            |
|              |                    |           |          |            |
| Over 90 days | 90 days            | 60 days   | 30 days  | Current    |
|              |                    | QR 400.00 | QR300.00 | QR 3855.00 |

# Qatar Copy Centre PO BOX 1459 DOHA Tel 6652 0280

#### **Customer Details**

Postal Address Location and Telephone Date: 31 March 20xx

RT Contracting Al Shamal Road

PO Box 44528 Gharaffa

Doha Terms: Strictly 30 days

| Date         | Transaction | Debit      | Credit     | Balance    |
|--------------|-------------|------------|------------|------------|
| 1 Mar        | Balance     |            | 3500.00    |            |
| 12 Mar       | Inv 6359    | 3250.00    |            | 6750.00    |
| 24 Mar       | Inv 6395    | 2180.00    |            | 8930.00    |
|              |             |            |            |            |
|              |             |            |            |            |
|              |             |            |            |            |
|              |             |            |            |            |
|              |             |            |            |            |
|              |             |            |            |            |
| Over 90 days | 90 days     | 60 days    | 30 days    | Current    |
|              |             | QR 1500.00 | QR 2000.00 | QR 5430.00 |



#### Follow up outstanding accounts

The 'aged receivables' report identifies slow-paying customers so that appropriate action can be taken. The older the debt, the less likely the account will be paid. Accounts receivable must therefore be constantly reminded of the debt. Generally, accounts receivable are contacted by telephone, or reminder notices varying in degrees of tact are sent with overdue accounts.

For example, the first reminder may say, 'Perhaps you have overlooked this account, please pay promptly'. The final letter may say, 'If payment is not received within 21 days, legal action will be taken'.

If in-house procedures fail to collect the money owing, the account may have to be passed over to a debt collection agency. If the agency is unsuccessful at collecting the debt on behalf of the business and legal action is not pursued, it is then usually written off as a bad debt.





Read the 'Collection of outstanding accounts receivable' policy and procedures for Qatar Luxury Furnishings.

#### **Qatar Luxury Furnishings**

#### (Policy and procedures extract)

Collection of outstanding accounts receivable

- **1.** At the time of selling the goods, an invoice indicating credit terms of 7 days must be prepared.
- **2.** Once the client receives the goods, they must be issued with an invoice indicating the amount due and when it is due.
- **3.** If payment is not received by the due date, a second invoice is issued notifying the debtor that the account is now overdue.
- **4.** If payment has not been received within 30 days from the date of the transaction a third notice is sent and is followed up by a phone call. The objective of the phone call is to obtain immediate payment by credit card over the phone.
- **5.** Where necessary, payment plans can be negotiated with outstanding debtors. Individual payments must be no less than %20 of the total value of the debt and must be made over a period that does not exceed six weeks.
- **6.** All debt that exceeds six months will be referred to external debt collection agencies.





As the senior accounts receivable officer, identify those customers whose accounts need further investigation. Explain why you would be concerned about these receivables.

# QATAR CAMPING SUPPLIES Ageing of accounts receivable As at 31 March 20xx

| Account Receivable      | Credit<br>limit | Balance<br>due | Current | 30 day | 60<br>day | 90 day | Over<br>90 days |
|-------------------------|-----------------|----------------|---------|--------|-----------|--------|-----------------|
|                         | QR              | QR             | QR      | QR     | QR        | QR     | QR              |
| Qatar Rail              | 50,000          | 27,600         | 22,500  | 5,100  |           |        |                 |
| A Saeed                 | 20,000          | 6,648          | 6,648   |        |           |        |                 |
| GMC Manufacturers       | 50,000          | 56,255         | 28,740  | 20,800 | 6,715     |        |                 |
| M Abdulaziz             | 20,000          | 15,650         | 5,450   | 3,954  | 2,115     | 4,131  |                 |
| Gulf Interiors          | 50,000          | 45,600         | 28750   | 16,850 |           |        |                 |
| A Mansouri              | 20,000          | 16,850         |         |        |           | 16,850 |                 |
| Qatar Enterprises       | 50,000          | 59,872         | 59,872  |        |           |        |                 |
| Qatar Steel<br>Products | 50,000          | 48,900         | 25,400  | 22,600 | 900       |        |                 |
| M Al Emadi              | 20,000          | 14,650         | 14,650  |        |           |        |                 |
| Qatar Golf Club         | 30,000          | 12,955         | 3,584   | 2,550  | 3,867     | 2,954  |                 |



| Account Receivable | Reason |
|--------------------|--------|
|                    |        |
|                    |        |
|                    |        |
|                    |        |
|                    |        |
|                    |        |
|                    |        |
|                    |        |
|                    |        |
|                    |        |

#### Monitor and review credit terms

All customers who apply for credit must be thoroughly investigated for their credit worthiness. Such things as permanent employment or length of time in business, amount of income/profit, residency status, ability to pay debts, past credit history and credit ratings from other firms must be looked at before credit is given. This investigation is essential, because if credit is given to the wrong people the risk of bad debts occurring is increased.

The business credit policy will include the following:

- ➤ what the minimum requirements will be before credit is granted
- > the number of days given for accounts receivable to pay
- whether or not discounts will be given
- ➤ the administration fee (if any) that will be charged on overdue accounts.

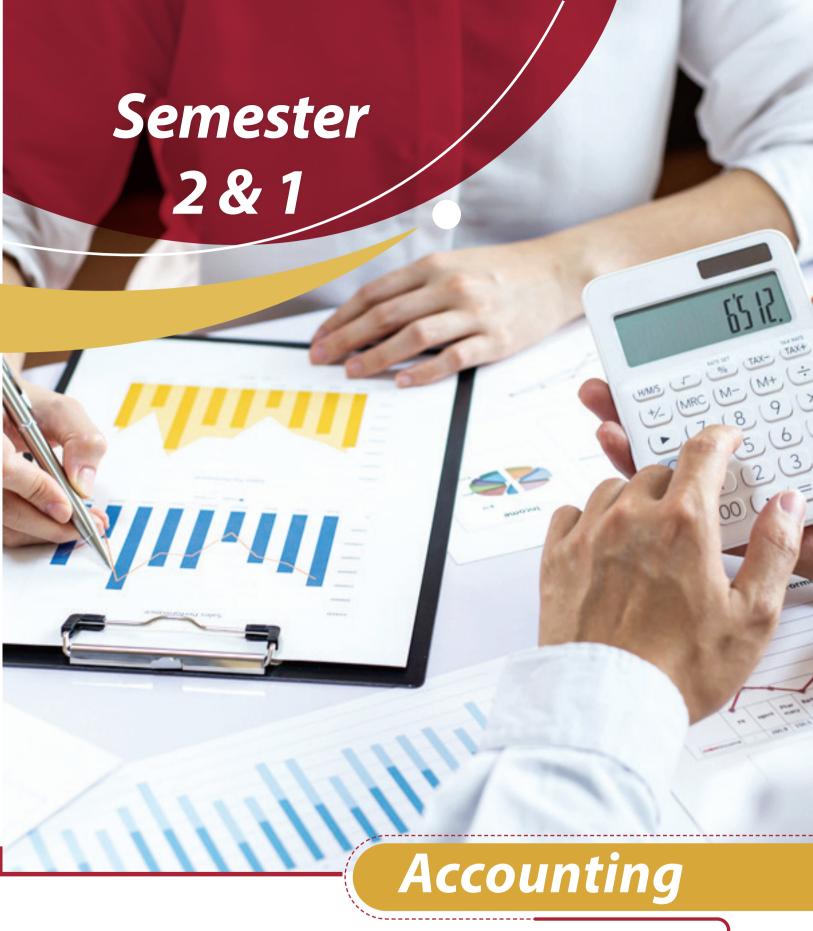
In larger organisations these functions are generally carried out by a credit department. Credit approval must always be a responsibility of the finance section rather than the sales section. In this way, salespeople are not tempted to adjust a person's credit rating simply to get a sale. When a credit sale is made, it is important that salespeople check the credit status of the potential customer.





Research on the internet, credit application forms used by businesses.

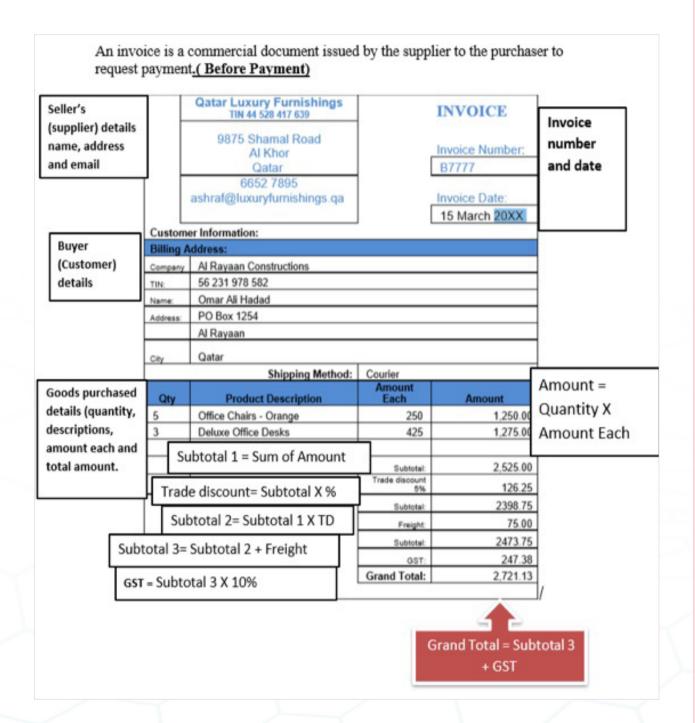
Prepare a draft of a credit application form to be used by Qatar Copy Centre. Make sure you include at least the requirements listed in your learner resource.



# STUDENT ACTIVITIES

| he          | e most common source documents are:                          |
|-------------|--|
| >           |  |
| >           |  |
| <b>&gt;</b> |  |
| <b>&gt;</b> |  |
| <b>&gt;</b> |  |
|             |  |
|             |  |
|             | its simplest form, source documents generally consist of the |
|             | lowing information:  |
| >           |  |
| >           |  |
| >           |  |
| >           |  |
|             |  |

#### Invoices





Answer the questions below. They relate to the document on the next page.

| A. | What type of document is this?                                |  |  |  |  |
|----|---|--|--|--|--|
|    |   |  |  |  |  |
| В. | What company will receive this document?                      |  |  |  |  |
|    |   |  |  |  |  |
| C. | Who is the Supplier of the goods?                             |  |  |  |  |
|    |   |  |  |  |  |
| D. | How much discount did the customer receive?                   |  |  |  |  |
|    |   |  |  |  |  |
| Е. | What is the rate of discount and the amount of trade discount |  |  |  |  |
|    |   |  |  |  |  |
| F. | What is the tax rate and the amount of taxes?                 |  |  |  |  |
|    |   |  |  |  |  |
| G. | What is the invoice total?                                    |  |  |  |  |
|    |   |  |  |  |  |

# H. Check each calculation for any errors and correct them in the following table

# Gulf Company Furnishing ABN 44 528 417 639

9875 Shamal Road Al Khor, Qatar 6652 7895

ashraf@luxuryfurnishings.qa

#### **INVOICE**

**Invoice Number:** 

7777

**Invoice Date:** 

15 March 2017

#### **Customer Information:**

#### **Billing Address:**

Company Al Doha Constructions

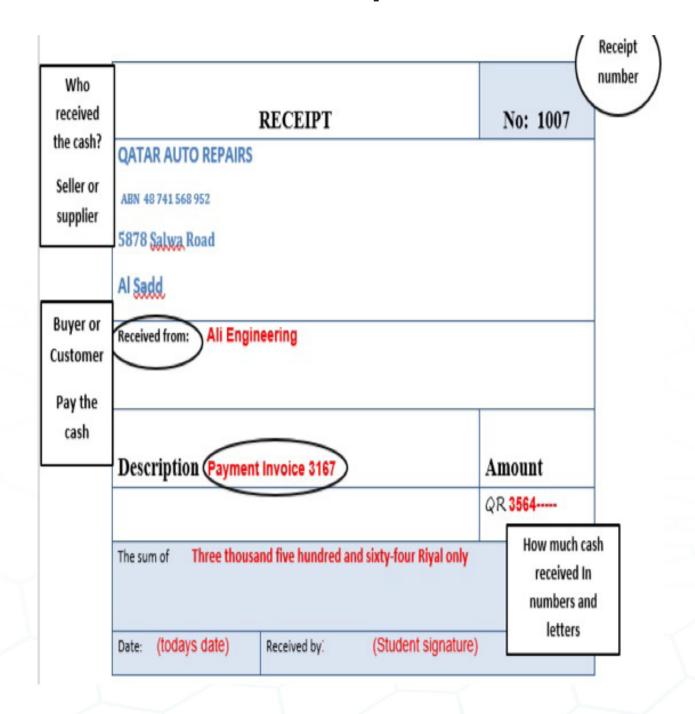
ABN: 56 231 978 582

Name: Mohamed Ali Hamah

Address: PO Box 1254 Al Rayan, Qatar

| Qty | Product Description    | Amount Each       | Amount   |
|-----|------------------------|-------------------|----------|
| 2   | Office Chairs - Orange | 150               | 500.00   |
| 3   | Deluxe Office Desks    | 425               | 1,275.00 |
|     |                        | Subtotal:         | 1,775.00 |
|     |                        | Trade discount 5% | 88.75    |
|     |                        | Subtotal:         | 1,686.25 |
|     |                        | Freight:          | 50.00    |
|     |                        | Subtotal:         | 1,736.25 |
|     |                        | GST:              | 247.48   |
|     |                        | Grand Total:      | 1,983.73 |

## Receipt



| A. | What type of document is this?                |
|----|---|
|    |   |
| В. | What is the document number?                  |
|    |   |
| С. | Who paid the money?                           |
|    |   |
| D. | Who received the money?                       |
|    |   |
| E. | What is the reason for preparing the receipt? |
|    |   |
| F. | What is the tax rate and the amount of taxes? |
|    | 1A// 4 '- 4   ' 1- 4 - 4 - 12                 |
| G. | What is the invoice total?                    |
|    |   |

#### F. Check the receipt for any errors and circle it.

| Recei | pt no: | 2155 |
|-------|--------|------|
|-------|--------|------|

**Qatar Camping Supplies** 

ABN 952 568 741 48

5878 Freej Kulib Road

Bin Omran

#### **Received from:**

Al Nasser Contracting

PO Box 9283 - Doha

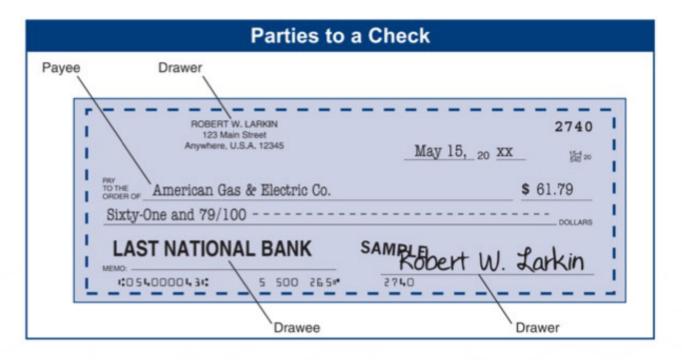
**Description** Amount

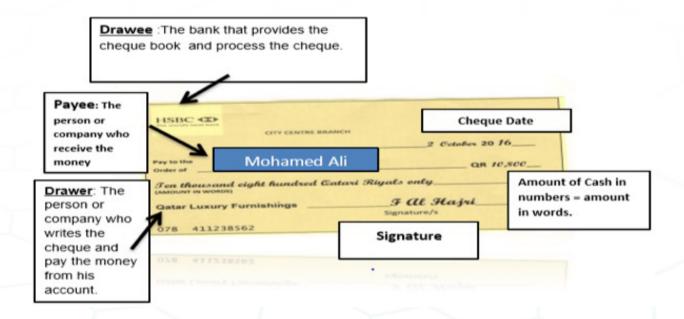
Payment of invoice 5006 \$5,655.00

The sum of five thousand six hundred and fifteen dollars

Date: 1 October 2017 Received by: F J Nasser

# Cheques





The following cheque have been issued and received on 1 November after the regular banking was completed. Check the accuracy of the cheque prior to banking and circle the errors.

| Doha BANK   |                  |
|---|------------------|
| Al Sadd Branch  | 30 November 2017 |
| Pay to the order of/ Innovative Business Strategies or Bearer |                  |
|   | QAR 505.00       |
| The sum of/ Five hundred and fifteen riyals only.             |                  |
|   | Signature/s      |
| Qatar Luxury Cruisers   |                  |
|   | Hameed           |
| TIN 48 741 568 952  |                  |
| 001 11223 78524   |                  |

#### **Activity 5**

Assume you are accounts payable officer urgently requires a cheque to pay the service fees for the month of October. Prepare the cheque below to be made payable to Ali Ahmed Company for \$3250.60. Use today's date.

| QATAR BANK Doha City Branch   | QATAR BANK Doha City Branch   | Date:       |
|---|---|-------------|
| Date: To:   | Pay to the order of/  | or Bearer   |
| For   |   |             |
| Innovative Business Strategies<br>ABN 48 741 568 952<br>001 11223 78524 | Innovative Business Strategies<br>ABN 48 741 568 952<br>001 11223 78524 | Signature/s |



### Use the source document below to answer the following questions

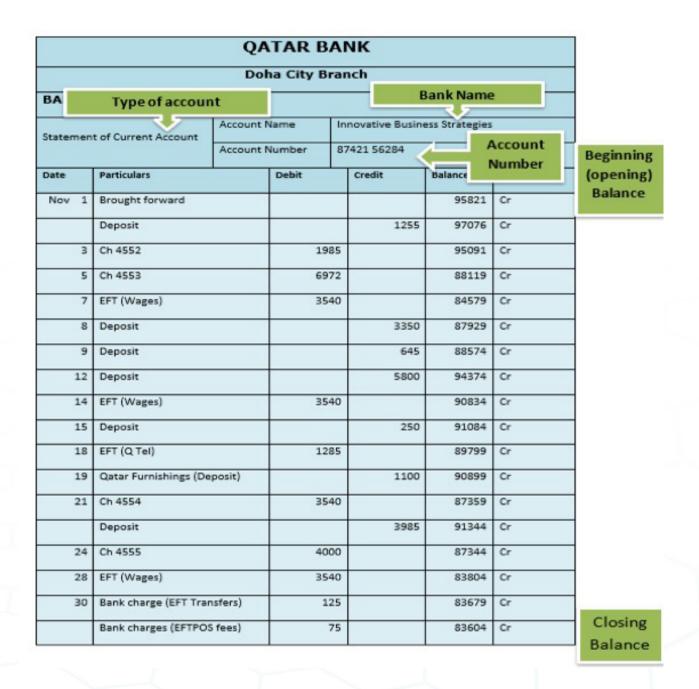
| QATAR BANK<br>Al-Najma Branch |                 | QATAR BANK                            | Cheque no. 00111                 |
|-------------------------------|-----------------|---------------------------------------|----------------------------------|
|                               |                 | Al-Najma Branch                       | Date: 2nd of March 2018          |
| Date: 2 of                    | March 2018      |                                       |                                  |
| To: Khalia<br>Al-Kahta        | d Mesffer       |                                       | 23,150                           |
| Amount\$: 2                   |                 | Pay to the order of/ Khalid           | Mesffer Al-Kahtani Co. or Bearer |
| or Clean                      | ing services    | The sum of Twenty three -             | thousand one hundred fifty       |
| Five Stars Tra                |                 | Five Stars Trading                    | Signature/s                      |
| ABN 55 679 0<br>001 11223 785 |                 | ABN 55 679 098 147<br>001 11223 78524 | Salem ALALI                      |
| <b>Δ</b> Ι                    | What is the     | name of this documen                  | n+7                              |
| <i>A</i> . I                  | wiiat is tile i | idine of this documen                 | it:                              |
|                               |                 |                                       |                                  |
|                               |                 |                                       |                                  |
| <i>B</i> . I                  | What is the i   | name of company pay                   | ring the money (Drawer)?         |
|                               |                 |                                       |                                  |
|                               |                 |                                       |                                  |
| <i>C</i> 1                    | Mho will roc    | aive the manay (Paye)                 | 0)2                              |
| C. I                          | wno wiii rec    | eive the money (Paye                  | e):                              |
|                               |                 |                                       |                                  |
|                               |                 |                                       |                                  |
| D.                            | What was th     | e reason for paying th                | ne money?                        |
|                               |                 |                                       |                                  |
|                               |                 |                                       |                                  |
| 0                             | Mhat is the     | name of the bank the                  | at will process this document    |
|                               |                 |                                       | at will process this document    |
|                               |                 | a wno autnorizea to s                 | sign cheques on behalf of the    |
| (                             | drawer?         |                                       |                                  |
|                               |                 |                                       |                                  |
|                               |                 |                                       |                                  |
|                               |                 |                                       |                                  |



The accounts payable officer urgently requires a cheque to pay the Electricity and Water account for the month of July. The manager is not in the office for the rest of the day. However, you have authority to prepare cheques when the manager is absent. Prepare the cheque below to be made payable to Kahramaa for \$1,500. Use today's date.

| 2 2                    |               |        |       | Number |
|------------------------|---------------|--------|-------|--------|
|                        |               |        | Date: |        |
| PAY TO THE<br>ORDER OF |               |        |       | \$     |
| DOLLARS                | ass Bank Inc. |        |       |        |
| FOR                    |               | SIGNED |       |        |

#### **Bank statement**



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

| Α. | What is the name of the bank's customer?  |  |  |  |  |  |
|----|---|--|--|--|--|--|
| В. | What was the opening and closing bank balance?  |  |  |  |  |  |
| C. | What does the abbreviation Cr stand for?  |  |  |  |  |  |
| D. | Does a Cr balance mean that the customer has money in the bank or does the customer owe the bank money? |  |  |  |  |  |
| Е. | Explain the transactions on November 21.  |  |  |  |  |  |
| F. | What does EFTPOS stand for?   |  |  |  |  |  |
| G. | What's the name of the bank providing the statement?  |  |  |  |  |  |
| G. | What is the type of customer's account and what's its number?   |  |  |  |  |  |



#### QATAR BANK Doha City Branch

#### **BANK STATEMENT**

| Statement of account |                            | Account name:   |       | Innovative Business Strategies |         |       |
|----------------------|----------------------------|-----------------|-------|--------------------------------|---------|-------|
|                      |                            | Account number: |       | 87421 56284                    |         |       |
| Date Particulars     |                            |                 | Debit | Credit                         | Balance | CR/DR |
| 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 Furnishing           | gs (Deposit)    |       | 1100                           | 90899   | Cr    |
| 21                   | Ch 4554                    |                 | 3540  |                                | 87359   | Cr    |
|                      | Deposit                    |                 |       | 3985                           | 91344   | Cr    |
| 24                   | Ch 4555                    |                 | 4000  |                                | 87344   | Cr    |
| 28                   | EFT (Wages)                |                 | 3540  |                                | 83804   | Cr    |
| 30                   | Bank charge (EF            | T Transfers)    | 125   |                                | 83679   | Cr    |
|                      | Bank charges (EFTPOS fees) |                 | 75    |                                | 83604   | Cr    |



# Source documents and their purpose

| Source documents                               | Business Activity  |
|--|--|
| Cash Receipt and bank statement                | Cash received by business  |
| Cheque, Cheque stub (butt) bank statement, EFT | Cash paid by the business  |
| Bank statement                                 | Reconcile cash journals (received and paid) against bank records |
| Tax invoice to customer                        | Business giving credit to customer (sell on credit)              |
| Tax invoice to supplier                        | Business receiving credit from a supplier (purchase on credit)   |

# **Activity 9**

The information mentioned above to identify the following types of source documents, and in which transaction you can use:





| Type of source document | Transactions you can use |
|-------------------------|--------------------------|
|                         |                          |
|                         |                          |



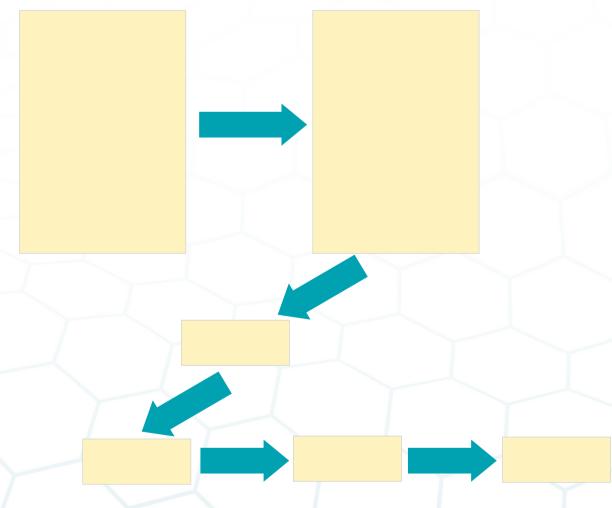
#### **Bank Statement**

| ABC BANK<br>123 St., Apple Avenue<br>Newtown, NY |         |                |        |             |  |  |
|--|---------|----------------|--------|-------------|--|--|
| Accou  | ınt No. | 0123456789     |        |             |  |  |
| Date   |         | Particulars    | Debit  | Credit      |  |  |
| Nov 15   | Transf  | er from Branch |        | \$10,000.00 |  |  |
| Oct 25   | 12563   | 1              | 5.00   |             |  |  |
| Oct 10   | Cheq    | ue Book        | 650.00 |             |  |  |
| Sept 2   | 12364   |                | 800.00 |             |  |  |

| Type of source document | Transactions you can use |
|-------------------------|--------------------------|
|                         |                          |
|                         |                          |

# **Activity 10**

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



# **Activity 11**

#### **Choose the correct answer:**

- In accounting, pieces of paper that prove that a transaction occurred are
  - A Ledgers B Journals
  - Source Documents D Balance Sheets
- Examining the source documents is the \_\_\_\_\_ step in the accounting cycle.
  - **A** 1st **B** 2nd
  - **C** 3rd **D** 4th
- 3 Source documents give the information needed to complete
  - A Journal entries B Transactions
  - ☐ Income Statement ☐ Balance Sheet
- The source document for cash payments is a/(n)
  - A invoice. B receipt.
  - calculator tape.
- **G** Business documents are
  - A The beginning of the accounting process.
  - **B** Provide an evidence of the business transactions
  - C Documents sent to and received from other business.
  - **D** the above.

#### 6 Information from business documents is summarized in

- A Purchase and purchase return journal.
- **B** Sales and Sales return Journal
- Cash Receipt and Cash Payment Journal and General Journal
- All the above

### Stages of the accounting process are

- A Source documents journals ledger
- **B** Source documents journals ledger trial balance
- Source documents journals –Trail balance ledger-Financial Statement.
- Source documents journals –ledger Trail Balance-Financial Statement.

#### Trail Balance is prepared to

- A To determine how much profit or loss the business made
- **B** To report the Assets and liabilities of the business.
- To check that transactions have been correctly entered to the ledger and rules of double entry have been followed
- All the above

#### Journals are Prepared to

- A To determine how much profit or loss the business made
- **B** To report the Assets and liabilities of the business.
- C Summarize all business documents
- All the above



- *To Information that should be checked for accuracy in Business Documents are*
- A Names Contact details Authorization.
- B Names Contact details- Sensitive information Authorization
- Names Contact details Sensitive information Financial Data - Authorization.
- D None of the above.

# Activity 12

# Indicate whether each of the following statement is (T) True or (F) False

| Statement   | True | False |
|---|------|-------|
| <b>1-</b> Accounts payable are accounts that you expect will be paid to you.                          |      |       |
| <b>2-</b> The double-entry accounting system records each transaction twice.                          |      |       |
| <b>3-</b> The process of recording a transaction in the journal is called journalizing.               |      |       |
| <b>4-</b> When a business receives a utility bill, no entry should be made until the invoice is paid. |      |       |
| 5- The recording of cash receipts will be done by debiting the cash account.                          |      |       |
| <b>6-</b> The recording of cash payments is done by entering the amount as a credit.                  |      |       |
| <b>7-</b> A transaction that is recorded in the journal is called a journal entry.                    |      |       |
| <b>8-</b> Assets are increased with debits and decreased with credits.                                |      |       |
| <b>9-</b> Liabilities are increased with debits and decreased with credits.                           | Y    |       |
| <b>10-</b> When an accounts payable account is paid in cash, the owner's equity decreases.            |      |       |
| 11- When an account receivable is collected in cash, the total assets of the business increase.       |      |       |
| <b>12-</b> The drawee of the cheque is the person or company who writes the cheque                    |      |       |
| <b>13-</b> The cheque is valid during six month from its issuance                                     |      |       |

# **Activity 13**

Technology Solutions Company completes these transactions during December of the current year 2016 and all amounts BEFORE Tax.

Dec.1 The company invested \$100,000 cash into the business.

- 2 Purchased \$20,000 of merchandise on credit from Al-Emadi Company, invoice110
- 3 Sold merchandise on credit to Hamad Inc, Invoice No. 760, for \$10,000
- 4 Purchased \$15,000 of merchandise on credit from Al-Meera Inc. Invoice 215
- 6 Sold merchandise on credit to Mohamed Inc, Invoice No. 761. for \$10,000
- 7 Return merchandise and received a \$1,000 credit memo No. 5 from Al-Meera
- 11 Sold merchandise on credit to Ashraf, Invoice No. 762, for \$8,000
- 13 Sold \$8,000 of merchandise on credit to Hamad Inc, Invoice No. 763.
- 23 Issued a \$1,000 credit memo No. 1 to Hamad Inc, for the return of merchandise.
- 25 Issued a \$2,000 credit memo No. 2 to Ashraf, for the return of merchandise.

#### Required

- **1.** Record transactions in the Special Journals.
- **2.** Post accounts payable and accounts receivable into subsidiary ledger.



| PURCHASES JOURNAL |            |             |       |           |          |                     |
|-------------------|------------|-------------|-------|-----------|----------|---------------------|
| Date              | Invoice No | Particulars | Folio | Purchases | GST PAID | Accounts<br>Payable |
|                   |            |             |       |           |          |                     |
|                   |            |             |       |           |          |                     |
|                   |            |             |       |           |          |                     |

| PURCHASES RETURNS & ALLOWANCES JOURNAL |           |             |       |                      |          |                     |
|--|-----------|-------------|-------|----------------------|----------|---------------------|
| Date                                   | Adj. Note | Particulars | Folio | Purchases<br>Returns | GST PAID | Accounts<br>Payable |
|  |           |             |       |                      |          |                     |
|  |           |             |       |                      |          |                     |

| SALES JOURNAL |            |             |       |       |                  |                        |
|---------------|------------|-------------|-------|-------|------------------|------------------------|
| Date          | Invoice No | Particulars | Folio | Sales | GST<br>Collected | Accounts<br>Receivable |
|               |            |             |       |       |                  |                        |
|               |            |             |       |       |                  |                        |
|               |            |             |       |       |                  |                        |
|               |            |             |       |       |                  |                        |
|               |            |             |       |       |                  |                        |
|               |            |             |       |       |                  |                        |
|               |            |             |       |       |                  |                        |
|               |            |             |       |       |                  |                        |

| SALES R | SALES Returns & Allowances JOURNAL |             |       |                  |                  |                        |  |  |
|---------|------------------------------------|-------------|-------|------------------|------------------|------------------------|--|--|
| Date    | Adj. Note                          | Particulars | Folio | Sales<br>Returns | GST<br>Collected | Accounts<br>Receivable |  |  |
|         |                                    |             |       |                  |                  |                        |  |  |
|         |                                    |             |       |                  |                  |                        |  |  |
|         |                                    |             |       |                  |                  |                        |  |  |



#### Technology Solutions General Journal

| Date | Account Name | Debit | Credit |
|------|--------------|-------|--------|
|      |              |       |        |
|      |              |       |        |
|      |              |       |        |
|      |              |       |        |
|      |              |       |        |
|      |              |       |        |
|      |              |       |        |
|      |              |       |        |
|      |              |       |        |
|      |              |       |        |
|      |              |       |        |
|      |              |       |        |
|      |              |       |        |
|      |              |       |        |
|      |              |       |        |
|      |              |       |        |
|      |              |       |        |

# **Activity 14**

Ahmed started an engineering firm called Green Tea Co. He began operations and completed several transactions during the year, which included. After those transactions, the ledger included the following accounts with normal balances.

| Cash                | 134,000 | Accounts payable   | 25,000  |
|---------------------|---------|--------------------|---------|
| Accounts receivable | 22,000  | Interest payable   | 10,000  |
| Supplies            | 7,000   | Salaries payable   | 10,960  |
| Equipment           | 62,960  | Ahmed, Capital     | 245,000 |
| Furniture           | 60,000  | Ahmed, Withdrawals | 5,000   |

#### Required:

Prepare a trial balance for this business as of the end of the year 2016.

|       | Green Tea Co.<br>Trial Balance<br>December 31, 2016 |       |        |  |  |  |  |
|-------|---|-------|--------|--|--|--|--|
| Date  | Account Name  | Debit | Credit |  |  |  |  |
|       |   |       |        |  |  |  |  |
|       |   |       |        |  |  |  |  |
|       |   |       |        |  |  |  |  |
|       |   |       |        |  |  |  |  |
|       |   |       |        |  |  |  |  |
|       |   |       |        |  |  |  |  |
|       |   |       |        |  |  |  |  |
|       |   |       |        |  |  |  |  |
|       |   |       |        |  |  |  |  |
| Total |   |       |        |  |  |  |  |

# Subsidiary A/P

| Date | Particulars | Debit | Credit | Balance |
|------|-------------|-------|--------|---------|
|      |             |       |        |         |
|      |             |       |        |         |

\_\_\_\_\_

| Date | Particulars | Debit | Credit | Balance |
|------|-------------|-------|--------|---------|
|      |             |       |        |         |
|      |             |       |        |         |

\_\_\_\_\_

# Subsidiary A/R

| Date | Particulars | Debit | Credit | Balance |
|------|-------------|-------|--------|---------|
|      |             |       |        |         |
|      |             |       |        |         |

-----

| Date | Particulars | Debit | Credit | Balance |  |
|------|-------------|-------|--------|---------|--|
|      |             |       |        |         |  |
|      |             |       |        |         |  |

| Date | Particulars | Debit | Credit | Balance |
|------|-------------|-------|--------|---------|
|      |             |       |        |         |
|      |             |       |        |         |

## **Final Exam Activities**

Mayselected transactions were competed by Fahad Al-Kawari Company W.L.L Wholesale Supply. Sales and collections from customers relate to the entries recorded in the sales journal Not included GST. (amount before tax) The entries in the cash receipts journal are based on the following cash receipts.

| Date   | Transaction  |
|--------|--|
| May 1  | Fahad Al-Kawari invested \$50,000 in the business, Cash Receipt Voucher 00001.                                 |
| May 8  | Cash sales of merchandise \$11,900 cash memo No. 00005.  |
| May 10 | Received a check for \$10,388 from Al-Shamal Company in payment of invoice No. 00003.                          |
| May 12 | Cash sales of merchandise total \$3,500 cash memo No. 00006.   |
| May 14 | Received a check for \$11,123 from Jassem Trading Company in partial payment of invoice No. 00004 for \$20,350 |
| May 17 | Received cash in advance from Al-Shamal Company, Cash Receipt Voucher 00002 for \$10,000.                      |
| May 21 | Received a check for \$7,410 from Bin Thani Company in full settlement for invoice No. 00005.                  |
| May 30 | The bank statement records shown an interest earned for \$150.   |

Cash receipts journal of Fahad Al-Kawari Company W.L.L Wholesale

| Bank/Cash<br>Dr              |  |  |  |  |       |
|------------------------------|--|--|--|--|-------|
| GST<br>collected<br>Cr       |  |  |  |  |       |
| Other<br>receipts<br>Cr      |  |  |  |  |       |
| Accounts<br>receivable<br>Cr |  |  |  |  |       |
| Sales                        |  |  |  |  |       |
| Particulars                  |  |  |  |  | Total |
| Date Reference               |  |  |  |  | F     |
| Date                         |  |  |  |  |       |



## <u>Cash - (General Ledger)</u>

| Date | Particulars | Debit | Credit | Balance | Dr/Cr |
|------|-------------|-------|--------|---------|-------|
|      |             |       |        |         |       |

## <u>Capital - (General Ledger)</u>

| Date | Particulars | Debit | Credit | Balance | Dr/Cr |
|------|-------------|-------|--------|---------|-------|
|      |             |       |        |         |       |

# <u>Cash Sales - (General Ledger)</u>

| Date | Particulars | Debit | Credit | Balance | Dr/Cr |
|------|-------------|-------|--------|---------|-------|
|      |             |       |        |         |       |

#### **GST Collected - (General Ledger)**

| Date | Particulars | Debit | Credit | Balance | Dr/Cr |
|------|-------------|-------|--------|---------|-------|
|      |             |       |        |         |       |
|      |             |       |        |         |       |

#### Interest earned- (General Ledger)

| Date | Particulars | Debit | Credit | Balance | Dr/Cr |
|------|-------------|-------|--------|---------|-------|
|      |             |       |        |         |       |

# Al-Shamal Company - (Subsidiary Ledger)

| Date | Particulars | Debit | Credit | Balance | Dr/Cr |
|------|-------------|-------|--------|---------|-------|
|      |             |       |        |         |       |
|      |             |       |        |         |       |

# <u>Jassem Trading Company - (Subsidiary Ledger)</u>

| Date | Particulars | Debit | Credit | Balance | Dr/Cr |
|------|-------------|-------|--------|---------|-------|
|      |             |       |        |         |       |
|      |             |       |        |         |       |

# Bin Thani Company - (Subsidiary Ledger)

| Date | Particulars | Debit | Credit | Balance | Dr/Cr |
|------|-------------|-------|--------|---------|-------|
|      |             |       |        |         |       |
|      |             |       |        |         |       |

# Fahad Al-Kawari Company W.L.L

Trial Balance as at .....

| <b>Account Name</b> | Debit | Credit |
|---------------------|-------|--------|
|                     |       |        |
|                     |       |        |
|                     |       |        |
|                     |       |        |
|                     |       |        |
|                     |       |        |
|                     |       |        |
|                     |       |        |
|                     |       |        |
|                     |       |        |
|                     |       |        |
| Total               |       |        |

# **Question 2**

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

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

# ?

# **Question 3**

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

| 1-        | <br> | <br> | <br> | <br> | <br> |  |
|-----------|------|------|------|------|------|--|
| •         |      |      |      |      |      |  |
| <b>Z-</b> | <br> | <br> | <br> | <br> | <br> |  |
| 3-        | <br> | <br> | <br> | <br> | <br> |  |
| 4-        | <br> |      | <br> | <br> | <br> |  |
| 5-        | <br> | <br> | <br> | <br> |      |  |
| 5-        |      | <br> | <br> |      | <br> |  |



# **Question 4**

#### **Choose the correct answer:**

#### Each of the following is a subsidiary ledger except the:

- A accounts receivable ledger.
- **B** accounts payable ledger.
- customers' ledger.
- **D** general ledger.



# Credit purchases of equipment or supplies other than merchandise are recorded in the:

**A** cash payments journal.

**B** cash receipts journal.

**c** general journal.

**D** purchases journal.

Which of the following is not one of the credit columns in the cash receipts journal?

A Other accounts.

**B** Accounts payable.

C Accounts receivable.

D Sales.



# **Question 5**

December selected transactions were competed by Fahad Al-Kawari Company W.L.L Wholesale Supply. Sales and collections from customers relate to the entries recorded in the sales journal doesn't included (GST). The entries in the cash receipts journal are based on the following cash receipts.

| Date    | Transaction   |
|---------|---|
| Dec. 01 | Received \$5,000 from Salem & Co. for goods sold on account in part settlement of his account of \$25,000 for invoice no.367.                 |
| Dec. 03 | Received \$550 as interest on investment shown in the bank statement.   |
| Dec. 05 | Cash sales of merchandise \$23,534 cash memo No. 00113.   |
| Dec. 10 | Received \$9,600 from Al-Nour Trading Co. and allowed discount \$150. in part settlement of his account of \$37,567 of invoice No. 00368.     |
| Dec. 15 | Received \$7,000 from Salem & Co. for goods sold on account. Discount allowed \$130.  |
| Dec. 18 | Received \$1600 cash from World Supply Corporation and allowed a cash discount of \$100, in full settlement of his account invoice No. 00369. |
| Dec. 20 | Cash sales of merchandise total \$12,500 cash memo No. 00114.   |

#### **Required:**

Record the following transactions in a cash receipt journal:



Cash receipts journal of Fahad Al-Kawari Company W.L.L Wholesale

| Bank/Cash<br>Dr              |  |  |  |  |       |
|------------------------------|--|--|--|--|-------|
| GST<br>collected<br>Cr       |  |  |  |  |       |
| Other<br>receipts<br>Cr      |  |  |  |  |       |
| Accounts<br>receivable<br>Cr |  |  |  |  |       |
| Sales                        |  |  |  |  |       |
| Particulars                  |  |  |  |  | Total |
| Reference                    |  |  |  |  | •     |
| Date                         |  |  |  |  |       |

## <u>Cash - (General Ledger)</u>

| Date | Particulars | Debit | Credit | Balance | Dr/Cr |
|------|-------------|-------|--------|---------|-------|
|      |             |       |        |         |       |

#### <u>Accounts Receivable - (General Ledger)</u>

| Date | Particulars | Debit | Credit | Balance | Dr/Cr |
|------|-------------|-------|--------|---------|-------|
|      |             |       |        |         |       |

# Sales - (General Ledger)

| Date | Particulars | Debit | Credit | Balance | Dr/Cr |
|------|-------------|-------|--------|---------|-------|
|      |             |       |        |         |       |

#### <u>GST Collected - (General Ledger)</u>

| Date | Particulars | Debit | Credit | Balance | Dr/Cr |
|------|-------------|-------|--------|---------|-------|
|      |             |       |        |         |       |
|      |             |       |        |         |       |

## Sales Discount - (General Ledger)

| Date | Particulars | Debit | Credit | Balance | Dr/Cr |
|------|-------------|-------|--------|---------|-------|
|      |             |       |        |         |       |
|      |             |       |        |         |       |

# Interest earned- (General Ledger)

| Date | Particulars | Debit | Credit | Balance | Dr/Cr |
|------|-------------|-------|--------|---------|-------|
|      |             |       |        |         |       |



# Salem & Co - (Subsidiary Ledger)

| Date    | Particulars | Debit | Credit | Balance | Dr/Cr |
|---------|-------------|-------|--------|---------|-------|
| Dec. 01 | Balance     |       |        |         |       |
|         |             |       |        |         |       |
|         |             |       |        |         |       |

# <u>Al-Nour Trading Company - (Subsidiary Ledger)</u>

| Date    | Particulars | Debit | Credit | Balance | Dr/Cr |
|---------|-------------|-------|--------|---------|-------|
| Dec. 01 | Balance     |       |        |         |       |
|         |             |       |        |         |       |

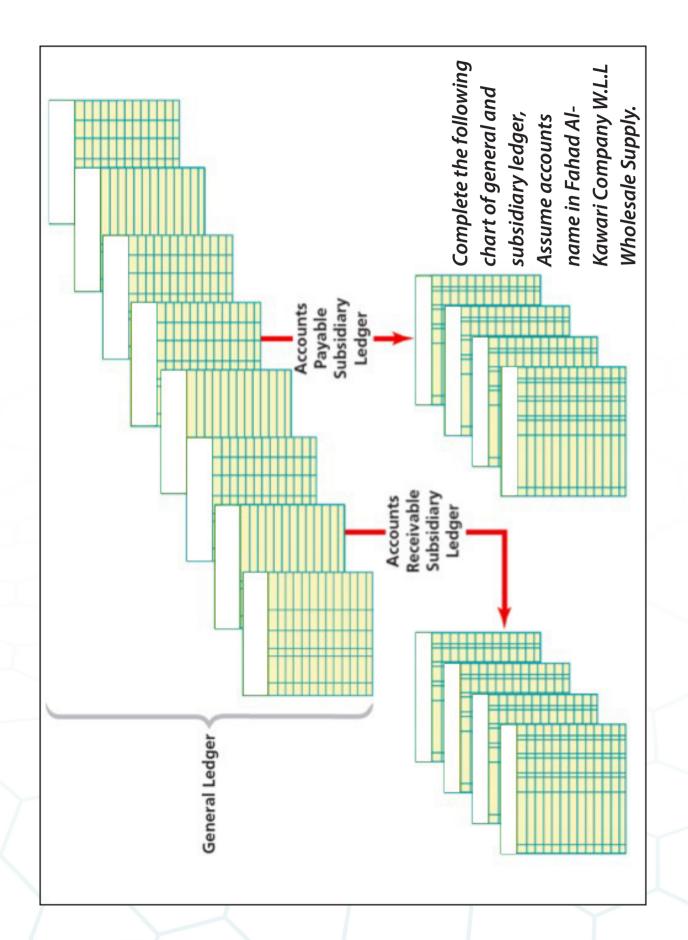
# World Supply Corporation - (Subsidiary Ledger)

| Date    | Particulars | Debit | Credit | Balance | Dr/Cr |
|---------|-------------|-------|--------|---------|-------|
| Dec. 01 | Balance     |       |        |         | Dr    |
|         |             |       |        |         |       |

# Fahad Al-Kawari Company W.L.L

Trial Balance as at

| Account Name | Debit | Credit |
|--------------|-------|--------|
|              |       |        |
|              |       |        |
|              |       |        |
|              |       |        |
|              |       |        |
|              |       |        |
|              |       |        |
|              |       |        |
|              |       |        |
|              |       |        |
|              |       |        |
|              |       |        |
|              |       |        |
|              |       |        |
|              |       |        |
|              |       |        |
|              |       |        |
|              |       |        |
|              |       |        |
|              |       |        |
|              |       |        |
|              |       |        |



# Question 8

December selected transactions were competed by Fahad Al-Kawari Company W.L.L Wholesale Supply. The entries in the cash payment journal are based on the following cash payments doesn't including (GST):

| Date    | Transaction  |
|---------|--|
| Dec. 01 | Check No. 101 for \$5,200 issued for the annual premium on a fire insurance policy.                                      |
| Dec. 03 | Check No. 102 for \$3,500 issued in payment of freight.  |
| Dec. 05 | Check No. 103 for \$14,400 issued for the purchase of merchandise.   |
| Dec. 10 | Check No. 104 for \$10,780 sent to Talal Inc. in payment of Dec. 6 Invoice for \$11,000 less a 2 percent discount.       |
| Dec. 15 | Check No. 105 for \$6,984 mailed to Jassem Trading Co.   |
| Dec. 18 | Check No. 106 for \$6,831 sent to Al-Wajba Projects in payment of Dec. 14 invoice for \$6,900 less a 1 percent discount. |
| Dec. 22 | Check No. 107 sent to Jassem Trading Co. settlement of the due balance.  |
| Dec. 25 | Check No. 108 for \$10,000 issued to partners as a cash dividend.  |
| Dec. 28 | Check No. 109 for \$35,000 issued for purchase merchandise.  |
| Dec. 31 | Pay cash \$2,000 electricity expense of December.  |

### **Required:**

Record the following transactions in a cash payment journal:



Cash payments journal of Fahad Al-Kawari Company W.L.L Wholesale

| _                         |  |  |  |  |       |
|---------------------------|--|--|--|--|-------|
| Bank/Cash<br>Dr           |  |  |  |  |       |
| GST<br>Paid<br>Cr         |  |  |  |  |       |
| Earned<br>Discount<br>Cr  |  |  |  |  |       |
| Other<br>Payments<br>Cr   |  |  |  |  |       |
| Accounts<br>Payable<br>Dr |  |  |  |  |       |
| Purchases<br>Dr           |  |  |  |  |       |
| Particulars               |  |  |  |  |       |
| Reference                 |  |  |  |  | Total |
| Date                      |  |  |  |  |       |



## Bank - (General Ledger)

| Date | Particulars | Debit | Credit | Balance | Dr/Cr |
|------|-------------|-------|--------|---------|-------|
|      |             |       |        |         |       |

## Accounts Payable - (General Ledger)

| Date | Particulars | Debit | Credit | Balance | Dr/Cr |
|------|-------------|-------|--------|---------|-------|
|      |             |       |        |         |       |

#### <u>Purchases - (General Ledger)</u>

| Date | Particulars | Debit | Credit | Balance | Dr/Cr |
|------|-------------|-------|--------|---------|-------|
|      |             |       |        |         |       |
|      |             |       |        |         |       |

# <u>GST Paid - (General Ledger)</u>

| Date | Particulars | Debit | Credit | Balance | Dr/Cr |
|------|-------------|-------|--------|---------|-------|
|      |             |       |        |         |       |
|      |             |       |        |         |       |

## **Earned Discount - (General Ledger)**

| Date | Particulars | Debit | Credit | Balance | Dr/Cr |
|------|-------------|-------|--------|---------|-------|
|      |             |       |        |         |       |
|      |             |       |        |         |       |

# Talal Inc. - (Subsidiary Ledger)

| Date | Particulars | Debit | Credit | Balance | Dr/Cr |
|------|-------------|-------|--------|---------|-------|
|      |             |       |        |         |       |

The state of the s

## <u>Dividends - (General Ledger)</u>

| Date | Particulars | Debit | Credit | Balance | Dr/Cr |
|------|-------------|-------|--------|---------|-------|
|      |             |       |        |         |       |

#### Jassem Trading Company - (Subsidiary Ledger)

| Date | Particulars | Debit | Credit | Balance | Dr/Cr |
|------|-------------|-------|--------|---------|-------|
|      |             |       |        |         |       |
|      |             |       |        |         |       |

#### Al-Wajba Projects - (Subsidiary Ledger)

| Date | Particulars | Debit | Credit | Balance | Dr/Cr |
|------|-------------|-------|--------|---------|-------|
|      |             |       |        |         |       |

## Insurance Expense - (General Ledger)

| Date | Particulars | Debit | Credit | Balance | Dr/Cr |
|------|-------------|-------|--------|---------|-------|
|      |             |       |        |         |       |

#### Fright Expense - (General Ledger)

| Date | Particulars | Debit | Credit | Balance | Dr/Cr |
|------|-------------|-------|--------|---------|-------|
|      |             |       |        |         |       |

# **Electricity Expense - (General Ledger)**

| Date | Particulars | Debit | Credit | Balance | Dr/Cr |
|------|-------------|-------|--------|---------|-------|
|      |             |       |        |         |       |

# Fahad Al-Kawari Company W.L.L

Trial Balance as at

| Account Name | Debit | Credit |
|--------------|-------|--------|
|              |       |        |
|              |       |        |
|              |       |        |
|              |       |        |
|              |       |        |
|              |       |        |
|              |       |        |
|              |       |        |
|              |       |        |
|              |       |        |
|              |       |        |
|              |       |        |
|              |       |        |
|              |       |        |
|              |       |        |
|              |       |        |
|              |       |        |
|              |       |        |
|              |       |        |
|              |       |        |
|              |       |        |
|              |       |        |



# Indicate the journal in which each of the following transactions should be recorded by Nasser Al-Hajri Company during December 2018:

|     | Transaction  | Type of Journal |
|-----|--|-----------------|
| 1.  | Issued Check No. 610 for December rent,<br>\$4,500.                      |                 |
| 2.  | Issued Invoice No. 940 to Capps Co., \$1,980.                            |                 |
| 3.  | Received check for \$5,100 from Trimble Co. in payment of account.       |                 |
| 5.  | Purchased a vehicle on account from Boston Transportation, \$39,500.     |                 |
| 6.  | Purchased office equipment on account from Austin Computer Co., \$4,800. |                 |
| 6.  | Issued Invoice No. 941 to Dawar Co., \$5,680.                            |                 |
| 9.  | Issued Check No. 611 for fuel expense, \$800.                            |                 |
| 10. | Received check from Sing Co. in payment of \$4,850 invoice.              |                 |

| Transaction   | Type of Journal |
|---|-----------------|
| 10. Issued Check No. 612 for \$360 to Office to Go Inc. in payment of invoice.                                  |                 |
| 10. Issued Invoice No. 942 to Joy Co., \$2,140.   |                 |
| 11. Issued Check No. 613 for \$3,240 to Essential Supply Co. in payment of account.                             |                 |
| 11. Issued Check No. 614 for \$650 to Porter Co. in payment of account.   |                 |
| 12. Received check from Capps Co. in payment of \$1,980 invoice of December 2.                                  |                 |
| 13. Issued Check No. 615 to Boston Transportation in payment of \$39,500 balance of December 5.                 |                 |
| 16. Issued Check No. 616 for \$40,900 for cash purchase of a vehicle.   |                 |
| 16. Cash fees earned for December 1–16, \$21,700.   |                 |
| 17. Issued Check No. 617 for miscellaneous administrative expense, \$600.                                       |                 |
| 18. Purchased maintenance supplies on account from Essential Supply Co., \$1,750.                               |                 |
| 19. Purchased the following on account from McClain Co.: maintenance supplies, \$1,500; office supplies, \$325. |                 |



|     | Transaction   | Type of Journal |
|-----|---|-----------------|
| 1)  | Providing services for cash.                                  |                 |
| 2)  | Closing of dividends account at the end of the year.          |                 |
| 3)  | Receipt of cash from sale of office equipment.                |                 |
| 4)  | Sale of office supplies on account, at cost.                  |                 |
| 5)  | Receipt of cash on account from a customer.                   |                 |
| 6)  | Receipt of cash for rent.                                     |                 |
| 7)  | Adjustment to record accrued salaries at the end of the year. |                 |
| 8)  | Receipt of cash refund from overpayment of taxes.             |                 |
| 9)  | Providing services on account.                                |                 |
| 10) | Payment of cash for any purpose.                              |                 |

|     | Transaction  | Type of Journal |
|-----|--|-----------------|
| 1)  | Adjustment to prepaid insurance at the end of the month.           |                 |
| 2)  | Purchase of office equipment for cash.                             |                 |
| 3)  | Advance payment of a one-year fire insurance policy on the office. |                 |
| 4)  | Purchase of office supplies for cash.                              |                 |
| 5)  | Adjustment to record accrued salaries at the end of the period.    |                 |
| 6)  | Adjustment to prepaid rent at the end of the month.                |                 |
| 7)  | Purchase of office supplies on account.                            |                 |
| 8)  | Purchase of services on account.                                   |                 |
| 9)  | Purchase of an office computer on account.                         |                 |
| 10, | Payment of six months' rent in advance.                            |                 |

| Transaction  | Type of Journal |
|--|-----------------|
| 20. Issued Check No. 618 in payment of advertising expense, \$1,990.   |                 |
| 20. Used \$3,600 maintenance supplies to repair delivery vehicles.   |                 |
| 23. Purchased office supplies on account from Office To Go Inc., \$440.  |                 |
| 24. Issued Invoice No. 943 to Sing Co., \$6,400.   |                 |
| 24. Issued Check No. 619 as dividends.   |                 |
| 25. Issued Invoice No. 944 to Dawar Co., \$5,720.  |                 |
| 25. Received check for \$4,100 from Trimble Co. in payment of balance.   |                 |
| 26. Issued Check No. 620 to Austin Computer Co. in payment of \$4,800 invoice of December 6.                   |                 |
| 30. Issued Check No. 621 for monthly salaries as follows: driver salaries, \$16,900; office salaries, \$7,600. |                 |
| 31. Cash fees earned for December 17–31, \$19,700.   |                 |
| 31. Issued Check No. 622 in payment for office supplies, \$310.  |                 |



# Indicate whether each of the following statement is (T) True or (F) False

|     | Statement  | True | False |
|-----|--|------|-------|
| 1-  | Net income is the result of the balance sheet reporting revenues that are larger than operating expenses.                      |      |       |
| 2-  | Assets are the economic resources that are expected to produce future benefits.  |      |       |
| 3-  | Land, buildings, and equipment are examples of business expenses.  |      |       |
| 4-  | A liability is classified as a current liability if the company is to pay it within the forthcoming year.                      |      |       |
| 5-  | Another name for net assets is liabilities.  |      |       |
| 6-  | When cash is received on account, the Accounts Receivable account is decreased.  |      |       |
| 7-  | When the owner withdraws cash from the business, the Cash account will decrease, and the Withdrawals account will decrease.    |      |       |
| 8-  | Totals for the net income, additional investment, and withdrawals are found on the Statement of Owner's Equity.                |      | 5     |
| 9-  | The financial position of the business is shown on the Income Statement.   |      |       |
| 10- | The financial statement that shows the results of a firm's operations over a specific time period is called the balance sheet. |      |       |
| 11- | Every business transaction has an effect on one or more of the elements of the accounting equation.                            |      |       |
| 12- | After every business transaction is correctly recorded and reported, the accounting equation will be in balance.               |      |       |



| Statement   | True | False |
|---|------|-------|
| <b>13-</b> The accounting cycle begins at the start of a new accounting period.   |      |       |
| <b>14-</b> Cash and office supplies are both classified as current assets.  |      |       |
| <b>15-</b> Current assets are listed in the order of liquidity.   |      |       |
| <b>16-</b> Current liabilities are obligations that the company is to pay within the coming year.                         |      |       |
| <b>17-</b> Sales revenues are earned during the period cash is collected from the buyer.                                  |      |       |
| <b>18-</b> The major difference between the balance sheets of a service company and a merchandising company is inventory. |      |       |
| <b>19-</b> Merchandise inventory is classified as a current asset in a classified balance sheet.                          |      |       |
| <b>20-</b> Retained Earnings classified as a part of owners' equity on the Income Statement.                              |      |       |



# **Question 11**

#### Choose the correct answer:

- The first item listed under current liabilities is usually
  - **A** accounts payable.
- **B** notes payable.

**c** salaries payable.

- **D** taxes payable.
- Office Equipment is classified in the balance sheet as
  - A a current asset.

- **B** a Non-current asset.
- **c** an intangible asset.
- **D** all the above is true.



- A current asset is
  - A the last asset purchased by a business.
  - **B** an asset which is currently being used to produce a product or service.
  - c usually found as a separate classification in the income statement.
  - an asset that a company expects to convert to cash or use up within one year.
- Liabilities are generally classified on a balance sheet as
  - small liabilities and large liabilities.
  - **B** present liabilities and future liabilities.
  - c tangible liabilities and intangible liabilities.
  - current liabilities and long-term liabilities.
- 6 On a classified balance sheet, current assets are customarily listed
  - A in alphabetical order.
  - **B** with the largest dollar amounts first.
  - c in the order of liquidity.
  - **D** in the order of acquisition.
- 6 The relationship between current assets and current liabilities is important in evaluating a company's
  - **A** profitability.

**B** liquidity.

c market value.

**D** accounting cycle.

- 7 The most important information needed to determine if companies can pay their current liabilities is the
  - net income for this year.
  - **B** projected net income for next year.
  - relationship between current assets and current liabilities.
  - prelationship between short-term and long-term liabilities.
- 8 All the following are owners' equity accounts except
  - A Net profit for the year.

**B** Capital.

C Notes receivable.

Retained Earnings.

- Current liabilities:
  - A are obligations that the company is to pay within the forthcoming year.
  - **B** is listed in the balance sheet in order of their expected maturity.
  - c is listed in the balance sheet, starting with accounts payable.
  - should not include long-term debt that is expected to be paid within the next year.
- 10 An asset that can be used in the business or held for a longer period, usually more than a year.

A non-current Asset

**B** current Asset

**C** Current Liability

long Term Liability

- "Mr. Ali Al-Kawari used his own cash to pay for his business monthly rental".

  Based on the transaction, what are the correct account transactions?
  - debit Cash, Credit Rental
  - **B** debit Rental, Credit Cash
  - debit Rental, Credit Bank
  - none of the above.



#### QATAR BANK Al Sadd Branch

#### **BANK STATEMENT**

| t of account                 | Account na  | me:  | Qatar Luxury Furnishing   |  |  |  |
|------------------------------|---|--|---|--|--|--|
| t or account                 | Account nu  | mber:  | 11223 78524   |  |  |  |
| Particulars                  |   | Debit  | Credit  | Balance  | CR/<br>DR                              |  |
| Brought forward              | 1   |  |   | 125,845.00   | Cr                                     |  |
| Deposit                      |   |  | 12,970.00   | 138,815.00   | Cr                                     |  |
| Deposit                      |   |  | 2,050.00  | 140,865.00   | Cr                                     |  |
| Ch 2458                      |   | 6,550.00   |   | 134,315.00   | Cr                                     |  |
| 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 de<br>78524A) | eposit  |  | 135.00  | 150,530.00   | Cr                                     |  |
| 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                                     |  |
| EFT (Misc transfe            | ers)  | 3,255.00   |   | 146,965.00   | Cr                                     |  |
| EFTPOS fees                  |   | 415.00   |   | 146,550.00   | Cr                                     |  |
|                              | Brought forward Deposit  Ch 2458  Ch 2547  Ch 2549  Deposit  EFTPOS Interest (Term de 78524A)  Deposit  EFTPOS  EFT (Kahramaa)  EFT (Doha Stat)  Ch 2462  EFT (Misc transfe | Particulars  Brought forward  Deposit  Ch 2458  Ch 2547  Ch 2549  Deposit  EFTPOS  Interest (Term deposit 78524A)  Deposit  EFT (Kahramaa)  EFT (Doha Stat)  Ch 2462  EFT (Misc transfers) | Account number:           Particulars         Debit           Brought forward | Particulars         Debit         Credit           Brought forward         12,970.00           Deposit         2,050.00           Ch 2458         6,550.00           Ch 2547         5,800.00           Ch 2549         6,850.00           Deposit         14,755.00           EFTPOS         13,975.00           Interest (Term deposit 78524A)         135.00           Deposit         635.00           EFT (Kahramaa)         545.00           EFT (Doha Stat)         1,750.00           Ch 2462         465.00           EFT (Misc transfers)         3,255.00 | Particulars   Debit   Credit   Balance |  |



|                    | en Bedroom Other Bank | 225.00         | 175.00 12,970.00 | 650.00 2,050.00 | 12,450.00  | 855.00 14,755.00 | 13,975.00       | 635.00 635.00 | 955.00 860.00 1,815.00 | 280.00 395.00 1,245.00 2,335.00 |       |
|--------------------|-----------------------|----------------|------------------|-----------------|------------|------------------|-----------------|---------------|------------------------|---------------------------------|-------|
| Cash Receipts Book | Carpet Kitchen        | 650.00         | 250.00           |                 |            | 200.00           |                 |               |                        | 415.00                          |       |
| Cash F             | Dining                |                |                  | 00.009          |            |                  | 11,850.00       |               |                        |                                 |       |
|                    | Lounge                | 11,250.00      |                  | 800.00          |            |                  | 2,125.00        |               |                        |                                 |       |
|                    | Particulars           | J AI<br>Ghanim | Cash sales       | Cash sales      | H Al Thani | Cash sales       | EFTPOS<br>sales | Cash sales    | EFTPO<br>sales         | Cash sales                      |       |
|                    | Reference             | Rec 211        | CRS              | CRS             | Rec 212    | CRS              | EFTPOS          | CRS           | EFTPOS                 | CRS                             | TOTAL |
|                    | Date                  | 1              | October          | 2 October       |            | 3 October CRS    |                 |               | 4 October              | 5 October                       |       |



|                   |           |                     |           | Cash Re | Cash Receipts Book |          |          |        |          |
|-------------------|-----------|---------------------|-----------|---------|--------------------|----------|----------|--------|----------|
| Date              | Reference | Particulars         | Purchases | Freight | Stationery         | Wages    | Rent     | Other  | Bank     |
| 1                 | Ch 2547   | Doha Furn<br>Dist   | 5,800.00  |         |                    |          |          |        | 5,800.00 |
| October           | Ch 2458   | Al Amari<br>Trust   |           |         |                    |          | 6,550.00 |        | 6,550.00 |
| 2 October Ch 2459 | Ch 2459   | Doha Furn<br>Dist   | 6,500.00  | 350.00  |                    |          |          |        | 6,850.00 |
|                   | Ch 2460   | QFS wll             | 8,250.00  |         |                    |          |          |        | 8,250.00 |
| 3 October         | EFT       | Kahramaa            |           |         |                    |          |          | 545.00 | 545.00   |
|                   | EFT       | Doha<br>Stationery  |           |         | 1,750.00           |          |          |        | 1,750.00 |
|                   | Ch 2461   | Repairs             |           |         |                    |          |          | 500.00 | 500.00   |
| 4 October         | Ch 2462   | Petty cash<br>reimb |           |         |                    |          |          | 465.00 | 465.00   |
|                   | EFT       | Wages               |           |         |                    | 3,255.00 |          |        | 3,255.00 |
| s October         | Ch 2463   | Al Basara<br>Corp   | 6,625.00  |         |                    |          |          |        | 6,625.00 |
|                   | TOTAL     |                     |           |         |                    |          |          |        |          |
|                   |           |                     |           |         |                    |          |          |        |          |

| Qatar Luxury Furnishings |               |       |        |         |  |  |  |
|--------------------------|---------------|-------|--------|---------|--|--|--|
| Date                     | Particulars   | Debit | Credit | Balance |  |  |  |
| 1 October Balance        |               |       |        |         |  |  |  |
| F. Octobor               | Cash receipts |       |        |         |  |  |  |
| 5 October                | Cash payments |       |        |         |  |  |  |

| Bank reconciliation                  | statement |    |
|--------------------------------------|-----------|----|
| Qatar Luxury Furi                    | nishings  |    |
| As at 5 Octol                        | per       |    |
|                                      | \$        | \$ |
| Credit balance as per bank statement |           |    |
| Add deposits not yet in bank         |           |    |
| Less unpresented cheques:            |           |    |
|                                      |           |    |
|                                      |           |    |
| Balance as per bank account (ledger) |           |    |