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Qatar Banking Studies and Business Administration | Secondary School

Accounting

المحاسبة

Grade 11 | Business

نبني اقتصاديِّ المستقبل

• Semester 1

العام الأكاديمي 2022 - 2023

Process Financial Transactions & Extract Interim Reports

Accounting

Business

Year 11

Semester 1

LEARNER RESOURCE

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Contents

About this Learner Resource

The purpose of this Learner Resource is to provide you with the underpinning knowledge required to assist you in completing assessment/s in Process Financial Transactions and Extract Interim Reports.

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

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

Practice

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

How will I be assessed?

In order to achieve competency in Prepare Financial Reports you will need to demonstrate the skills and knowledge required for the unit.

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About this unit:

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

It is suggested that to meet all the requirements of Prepare Financial Reports you will need to complete the following tasks:

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

The topics in this Learner Resource are:

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

Introduction

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

Check and verify supporting documentation

Identifying, checking and recording information

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

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

Ashraf Nasser owns a furniture business in Al Sadd called Qatar Luxury Furnishings. Ashraf does not like computers and prefers to record all the information related to his business on paper.
Ashraf has been very busy recently, and he has not been able to locate some of his paperwork. Ashraf has a customer who has sent a cheque to pay for their purchases but he cannot find it. Another customer was sent the wrong dining table. Several customers are complaining about receiving incorrect invoices.

Practice

Practice activity *1*

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

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

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

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

What sort of information would we be looking for?

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

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

Practice

Practice activity 2

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

Column A	Column B
Mr Ahmad Wasem	*Mr Ahmed Wasem*
PO Box 213 Doha	*PO Box 231 Doha*
1214 Salwa Road	*1214 Salwa Road*
$185. 54	*$185.45*
21 May 2011	*21 May 2011*
TIN 43 678 435 929	*TIN 43 678 435 929*

Practice

Practice activity 3

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

Column A	Column B
$135.78	*$135.87*
PO Box 5395	*PO Box 5395*
Mr J W Thompson	*Mr J W Thomson*
Apartment 1214	*Apartment 1214*
TIN 25 487 962 482	*TIN 25 787 962 482*
15 November 20xx	*15 November 20xx*
Mr Haider Al Hussain	*Mr Hader Al Hussain*
Inv No 25412	*Inv No 25421*

Practice

Practice activity 4

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

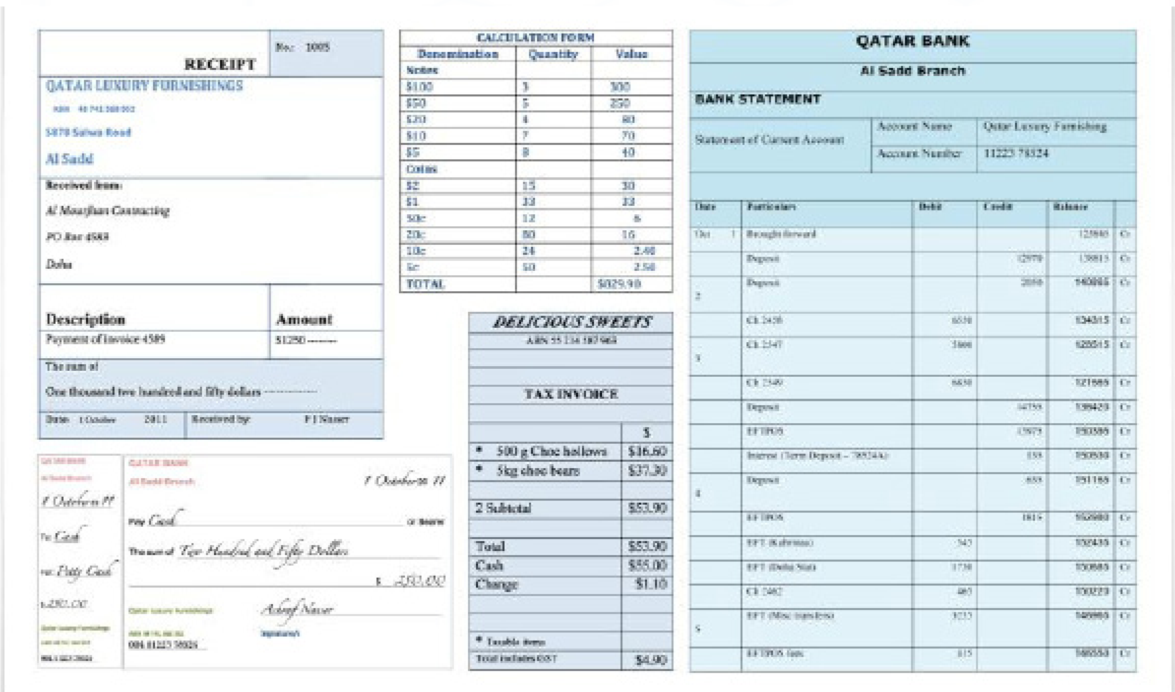
Column A	Column B
Mr Ahmed Wasen	*Mr Ahmed Wasem*
PO Box 3313 Doha	*PO Box 3133 Doha*
55 Abu Hamour Road	*155 Abu Hamour Road*
QR 653.21	*QR 635.12*
22 May 20xx	*20 May 20xx*
TIN 43 678 435 929	*TIN 43 687 435 929*
Inv No AS546	*Inv No A5546*
Due Date 12 October 20xx	*Due Date 15 October 20xx*

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

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

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

- application forms
- claim forms
- petty cash vouchers
- invoices
- purchase orders
- receipts
- adjustment notes
- statements
- deposit books
- delivery dockets
- remittance advice



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

Practice

Practice activity *5*

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

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

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

INVOICE

Invoice number: B78258
Invoice date: 1 March 20XX

Customer information

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

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

Practice

Practice activity 6

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

What is the TIN for Doha Contracting?

What is the invoice number and date of the invoice?	

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

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

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

What is the invoice total?

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

INVOICE

Invoice number: 48214
Invoice date: 13 Sept 20XX

Customer information

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

Shipping method: courier			
Quantity	**Product description**	**Amount (each)**	**Amount**
3	*Office chairs – white*	*250*	*1250.00*
3	*Deluxe Office Desks*	*425*	*1275.00*
1	*Director chair*	*650*	*650.00*
1	*Boardroom Table*	*1350*	*1350.00*
		Subtotal:	*4525.00*
		Trade discount 5 %	*226.25*
		Subtotal:	*4298.75*
		Freight:	*75.00*
		GST:	*437.37*
		Grand total:	*4810.62*

Supporting documentation

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

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

Practice

Practice activity 7

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

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

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

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

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

Qatar Kitchen Supplies	
TAX INVOICE	
To:	*Qatar Luxury Furnishings:*
6 October	*No 7284*
Amount:	*10,854.00*
GST:	*1,085.40*
Total:	*11,939.00*

Doha Fruit & Produce	
TAX INVOICE	
To:	*Qatar Luxury Furnishings:*
10 October	*No 25841*
Amount:	*5,300.00*
GST:	*530.00*
Total:	*5,830.00*

Qatar Stationery	
TAX INVOICE	
To:	*Qatar Luxury Furnishings:*
13 October	*No 8041*
Amount:	*820.00*
GST: PAID	*82.00*
Total:	*902.00*

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

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

Prepare deposit facility and lodge flows

Deposit facilities

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

Practice

Practice activity *8*

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

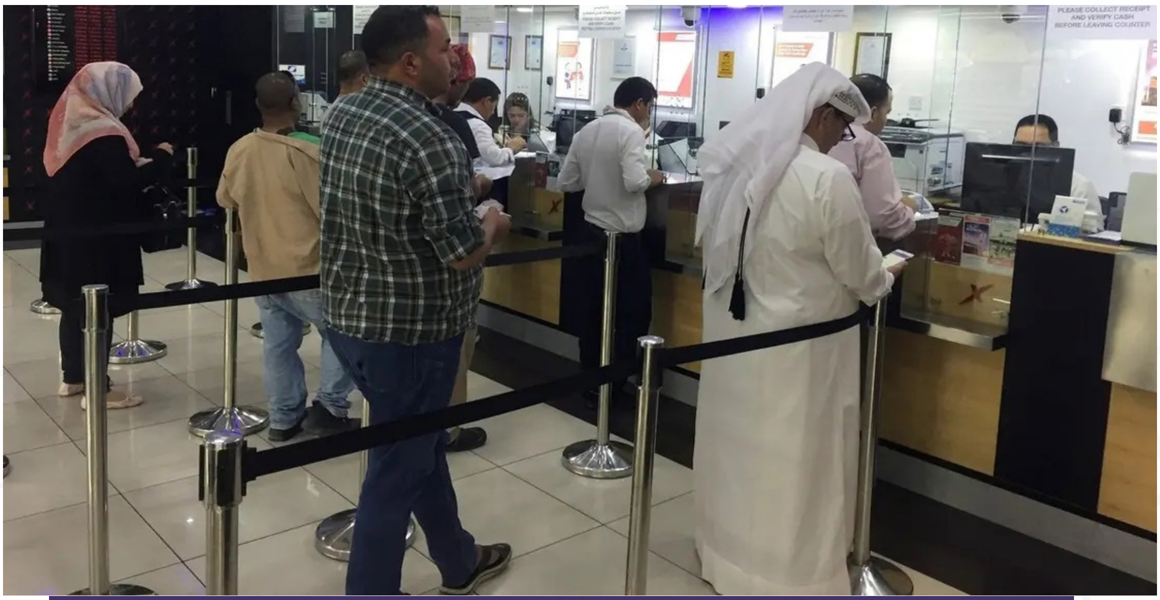
What security precautions can a business take with relation to the banking of cash deposits?

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

Balancing deposit facilities

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

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



All deposits will be checked by the bank teller

Practice

Practice activity *9*

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

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

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

Qatar		Australia	
Notes	Coins	Notes	Coins

Practice

Practice activity *10*

Complete the calculation form for Qatari currency.

CALCULATION FORM		
Denomination	**Quantity**	**Value**
Notes - QR		
500	*5*	
100	*4*	
50	*3*	
10	*7*	
5		
1	*14*	
Coins - Dirhams		
50	*15*	
25	*33*	
TOTAL		

Practice

Practice activity 11

Complete the calculation form for Australian currency.

CALCULATION FORM		
Denomination	**Quantity**	**Value**
Notes - $		
$100	*19*	
$50	*36*	
$20	*82*	
$10	*45*	
$5	*21*	
Coins		
$2	*26*	
$1	*14*	
50 cents	*18*	
20 cents	*64*	
10 cents	*35*	
5 cents	*12*	
TOTAL		

Security and safety precautions

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

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

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

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

AUSTRALIA	
Legislation	**Summary**
Trade Practices Act	*Introduced to protect consumers from unfair business practices such as false or misleading advertising, defective goods or services etc. As well as protecting consumers, the Act is also meant to promote competition and fair trading by business owners.*
Income Tax Act	*Income tax is payable each year by both individuals and companies. This is administered by the* **Australian Taxation Office (ATO).**
Privacy Act	*Many organisations collect, handle and store financial and other personal information about members of the public. The Privacy Act ensures that organisations put in place appropriate procedures so that this information is not disclosed to the public.*
Fair Work Act	**Fair Work Australia (FWA)** *is a tribunal established to administer the wages and employment conditions of Australia's workers. Other issues such as unfair dismissal, industrial action and dispute resolution are also managed by the Tribunal.*
Anti-Discrimination Act	*The* **anti-discrimination board** *administers this Act which covers discrimination such as sex, race, age, disability, human rights and equal opportunity.*
Occupational Health and Safety Act	**WorkSafe Australia** *is the authority responsible for communicating workplace health and safety legislation to Australian businesses.*
Financial Transaction Reporting Act and Anti-Money Laundering and Counter-Terrorism	*Banks and any other dealers in cash, including currency dealers and casinos, must report suspicious transactions, transactions over A$10 000 and international funds transfers to* **Australian Transaction Reports and Analysis Centre (AUSTRAC).** *Any suspicious transactions or customers must be reported.*

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

Practice

Practice activity 12

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

Column A	Column B
Occupational health and safety	*A business provides ergonomic office chairs for all employees*
Privacy	*A business refuses to release email addresses of its customers.*
Taxation	*A company has to pay company tax*

Anti discrimination	*A business cannot discriminate on the basis of age.*
Fair work	*An employee is entitled to annual leave.*
Trade practices	*A business stops supplying its product because it has become aware that it is defective.*
Financial transactions reporting	*A customer regularly changes their bank account details and post office box addresses.*

Practice

Practice activity *13*

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

LEGISLATION	SUMMARY
	Introduced to protect consumers from unfair business practices such as false or misleading advertising, defective goods or services etc. As well as protecting consumers, the Act is also meant to promote competition and fair trading by business owners.
	Income tax is payable each year by both individuals and companies. This is administered by the **Australian Taxation Office (ATO).**
	Many organisations collect, handle and store financial and other personal information about members of the public. The Privacy Act ensures that organisations put in place appropriate procedures so that this information is not disclosed to the public.
	Fair Work Australia (FWA) *is a tribunal established to administer the wages and employment conditions of Australia's workers. Other issues such as unfair dismissal, industrial action and dispute resolution are also managed by the Tribunal.*
	The **anti-discrimination board** *administers this Act which covers discrimination such as sex, race, age, disability, human rights and equal opportunity.*
	WorkSafe Australia *is the authority responsible for communicating workplace health and safety legislation to Australian businesses.*
	Banks and any other dealers in cash, including currency dealers and casinos, must report suspicious transactions, transactions over A$10 000 and international funds transfers to **Australian Transaction Reports and Analysis Centre (AUSTRAC).** *Any suspicious transactions or customers must be reported.*

Proof of lodgement

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

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

All stamped deposit forms should be retained as proof of lodgement

Practice

Practice activity *14*

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

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

Prepare and process banking and petty cash documents

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

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

Deposits and withdrawals

What is involved in the deposit and withdrawal of cash?

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

Why is cash so important?

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

Practice

Practice activity *15*

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

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

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

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

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

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

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

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

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

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

This is an example of a pre-printed receipt used by Qatar Luxury Furnishings. The original is issued to the customer and the duplicate is retained in the receipt book as evidence of the financial transaction.

Receipt no: 1005	
Qatar Luxury Furnishings *TIN 48 741 568 952* *5878 Salwa Road* *Al Sadd*	
Received from: *Al Mourjhan Contracting* *PO Box 4583* *Doha*	
Description	***Amount***
Payment of invoice 4589	*QR1,250.00*
The sum of one thousand two hundred and fifty Qatari Riyals	
Date: *1 October 20XX*	**Received by:** *F J Nasser*

How is the cash prepared for banking?

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

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

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

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

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

What banking documents are prepared?

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

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

If the business wants to withdraw cash from their account, they will need to complete either a withdrawal form or a cheque or use their debit card. The use of debit cards at Automated Teller Machines (ATMs) is now more popular than completing a form and lining up at a bank. However, there are still circumstances that require employees to obtain cash from the bank, eg petty cash reimbursement. The organisation may not want to issue debit cards to employees.

They may prefer to have staff withdraw cash at the same time that they are depositing funds. Businesses will usually withdraw cash by completing a cheque made out to cash and signed by the appropriate personnel.

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

What organisational safety procedures should be followed when banking?

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

The following procedures should be observed:

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

Ashraf has a business account in the name of Qatar Luxury Furnishings with the Qatar Bank. Ashraf banks at the Al Sadd branch and his account number is 78524.

This business account is a current account and the bank has supplied Ashraf with a deposit book and a cheque book. Ashraf uses the deposit book to make deposits into his account and uses the cheque book when he pays a supplier or to take cash out of his account.

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

DEPOSIT	**DEPOSIT – SAVINGS ACCOUNT**		
QATAR BANK	QATAR BANK	ACCOUNT NO:	78524
		BRANCH:	Al Sadd
		DATE:	_____ /_____ /20XX

DATE __/__/20XX	Details of cheques			NOTES			
	DRAWER	BANK	BRANCH	COINS			
ACCOUNT NO 78524							
AMOUNT QR________							
Teller Initials	PAID IN BY (Signature)		Commission	Teller	No of cheques		
001 11223 78524	CREDIT Qatar Luxury Furnishings TIN 48 741 568 952				Total		
	001 11223 78524						

Practice

Practice activity *16*

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

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

DELICIOUS SWEETS

TIN 55 214 587 963

TAX INVOICE

	$
* 500 g Choc hollows	$16.60
* 5 kg choc bears	$37.30
2 Subtotal	$53.90
Total	$53.90
Cash	$55.00
Change	$1.10
* Taxable items	
Total includes GST	$4.90

Practice

Practice activity 17

You have just received a cheque for QR3,564 from Ali Engineering in payment of invoice 3167. Using the current date, complete the receipt below.

RECEIPT	No.: 1007
QATAR AUTO REPAIRS *TIN 48 741 568 952* *5878 Salwa Road* *Al Sadd*	
Received from:	
Description	***Amount***
	QR --------
The sum of	
Date:	**Received by:**

Practice

Practice activity 18

Complete the calculation form below.

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

Practice

Practice activity *19*

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

QATAR STRATEGIES		
Calculation Form		
Denomination	**Quantity**	**Value**
Notes		
$100	*12*	
$50	*24*	
$20	*37*	
$10	*54*	
$5	*17*	
Total Notes		
Coins		
$2	*63*	
$1	*78*	
50c	*37*	
20c	*85*	
10c	*63*	
5c	*36*	
Total Coins		

Practice

Practice activity 20

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

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

Practice

Practice activity 21

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

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

<table>
<tr><td rowspan="2">QATAR
BANK</td><td colspan="7">DEPOSIT – SAVINGS ACCOUNT</td></tr>
<tr><td>QATAR
BANK</td><td>ACCOUNT NO:
BRANCH:
DATE:</td><td colspan="5">88522
Doha City
_____ /_____ /20XX</td></tr>
<tr><td rowspan="4">DATE
__/__/2XX1
ACCOUNT
NO
88522
AMOUNT</td><td colspan="3">Details of cheques</td><td colspan="2">NOTES</td><td></td><td></td></tr>
<tr><td>DRAWER</td><td>BANK</td><td>BRANCH</td><td colspan="2">COINS</td><td></td><td></td></tr>
<tr><td></td><td></td><td colspan="3" rowspan="2"></td><td></td><td></td></tr>
<tr><td></td><td></td><td></td><td></td></tr>
<tr><td rowspan="2">Teller Initials</td><td colspan="2">PAID IN BY

(Signature)</td><td>Commission</td><td>No of cheques</td><td>Teller</td><td></td><td></td></tr>
<tr><td colspan="4">CREDIT
QATAR STRATEGIES
ABN 48 741 568 952</td><td>Total</td><td></td><td></td></tr>
<tr><td>001 11223 78524</td><td colspan="7">001 11223 78524</td></tr>
</table>

Practice

Practice activity 22

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

DOHA COURIERS		
Calculation Form		
Denomination	**Quantity**	**Value**
Notes QR		
500	*16*	
100	*38*	
50	*46*	
10	*116*	
5	*68*	
1	*33*	
Total Notes		
Coins - Dirham		
50	*24*	
25	*14*	
Total Coins		

Cheques received from	Bank	Branch	Amount
Ali Bin Ali Travel	*IBQ*	*Airport*	*QR3,852*
Pearl Restaurant	*Doha Bank*	*Al Gharafa*	*QR4,915*
Gulf Air	*QNB*	*Al Waab*	*QR1,374*

<table>
<tr><td rowspan="4">QATAR
BANK</td><td colspan="7">DEPOSIT – SAVINGS ACCOUNT</td></tr>
<tr><td rowspan="3">QATAR
BANK</td><td>ACCOUNT NO:</td><td colspan="5">88522</td></tr>
<tr><td>BRANCH:</td><td colspan="5">Doha City</td></tr>
<tr><td>DATE:</td><td colspan="5">_____/_____ /20XX</td></tr>
<tr><td></td><td colspan="7"></td></tr>
<tr><td rowspan="12">DATE
__/__/20XX
ACCOUNT NO
88522
AMOUNT
Teller Initials</td><td colspan="3">Details of cheques</td><td colspan="2">NOTES</td><td></td><td></td></tr>
<tr><td>DRAWER</td><td>BANK</td><td>BRANCH</td><td colspan="2">COINS</td><td></td><td></td></tr>
<tr><td></td><td></td><td colspan="3" rowspan="7"></td><td></td><td></td></tr>
<tr><td></td><td></td><td></td><td></td></tr>
<tr><td></td><td></td><td></td><td></td></tr>
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<tr><td></td><td></td><td></td><td></td></tr>
<tr><td></td><td></td><td></td><td></td></tr>
<tr><td></td><td></td><td></td><td></td></tr>
<tr><td colspan="2" rowspan="2">PAID IN BY
(Signature)</td><td>Commission</td><td>No of cheques</td><td>Teller</td><td></td><td></td></tr>
<tr><td></td><td></td><td></td><td></td><td></td></tr>
<tr><td colspan="4">CREDIT
Doha Couriers
ABN 48 741 568 952</td><td>Total</td><td></td><td></td></tr>
<tr><td>001 11223 78524</td><td colspan="7">001 11223 78524</td></tr>
</table>

Non-cash transactions (cheques and card transfers)

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

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

Non-cash transactions will include:

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

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

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

QATAR BANK *Al Sadd Branch* *______________20______* *To:__________________* *For:_________________* *_____________________* *Qatar Luxury Furnishings* *TIN 48 741 568 952* *001 11223 78524*	*QATAR BANK* *Al Sadd Branch______________________20___________* *Pay ___________________________________ or Bearer* *The sum of _____________________________________* *____* *QR____* *Qatar Luxury Furnishings________________________* *TIN 48 741 568 952 Signature/s* *001 11223 78524*

The three parties to a cheque are:

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

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

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

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

The cheque butt provides evidence of the business transaction and should be completed. A remittance advice may also accompany the cheque advising the supplier what the payment is for.

All payments should be reconciled with the bank statement at least monthly.

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

What happens when cheques are received?

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

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

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

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

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

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

How are electronic transfers different?

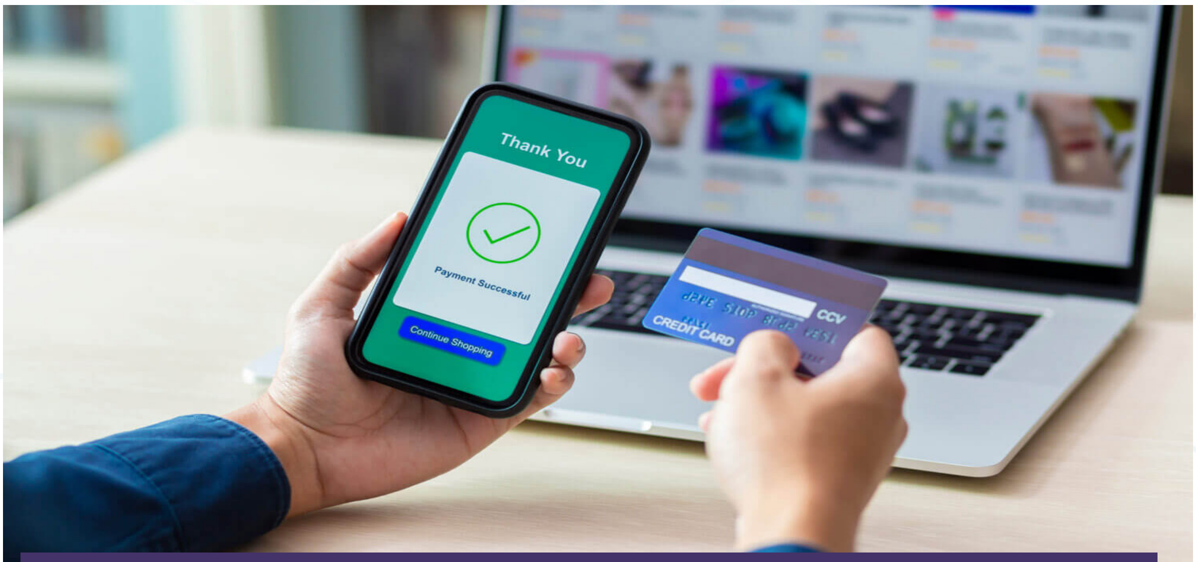
Electronic transfers occur when organisations use the Internet to transfer funds from their business bank account to the bank account of another business they owe money to. Direct deposit and BPay are the two methods of Internet banking.

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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

Practice

Practice activity *23*

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

List the different types of non-cash transactions.

List and explain the 3 parties to a cheque.	

Practice

Practice activity *24*

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

Summary of outstanding account payables			
Account Payable	**Amount Due**	**Due Date**	**Discount if paid by due date**
Qatar Laundry	*QR 755*	*31 October*	*5%*
Gulf Travel	*QR 3,455*	*31 October*	*2.4%*
Pearl Hotel	*QR 1,230*	*25 October*	*3%*
Landmark Technicians	*QR 500*	*1 November*	*5%*

QATAR BANK
Doha city Branch
______________20______
*To:*____________________
*QR:*___________________
*For:*__________________

Gulf Insulation
ABN 48 741 569 952
001 11223 78524

QATAR BANK
Doha city Branch
____________________ 20 ___________
Pay ______________________________________ *or Bearer*
The sum of ____
____
*QR*____

Gulf Insulation
ABN 48 741 569 952 *Signature/s*
001 11223 78524

QATAR BANK
Doha city Branch
______________20______
*To:*____________________
*QR:*___________________
*For:*__________________

Gulf Insulation
ABN 48 741 569 952
001 11223 78524

QATAR BANK
Doha city Branch
____________________ 20 ___________
Pay ______________________________________ *or Bearer*
The sum of ____
____
*QR*____

Gulf Insulation
ABN 48 741 569 952 *Signature/s*
001 11223 78524

QATAR BANK *Doha city Branch* ____________20______ *To:*__________________ *QR:*_________________ *For:*________________ *Gulf Insulation* *ABN 48 741 569 952* *001 11223 78524*

QATAR BANK *Doha city Branch*	
	__________________ 20 __________
Pay _________________________________	*or Bearer*
The sum of ___________________________________	
____	
*QR*____	
Gulf Insulation	
ABN 48 741 569 952	*Signature/s*
001 11223 78524	

QATAR BANK *Doha city Branch* ____________20______ *To:*__________________ *QR:*_________________ *For:*________________ *Gulf Insulation* *ABN 48 741 569 952* *001 11223 78524*

QATAR BANK *Doha city Branch*	
	__________________ 20 __________
Pay _________________________________	*or Bearer*
The sum of ___________________________________	
____	
*QR*____	
Gulf Insulation	
ABN 48 741 569 952	*Signature/s*
001 11223 78524	

Reconciliation of banking documents

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

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

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

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

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

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

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

CASH RECEIPTS 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*	*600.00*				*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*	
	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*

CRS = Cash Register *EFTPOS = Electronic funds transfer at point of sale Rec = Receipt*

Summary

CASH PAYMENTS BOOK

Date	Reference	Particulars	Freight	Stationery	Wages	Rent	Other	Bank
1 October	Ch 2457	Doha Furn Dist	5,800.00					5,800.00
	Ch 2458	Al Amari Trus				6,550.00		6,550.00
2 October	Ch 2459	Doha Furn Dist	6,500.00					6,850.00
3 October	Ch 2460	QFS wll	8,250.00					8,250.00
	EFT	Kahramaa					500.00	
	EFT	Doha Stationery		1,750.00				1,750.00
4 October	Ch 2461	Repairs					465.00	
	Ch 2462	Petty cash reimb					545.00	465.00
5 October	EFT	Wages			3,255.00			3,255.00
	Ch 2463	Al Basara Corp	6,625.00					6,625.00

Ch = Cheque *EFT = Electronic funds transfer (including BPay)*

QATAR BANK Al Sadd Branch		
BANK STATEMENT		
Statement of current account	*Account name:*	*Qatar Luxury Furnishing*
	Account number:	*11223 78524*

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

Practice

Practice activity *25*

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

Financial transaction	Source documents	Cash book
Receipt of money		
Payment of money		

Practice

Practice activity *26*

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

Cash Receipts Journal of Mr Handyman								
Date	Receipt No	Received from	Cleaning	Carpentry repairs	Painting	Plumbing	Other	Bank
			QR	*QR*	*QR*	*QR*	*QR*	*QR*
Nov 1	*109*	*I Bush*			*150*			*150*
3	*110*	*J McGill*	*175*					*175*
14	*111*	*A Petro*				*80*		
	112	*R Tiler*		*125*				*205*
25	*113*	*B Reynolds*					*165*	*165*
28	*114*	*T Simpson*	*60*					*60*
			QR235	*QR125*	*QR150*	*QR80*	*QR165*	*QR755*

How much was received for painting services?

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

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

What does the 'Other' column represent?

Why doesn't the QR80 received from A Petro appear in the bank column?

What was the total cash received during November?

Practice

Practice activity 27

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

Nov 1	*Received QR880 for installing a new shower, receipt no 10.*
8	*Received QR1100 from Dana Nassar for new kitchen plumbing, receipt no 11.*
12	*Received QR440 for replacing old pipe, receipt 12.*
	Received QR25 commission for the recommendation of another plumber for a job. Receipt no 13.
23	*Received QR1560 from Claude Georges for plumbing new bathroom, receipt no 14.*
25	*Repaired burst water main for cash QR220, receipt no 15.*

Date	Receipt No	Received from	Plumbing repairs and old work	Plumbing (new work)	Other	Bank
			QR	*QR*	*QR*	*QR*

Practice

Practice activity *28*

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

Cash Payments Journal of Mr Handyman								
Date	**Cheque No**	**Paid**	**Supplies**	**Equipment**	**Telephone**	**Vehicle expenses**	**Other**	**Bank**
			QR	*QR*	*QR*	*QR*	*QR*	*QR*
Nov 4	*278*	*Qatar Hardware*	*255*					*255*
4	*279*	*Qatar Post Office*					*35*	*35*
14	*280*	*Ooredoo– Telephone charges*			*122*			
		Ooredoo - Modem		*250*				*372*
26	*281*	*Qatar Hardware*		*325*		*150*		*475*
29	*282*	*Gulf paint Supplies*	*340*					*340*
			QR595	*QR575*	*QR122*	*QR150*	*QR35*	*QR1477*

How much was paid for supplies?

What did Equipment cost during the month?

What was the most expensive item and how much did it cost?

What does the 'Other' column represent?

Why doesn't the QR122 paid on 14 November appear in the bank column?

What was the total cash paid during November?

Practice

Practice activity *29*

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

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

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

Practice

Practice activity *30*

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

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

Cash Receipts Journal of ....

Date	Receipt No	Received from	Service fees	Accounts receivable	Rent	Other	Bank
			QR	*QR*	*QR*	*QR*	*QR*

Cash Payments Journal of ....

Date	Cheque No	Paid	Wages	Supplies	Office expenses	Other	Bank
			QR	*QR*	*QR*	*QR*	*QR*

Practice

Practice activity 31

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

What is the name of the bank customer?

What was the opening and closing bank balance?	

What does the abbreviation Cr stand for?

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

Explain the transactions on October 2.

What does EFTPOS stand for?

QATAR BANK
Al Sadd Branch

BANK STATEMENT

Statement of current account	*Account name:*	*Qatar Luxury Furnishing*
	Account number:	*11223 78524*

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

Preparation of a bank reconciliation statement

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

Step 1

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

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

Step 2

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

CASH RECEIPTS 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*	*600.00*				*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*

CASH PAYMENTS BOOK

Date	Reference	Particulars	Freight	Stationery	Wages	Rent	Other	Bank
1 October	*Ch 2457*	*Doha Furn Dist*	*5,800.00*					*5,800.00*
	Ch 2458	*Al Amari Trus*				*6,550.00*		*6,550.00*
2 October	*Ch 2459*	*Doha Furn Dist*	*6,500.00*					*6,850.00*
3 October	*Ch 2460*	*QFS wll*	*8,250.00*					*8,250.00*
	EFT	*Kahramaa*					*545.00*	*545.00*
	EFT	*Doha Stationery*		*1,750.00*				*1,750.00*
4 October	*Ch 2461*	*Repairs*					*500.00*	*500.00*
	Ch 2462	*Petty cash reimb*					*465.00*	*465.00*
5 October	*EFT*	*Wages*			*3,255.00*			*3,255.00*
	Ch 2463	*Al Basara Corp*	*6,625.00*					*6,625.00*

QATAR BANK Al Sadd Branch						
BANK STATEMENT						
Statement of current account	*Account name:*	*Qatar Luxury Furnishing*				
	Account number:	*11223 78524*				

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

Step 3

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

Step 4

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

Step 5

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

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

CASH RECEIPTS 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	600.00				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	48,670.00

CASH PAYMENTS BOOK								
Date	**Reference**	**Particulars**	**Freight**	**Stationery**	**Wages**	**Rent**	**Other**	**Bank**
1 October	*Ch 2457*	*Doha Furn Dist*	*5,800.00*					*5,800.00*
	Ch 2458	*Al Amari Trus*				*6,550.00*		*6,550.00*
2 October	*Ch 2459*	*Doha Furn Dist*	*6,500.00*					*6,850.00*
3 October	*Ch 2460*	*QFS wll*	*8,250.00*					*8,250.00*
	EFT	*Kahramaa*					*545.00*	*545.00*
	EFT	*Doha Stationery*		*1,750.00*				*1,750.00*
4 October	*Ch 2461*	*Repairs*					*500.00*	*500.00*
	Ch 2462	*Petty cash reimb*					*465.00*	*465.00*
5 October	*EFT*	*Wages*			*3,255.00*			*3,255.00*
	Ch 2463	*Al Basara Corp*	*6,625.00*					*6,625.00*
	B/S	*EFTPOS fees*					*415.00*	*415.00*
		27,175.00	*350.00*	*1,750.00*	*3,255.00*	*6,550.00*	*1,510.00*	*41,005.00*

Step 6

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

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

Step 7

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

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

Practise the bank reconciliation process by completing the following activities.

Practice

Practice activity 32

From the following information;

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

Cash Receipts Journal of Zainer's Photography Shop (extract)			
Date	**Receipt No**	**Particulars**	**Bank**
June 1	*CRS*	*Sales*	*400*
9	*16*	*R Viduker*	*1200*
11	*CRS*	*Sales*	*300*
16	*17*	*J Massan*	*100*
23	*CRS*	*Sales*	*150*
29	*CRS*	*Sales*	*390*

Cash Payments Journal of Zainer's Photography Shop (extract)				
Date	**Cheque No**	**Particulars**	**Other**	**Bank**
June 1	*276*	*Wages*		*600*
9	*277*	*M Renwick*		*900*
17	*278*	*Purchases*		*800*
27	*279*	*Rent*	*150*	
		Electricity	*150*	*300*

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

Ledger (extract) Zainer’s Photography Shop				
Date	**Particulars**	**Debit**	**Credit**	**Balance**
Cash at bank a/c				

Bank reconciliation statement of Zainer’s Photography Shop		

Practice

Practice activity 33

From the following information;

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

Bank reconciliation statement of Sam's Cleaning Services

As at 30 September

Credit balance as per bank statement		*7894*
Add deposits not credited		*626*
		8520
Less unpresented cheques		
No 751	*56*	
723	*749*	
726	*210*	
727	*90*	
728	*56*	*1261*
Debit balance as per bank account		*7359*

Cash Receipts Journal of Sam's Cleaning Services (extract)			
Date			**Bank**
Oct 7	*CRS*		*796*
10	*Rec 185*		*172*
15	*Rec 186*		*624*
20	*CRS*		*100*
31	*CRS*		*600*

Cash payments journal of Sam's Cleaning Services			
Date			**Bank**
Oct 1	*729*		*260*
3	*730*		*186*
7	*731*		*970*
10	*732*		*432*
15	*733*		*42*
20	*734*		*56*
21	*735*		*115*
23	*736*		*21*
25	*737*		*136*
29	*738*		*12*

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

Ledger (extract) Sam's Cleaning Services				
Date	**Particulars**	**Debit**	**Credit**	**Balance**
Cash at bank a/c				

Bank Reconciliation Statement of Sam's Cleaning Services		

Process petty cash transactions

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

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

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

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

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

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

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

Petty cash

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

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

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

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

QATAR BANK
Al Sadd Branch
1 October 20XX
To: Cash
For: Petty Cash
QR 250.00
Qatar Luxury Furnishings
TIN 48 741 568 952
004 11223 78524

QATAR BANK	
Al Sadd Branch 1 October 20XX	
Pay: Cash	*or Bearer*
The sum of : Two Hundred and Fifty Qatari Riyals	
	QR250.00
Qatar Luxury Furnishings	*Ashraf Nasser*
TIN 48 741 568 952	*Signature/s*

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

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

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

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

Look at the following petty cash voucher and receipt.

The Corner Shack
TIN 55 214 587 369

TAX INVOICE

QR	
➤ 500 g coffee	7.15
➤ 5 kg sugar	6.05
2 Subtotal	*13.20*
Total	*13.20*
Cash	*20.00*
Change	*6.80*
➤ Taxable items	
Total includes GST	*1.20*

PETTY CASH VOUCHER

Qatar Luxury Furnishings
TIN 55 214 587 369

Voucher No	**1001**	
Date	*1 October 20XX*	
Details	**Account**	**QR**
Coffee and sugar	*Staff amenities*	*13.20*
GST	*1.20*	
P Allen	*A Nasser*	
Signed	*Approved*	

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

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

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

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

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

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

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

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

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

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

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

The petty cash book is then balanced off.

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

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

Steps to balance off the petty cash book

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

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

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

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

This can happen when:

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

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

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

Petty cash tin

Practice

Practice activity *34*

You are required to complete the following petty cash activities:

a Prepare a cheque for QR200 to establish the petty cash fund.

b Prepare vouchers for the following petty cash expenses.

Accounts to be used are as follows:

Advertising, Postage, Cartage, Stationery, Other Expenses

Sept 16

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

Sept 17

- Paid for stamps, QR7, voucher no 2.
- Paid for cartage, QR20, voucher no 3.

Sept 18

- Paid Doha Deliveries for cartage, QR25, voucher no 4.
- Paid Jarir Stationers for stationery, QR33, voucher no 5.

Sept 19

- Bought stamps, QR25, voucher no 6.

Sept 20

- Bought milk for staff amenities room, QR11, voucher no 7.
- Bought a ream of paper, QR4, voucher no 8.

QATAR BANK *Doha city Branch* __________ *20* ______ *To:* ____________ *QR:* ____________ *For:* ____________ ________________ *AB Lighting* *ABN 48 741 568 952* *001 11223 78524*	*QATAR BANK* *Doha city Branch* ____________ *20* ________ *Pay* ____________________ *or Bearer* *The sum of* ____________________ ____________________________ *QR* ________________________ *AB Lighting* *ABN 48 741 568 952* *Signature/s* *001 11223 78524*

AB LIGHTING

Petty Cash Voucher

Voucher No ____________

Date __________________

Details *Account* *QR*

____

____

____

____

Petty Cash Officer

AB LIGHTING

Petty Cash Voucher

Voucher No ____________

Date __________________

Details *Account* *QR*

____

____

____

____

Petty Cash Officer

AB LIGHTING

Petty Cash Voucher

Voucher No ____________

Date __________________

Details *Account* *QR*

____

____

____

____

Petty Cash Officer

AB LIGHTING

Petty Cash Voucher

Voucher No ____________

Date __________________

Details *Account* *QR*

____

____

____

____

Petty Cash Officer

AB LIGHTING

Petty Cash Voucher

Voucher No ___________

Date _________________

Details	*Account*	*QR*

____

Petty Cash Officer

AB LIGHTING

Petty Cash Voucher

Voucher No ___________

Date _________________

Details	*Account*	*QR*

____

Petty Cash Officer

AB LIGHTING

Petty Cash Voucher

Voucher No ___________

Date _________________

Details	*Account*	*QR*

____

Petty Cash Officer

AB LIGHTING

Petty Cash Voucher

Voucher No ___________

Date _________________

Details	*Account*	*QR*

____

Petty Cash Officer

Practice

Practice activity 35

You are required to complete the following:

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

Exclude GST for the purposes of this exercise.

QATAR BANK
Doha city Branch
78524

______________*20*______

To: ____________________

*QR:*____________________

For: ___________________

____

Doha Interiors
TIN 48 741 568 952
001 11223 78530

QATAR BANK
Doha city Branch *78524*

______________________ *20* __________________

Pay ____________________________________ *or Bearer*

The sum of ______________________________________

____

*QR*____

Doha Interiors
TIN 48 741 568 952 *Signature/s*
001 11223 78530

QATAR BANK
Doha city Branch
78530

_____________20______

To: __________________

QR :__________________

For:__________________

____

Doha Interiors
TIN 48 741 568 952
001 11223 78530

QATAR BANK
Doha city Branch 78530

____________________ 20 _________________

Pay __________________________________ or Bearer

The sum of ____________________________________

____

QR____

Doha Interiors
TIN 48 741 568 952 Signature/s
001 11223 78530

DOHA INTERIORS
Petty Cash Voucher

Voucher No	2314
Date	4 Oct
Details	Office Cleaning
Account	Sundry Expenses
Amount	QR15.00

____
Petty Cash Officer

DOHA INTERIORS
Petty Cash Voucher

Voucher No	2315
Date	6 Oct
Details	Qatar Stationery
Account	Stationery
Amount	QR7.50

____
Petty Cash Officer

DOHA INTERIORS

Petty Cash Voucher

Voucher No	*2316*
Date	*14 Oct*
Details	*Doha Couriers*
Account	*Cartage*
Amount	*QR25.00*

____

Petty Cash Officer

DOHA INTERIORS

Petty Cash Voucher

Voucher No	*2317*
Date	*14 Oct*
Details	*Carrefour*
Account	*Sundry Expenses*
Amount	*QR11.00*

____

Petty Cash Officer

DOHA INTERIORS

Petty Cash Voucher

Voucher No	*2318*
Date	*22 Oct*
Details	*Carrefour*
Account	*Stationery*
Amount	*QR21.35*

____

Petty Cash Officer

DOHA INTERIORS

Petty Cash Voucher

Voucher No	*2319*
Date	*24 Oct*
Details	*Q Postal*
Account	*Postage*
Amount	*QR33.75*

____

Petty Cash Officer

DOHA INTERIORS

Petty Cash Voucher

Voucher No	*2320*
Date	*28 Oct*
Details	*Doha couriers*
Account	*Cartage*
Amount	*QR25.00*

____

Petty Cash Officer

DOHA INTERIORS

Petty Cash Voucher

Voucher No	*2321*
Date	*30 Oct*
Details	*Q Postal*
Account	*Postage*
Amount	*QR10.85*

____

Petty Cash Officer

PETTY CASH BOOK

DOHA INTERIORS

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

Prepare and process invoices for payment to creditors and for debtors

Organisational procedures for invoice preparation

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

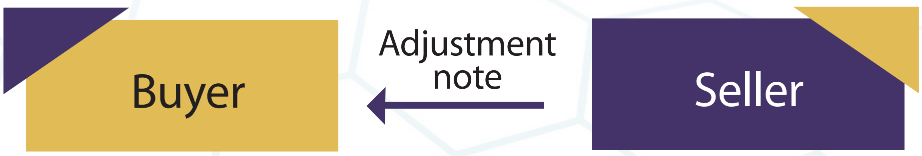
Therefore, the buyer uses the original invoice for recording the purchases transaction and the seller uses the invoice copy for recording the sales transaction.

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

To buy goods (inventories, supplies) or services

To sell goods (inventories, supplies) or services

To return goods (inventories, supplies) or amend invoices



Practice

Practice activity *36*

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

Flow of business documents

To buy goods or services		
	⟶	
To sell goods or services		
	⟶	
To return goods or amend invoices		
	⟶	

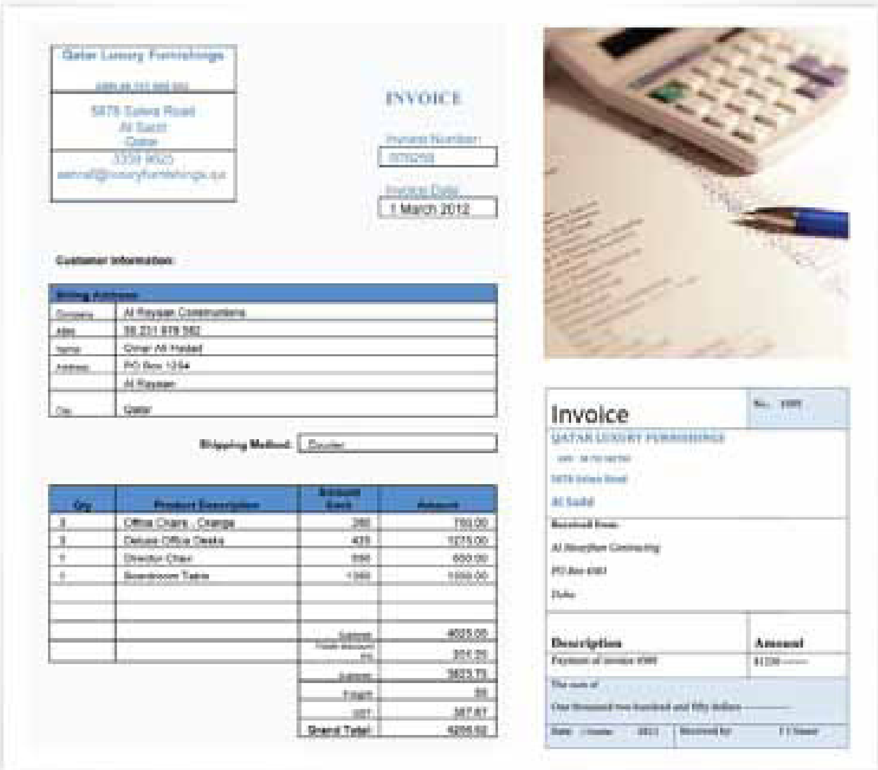
When a sale takes place, a business will provide sales receipts and/or invoices. Sales receipts provide evidence that the transaction has been paid. If the transaction is a cash sale and not on credit, the sales receipt can take the place of the invoice. This means the receipt must be a GST receipt.

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

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

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

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



Practice

Practice activity *37*

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

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

Qatar Luxury Furnishings
TIN 48 741 568 952
5878 Salwa Road

Al Sadd Qatar 3358 9625
ashraf@luxuryfurnishings.qa

TAX INVOICE

Invoice number: B78258
Invoice date: 1 March 20XX

Customer information

Account ref **Raycon 87234**

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

Shipping Method: courier

Qty	Product Description	Amount Each	Amount
3	*Office chairs – Orange*	*250*	*750.00*
3	*Deluxe office desks*	*425*	*1,275.00*
1	*Director chair*	*650*	*650.00*
1	*Boardroom table*	*1,350*	*1,350.00*
		Subtotal:	*4,025.00*
		TTrade discount 5%	*201.25*
		Subtotal:	*3823.75*
		Freight:	*55*
		GST:	*387.87*
		Grand total:	*4,266.62*

Practice

Practice activity 38

List the features of a correctly prepared GST invoice.

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

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

Method 1

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

Method 2

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

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

Method 1

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

Method 2

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

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

Practice

Practice activity 39

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

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

The GST should be correctly calculated on all invoices

Practice

Practice activity *40*

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

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

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

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

Practice

Practice activity 41

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

Qatar Luxury Furnishings

5878 Salwa Road
Al Sadd Qatar

3358 9625
ashraf@luxuryfurnishings.qa

INVOICE

Invoice number:
Invoice date: 1 March 20XX

Customer information

Account ref Raycon 87234

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

Shipping Method: courier

Qty	Product Description	Amount Each	Amount
3	*Office chairs – orange*	*250*	*750.00*
3	*Deluxe office desks*	*525*	*1,275.00*
1	*Director chair*	*650*	*650.00*
	Boardroom table	*1,350*	*1,350.00*
		Subtotal	*4,025.00*
		Trade discount 5%	*201.25*
		Subtotal:	*3823.75*
		Freight:	*55*
		GST:	*387.87*
		Grand Total:	*4,266.62*

Checking invoices and other source documents

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

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

The purchase order must contain the following:

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

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

Practice

Practice activity *42*

Answer the following questions from the purchase order form.

Qatar Luxury Furnishings TIN 48 741 568 952	**PURCHASE ORDER**
5878 Salwa Road Al Sadd Qatar	
3358 9625 ashraf@luxuryfurnishings.qa	**Number:** 458712 **Date:** 1 March 20XX

Supplier:

Billing Address:	
Company:	*Al Jazeera Furniture Wholesaler*
TIN:	*85 879 847 285*
Name:	*Ali Al-Sowaidi*
Address:	*PO Box 4110* *Doha*

Shipping Method: Qatar Freight Handlers

Qty	Product Description	Amount Each	Amount
20	*Office chairs*	*100.00*	*2,000.00*
35	*Lounge suites*	*550.00*	*19,250.00*

Who is the buyer?

Who is the seller?

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

What are the delivery instructions?

There is no GST/VAT on this purchase order. Do you think that is correct? Why or why not?

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

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

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

<table>
<tr><th colspan="3">Delivery note</th></tr>
<tr><td colspan="2">Al Jazeera Furniture Wholesaler
PO Box 5624
Doha Qatar</td><td>Date: 12 March 20xx</td></tr>
<tr><td></td><td>Ship To
Ashraf Nasser
Qatar Luxury Furnishings
5878 Salwa Road
Al Sadd
Qatar
3358 9626
Customer ID 4589</td><td>Bill To
Ashraf Nasser
Qatar Luxury Furnishings
5880 Salwa Road
Al Sadd
Qatar
3358 9626
Customer ID 4589</td></tr>
<tr><td>Order Date</td><td>Order Number</td><td>Job</td></tr>
<tr><td>1 March 20xx</td><td>458712</td><td></td></tr>
<tr><td>Item</td><td>Description</td><td>Quantity</td></tr>
<tr><td>O 112</td><td>Office chairs</td><td>20</td></tr>
<tr><td>L 4790</td><td>Lounge suites</td><td>35</td></tr>
<tr><td colspan="3">Please contact Customer Service at 6658 7412
with any questions or comments.
Thank you for your business!
Al Jazeera Furniture Wholesaler</td></tr>
</table>

Tax Invoice

No AF 7358

Al Jazeera Furniture Wholesaler PO Box 5624 Doha Qatar	Date: 12 March 20xx

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

Order Date	Order Number	Job
1 March 20xx	458712	

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

Please contact Customer Service at 6658 7412
with any questions or comments.
Thank you for your business!
Al Jazeera Furniture Wholesaler

Practice

Practice activity *43*

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

Qatar Luxury Furnishings TIN 48 741 568 952	**PURCHASE ORDER**
5878 Salwa Road Al Sadd Qatar	
3358 9625 ashraf@luxuryfurnishings.qa	**Number:** 458728 **Date:** 14 March 20**xx**

Supplier:

Billing Address:	
Company:	*Al Jazeera Furniture Wholesaler*
TIN:	*85 879 847 285*
Name:	*Ali Al-Sowaidi*
Address:	*PO Box 4110* *Doha*

Shipping Method: *Qatar Freight Handlers*

Qty	Product Description	Amount Each	Amount
10	*Office desks (1200 x 300)*	*125.00*	*1,250.00*
15	*Bedside tables*	*45.00*	*675.00*
50	*Lounge suites*	*12.50*	*625.00*

Delivery note

Al Jazeera Furniture Wholesaler PO Box 5624 Doha Qatar		Date: 12 March 20xx
	Ship To Ashraf Nasser Qatar Luxury Furnishings 5878 Salwa Road Al Sadd Qatar 3358 9626 Customer ID 4589	**Bill To** Ashraf Nasser Qatar Luxury Furnishings 5880 Salwa Road Al Sadd Qatar 3358 9626 Customer ID 4589
Order Date	**Order Number**	**Job**
14 March 20xx	*458728*	
Item	**Description**	**Quantity**
D 445	*Office chairs*	*10*
BT 121	*Bedside tables*	*10*
LC 8435	*Lounge suites*	*55*

Please contact Customer Service at 6658 7412
with any questions or comments.
Thank you for your business!
Al Jazeera Furniture Wholesaler

Tax Invoice

No AF 7382

Al Jazeera Furniture Wholesaler
PO Box 5624
Doha Qatar

Date: 18 March 20xx

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

Order Date	Order Number	Job
1 March 20xx	458728	

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

Please contact Customer Service at 6658 7412
with any questions or comments.
Thank you for your business!
Al Jazeera Furniture Wholesaler

What differences did you find? List them below.

....

....

....

....

....

....

....

....

....

....

....

....

....

Ashraf Nasser has a storeman who checks off all his deliveries. The storeman checks what has been delivered against the delivery note. He then takes the delivery note up to the office where it is checked against the purchase order.

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

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

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

Practice

Practice activity 44

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

Qatar Real Estate TIN 48 741 568 952	**PURCHASE ORDER**
5878 Salwa Road Al Sadd Qatar	
3358 9625 ashraf@qatrealty.qa	**Number:** 458712 **Date:** 1 March 20xx

Supplier:

Billing Address:	
Company:	*Al Jazeera Shop Fitters*
TIN:	*85 879 847 285*
Name:	*Ali Al-Sowaidi*
Address:	*PO Box 4110* *Doha*

Shipping Method: *Qatar Freight Handlers*

Qty	Product Description	Amount Each	Amount
20	*Office Chairs*	*100.00*	*2,000*
35	*Lounge suites*	*550.00*	*19,250*

Practice

Practice activity *45*

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

	Tax Invoice			No AF 7382
Al Jazeera Furniture Wholesaler PO Box 5624 Doha Qatar			Date: 12 March 20xx	
	Ship To Ashraf Nasser Qatar Real Eatate 5878 Salwa Road Al Sadd Qatar 3358 9626 Customer ID 4589		**Bill To** Ashraf Nasser Qatar Real Eatate 5880 Salwa Road Al Sadd Qatar 3358 9626 Customer ID 4589	
Order Date	**Order Number**		**Job**	
1 March 20xx	*458712*			
Item	**Description**	**Quantity**	**Unit price**	**Total**
O 112	*Office Chairs*	*20*	*100.00*	*2,000.00*
L 4790	*Lounge*	*40*	*550.00*	*22,000.00*
			Subtotal	*24,000.00*
			Freight	*1,000.00*
			GST	*2,500.00*
			Total	*27,500.00*

Please contact Customer Service at 6658 7412
with any questions or comments.
Thank you for your business!
Al Jazeera Furniture Wholesaler

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

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

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

An adjustment note will be prepared as evidence of damaged goods

Adjustment note

B511

Al Jazeera Furniture Wholesaler PO Box 5624 Doha Qatar			Date: 20 March 20xx	
	Ship To Ashraf Nasser Qatar Luxury Furnishings 5878 Salwa Road Al Sadd Qatar 3358 9626 Customer ID 4589		**Bill To** Ashraf Nasser Qatar Luxury Furnishings 5880 Salwa Road Al Sadd Qatar 3358 9626 Customer ID 4589	
Order Date	**Order Number**		**Job**	
1 March 20xx	*458728*			
Item	**Description**	**Quantity**	**Unit price**	**Total**
LC 8435	*Lounge cushions*	*5*	*12.50*	*62.50*
			Subtotal	*62.50*
			Freight	
			GST	*6.25*
			Total	*68.75*

Please contact Customer Service at 6658 7412
with any questions or comments.
Thank you for your business!
Al Jazeera Furniture Wholesaler

Practice

Practice activity *46*

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

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

To: *ali.suwaidi*

Subject: *Invoice AF 7382*

Good morning Ali

Thank you for supplying our order of office furniture. However, we have discovered an error in invoice no AF7382.

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

Please send us an adjustment note and adjust our records.

Regards

Ashraf

Adjustment note

B511

Al Jazeera Shop Fitters PO Box 5624 Doha Qatar		Date:
	Ship To Ashraf Nasser Qatar Real Eatate 5878 Salwa Road Al Sadd Qatar 3358 9626 Customer ID 4589	**Bill To** Ashraf Nasser Qatar Real Eatate 5880 Salwa Road Al Sadd Qatar 3358 9626 Customer ID 4589
Order Date	**Order Number**	**Job**

Item	Description	Quantity	Unit price	Quantity

Thank you for your business!

Al Jazeera Furniture Wholesaler

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

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

Statement of account

Al Jazeera Furniture Wholesaler PO Box 5624 Doha Qatar	Date: 30 March 20xx

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

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

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

Please contact Customer Service at 6658 7412
with any questions or comments.
Thank you for your business!
Al Jazeera Furniture Wholesaler

Filing documentation

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

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

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

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

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

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

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

Practice

Practice activity 47

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

- City Place
- City Mobile
- Citicorp
- City Palace Trading
- Citizen Newspaper

1	
2	
3	
4	
5	

Prepare journals and batch monetary items

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

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

Prepare journals accurately

Because we are already familiar with cash books, the first journals we prepare will be our cash journals – cash receipts and cash payments.

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

A cash receipts journal will record all those transactions that result in the receipt of cash from any of the sources mentioned above.

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

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

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

Let's look at the following example. We sell goods to a customer for cash for QR110. To calculate the GST/VAT component, we divide by 11. The sale of QR110 is made up of QR10 GST/VAT and QR100 sales. We will have to send the QR10 GST/VAT to the government. Therefore, our accounting system needs to be able to record these figures.

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

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

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

RECEIPT	
5 January 20xx	*No 179*
Received from	*A Masood*
For	*Carpentry*
Amount	*1,200.00*
GST	*120.00*
Total	*1,320.00*

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

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

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

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

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

Cash Register Summary	
1 October 20xx	
Furniture	*0*
Furnish	*0*
Carpet	*250.00*
Kitchen	*175.00*
Other	*0*
Sub Total	*425.00*
GST	*42.50*
Total	*467.50*

Cash Register Summary	
2 October 20xx	
Furniture	*800.00*
Furnish	*600.00*
Carpet	*0*
Kitchen	*0*
Other	*$0*
Sub Total	*1,400.00*
GST	*140.00*
Total	*1,540.00*

Cash Register Summary	
3 October 20xx	
Furniture	*0*
Furnish	*0*
Carpet	*200.00*
Kitchen	*855.00*
Other	*0*
Sub Total	*1,055.00*
GST	*105.50*
Total	*1,160.50*

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

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

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

CASH RECEIPTS BOOK

Date	Reference	Particulars	Furniture	Furnishings	Carpet	Kitchen appliances	Other	GST collected	Bank
1 October	Rec 211	J Al Ghanim	11,250.00					1,125.00	
	CRS	Cash sales			250.00	175.00		42.50.00	12,970.00
2 October	CRS	Cash sales	800.00	600.00				140.00	2,050.00
3 October	Rec 212	H Al Thani			12,450.00			1,245.00	
	CRS	Cash sales			200.00	855.00		105.50	14,755.00
	EFTPOS	EFTPOS sales	2,125.00	11,850.00				1,397.50	13,975.00
4 October	CRS	Cash sales					50.00	5.00	635.00
	EFTPOS	EFTPOS sales					955.00	95.50	1,815.00
5 October	CRS	Cash sales			415.00	280.00	395.00	109.00	2,335.00
			14,175.00	12,450.00	13,315.00	1,310.00	1,400.00	4,265.00	

NOTES

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

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

The bank column represents the total of the money received, eg sale plus the GST/VAT.

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

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

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

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

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

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

Cheque Butt	
5 January 20xx	*No 295*
Paid to	*Doha Hardware*
For	*Supplies*
Amount	*575.00*
GST/VAT	*57.50*
Total	*632.50*

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

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

Ashraf uses the cheque butts and EFT summaries of Qatar Luxury Furnishings to prepare the cash payments journal. Following is an example of the source documents, followed by the cash payments journal.

Cheque Butt	
1 January 20xx	*No 2457*
Paid to	*Doha Furnishing Dist*
For	*Purchases*
Amount	*5,800.00*
GST/VAT	*580.00*
Total	*6,380.00*

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

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

Cheque Butt	
6 January 20xx	*No 2460*
Paid to	*QFS wll*
For	*Purchases*
Amount	*8,250.00*
GST/VAT	*825.00*
Total	*9,075.00*

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

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

CASH RECEIPTS BOOK									
Date	**Reference**	**Particulars**	**Purchases**	**Freight**	**Wages**	**Rent**	**Other**	**GST/VAT paid**	**Bank**
1 October	*Ch 2457*	*Doha Furn Dist*	*5,800.00*					*580.00*	*6,380.00*
3 October	*Ch 2458*	*Al Amari Trust*				*6,500.00*		*650.00*	*7,150.00*
3 October	*Ch 2459*	*Doha Furn Dist*	*6,500.00*	*350.00*				*685.00*	*7,535.00*
5 October	*Ch 2460*	*QFS wll*	*8,250.00*					*825.00*	*9,075.00*
5 October	*EFT*	*Kahramma – Govt fee*					*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*

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

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

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

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

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

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

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

The example below shows the payment of cash to suppliers.

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

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

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

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

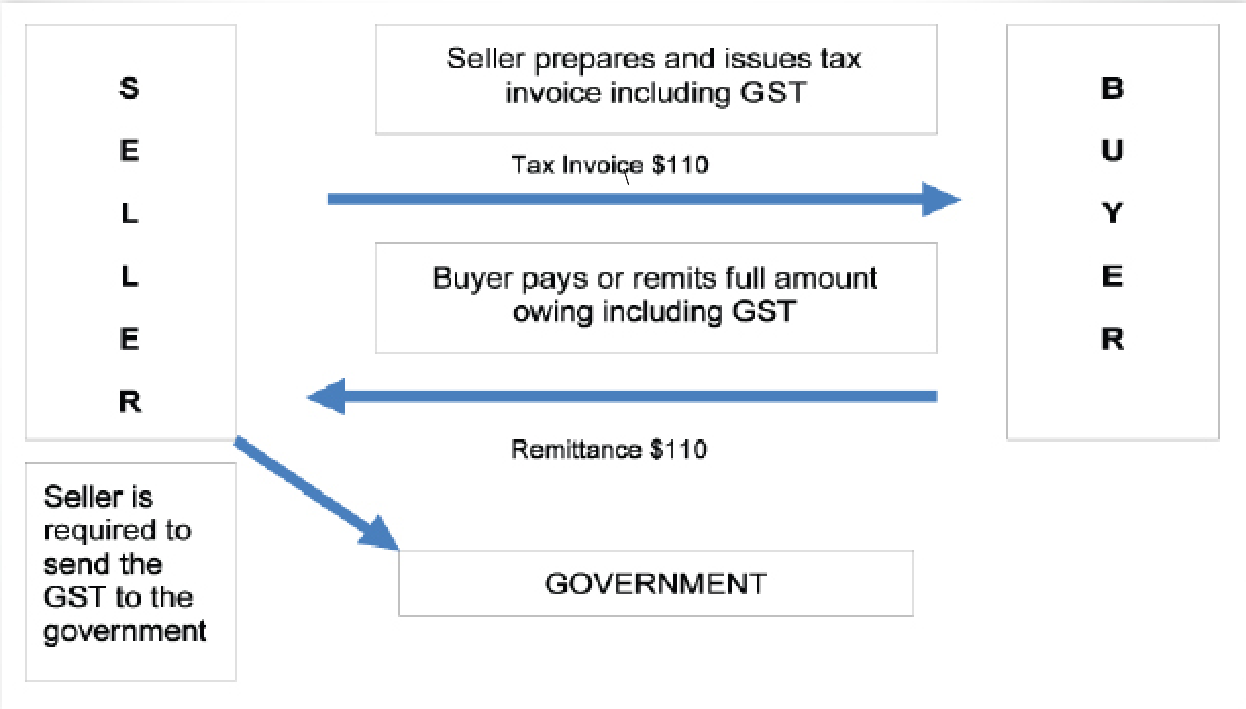
Credit transactions result in accounts receivable accounts (debtors), and account payable accounts (creditors).

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

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

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

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



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

TAX INVOICE	
Qatar Luxury Furnishings	
1 October 20xx	*No 1028*
To:	*J Al Ghanim*
Amount	*10,000.00*
GST/VAT	*1,000.00*
Total	*11,000.00*

TAX INVOICE	
Qatar Luxury Furnishings	
8 January 20xx	*No 1029*
Received from	*H Al Thani*
Amount	*12,450.00*
GST/VAT	*1,245.00*
Total	*13,695.00*

TAX INVOICE	
Qatar Luxury Furnishings	
4 October 20xx	*No 1030*
To:	*Qatar Homes*
Amount	*14,200.00*
GST/VAT	*1,420.00*
Total	*15,620.00*

TAX INVOICE	
Qatar Luxury Furnishings	
5 January 20xx	*No 1031*
Received from	*J Al Ghanim*
Amount	*1,250.00*
GST/VAT	*125.00*
Total	*1,375.00*

Sales journal of Qatar Luxury Furnishings

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

Practice

Practice activity *48*

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

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

TAX INVOICE	
Qatar Sports Centre	
5 January 20xx	*No 1029*
Received from	*B Al Quaradi*
Amount	*12,450.00*
GST/VAT	*1,245.00*
Total	*13,695.00*

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

TAX INVOICE	
Qatar Sports Centre	
25 Nov 20xx	*No 1031*
Received from	*J Al Jaber*
Amount	*1,250.00*
GST/VAT	*125.00*
Total	*1,375.00*

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

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

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

The sales returns and allowances journal is a record of all the credit returns and allowances and summarises the adjustment notes that have been issued during the month.

The following is a summary of the adjustment notes prepared and issued by Qatar Luxury Furnishings during the month of October, followed by the sales returns and allowances journal.

TAX ADJUSTMENT NOTE	
Qatar Luxury Furnishings	
5 October 20xx	*No 419*
To:	*Qatar Homes*
Amount	*480.00*
GST/VAT	*48.00*
Total	*528.00*

TAX ADJUSTMENT NOTE	
Qatar Luxury Furnishings	
6 October 20xx	*No 420*
Received from	*H Al Thani*
Amount	*1,200.00*
GST/VAT	*120.00*
Total	*1,320.00*

Sales returns and allowances journal of Qatar Luxury Furnishings						
Date	**Adjustment No**	**Particulars**	**Folio**	**Sales**	**GST/VAT**	**Accounts receivable**
5 Oct	*419*	*Qatar Homes*		*480.00*	*48.00*	*528.00*
6 Oct	*420*	*H Al Thani*		*1,200.00*	*120.00*	*1,320.00*
				1,680.00	*168.00*	*1,848.00*

Practice

Practice activity 49

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

TAX INVOICE	
Carnivaland	
2 Sept 20xx	*No 3145*
To:	*J Bright*
Amount:	*18,800.00*
GST:	*1,880.00*
Total	*20,680.00*

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

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

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

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

TAX ADJUSTMENT NOTE	
Carnivaland	
29 Sept 20xx	*No 915*
To	*S Lui*
Amount:	*850.00*
GST:	*85.00*
Total	*935.00*

Sales Journal of Carnivaland

Date	Invoice No	Particulars	Folio	Sales	GST	Accounts receivable

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

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

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

The purchases returns journal is a record of all of the credit purchase returns and allowances received by our business and is a summary of the adjustment notes received during the month.

The following is a summary of tax invoices and adjustment notes received during the month of October, followed by the purchases and purchases returns and allowances journal.

The adjustment note for damaged goods received is recorded in the purchases returns and allowances journal

Doha Furniture Distributors	
TAX INVOICE	
To:	*Qatar Luxury Furnishings*
1 October	*No 95421*
Amount	*6,650.00*
GST/VAT	*665.00*
Total	*7,315.00*

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

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

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

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

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

Purchases journal of Qatar Luxury Furnishings

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

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

Practice

Practice activity 50

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

Doha Distributors	
TAX INVOICE	
To:	*Qatar Holdings*
3 October	*No 921*
Amount	*3,200.00*
GST/VAT	*320.00*
Total	*3,520.00*

QFS wll	
TAX INVOICE	
To:	*Qatar Holdings*
9 October	*No 187*
Amount	*4,810.00*
GST/VAT	*481.00*
Total	*5,291.00*

Doha Fruit Centre	
TAX INVOICE	
To:	*Qatar Holdings*
13 October	*No 9438*
Amount	*4,210.00*
GST/VAT	*421.00*
Total	*4,631.00*

Qatar Central	
TAX INVOICE	
To:	*Qatar Holdings*
23 October	*No 55884*
Amount	*854.00*
GST/VAT	*85.40*
Total	*939.40*

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

QFS wll	
TAX ADJUSTMENT NOTE	
To:	*Qatar Holdings*
12 October	*No 963*
Amount	*150.00*
GST/VAT	*15.00*
Total	*165.00*

Purchases Journal of Qatar Holdings

Date	Invoice No	Particulars	Folio	Purchases	GST	Accounts payable

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

Summary of specialised journals

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

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

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

Following are the general journal entries that would be prepared to record the above transactions.

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

Practice

Practice activity 51

Abdullah Al Dosari has commenced business operations as a plant nursery called Doha Plant Nursery. Prepare the general journal entries for the following transactions for Doha Plant Nursery.

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

GENERAL JOURNAL

Date	Document No	Particulars	Folio	Debit	Credit

Practice

Practice activity 52

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

Summary of invoices issued

TAX INVOICE	
Yamin Trading	
2 Sept	*No 8712*
To:	*J Gamal*
Amount	*12,200.00*
GST:	*1,220.00*
Total	*13,420.00*

TAX INVOICE	
Yamin Trading	
14 Sept	*No 8713*
To:	*P Ibrihim*
Amount	*15,500.00*
GST:	*1,550.00*
Total	*17,050.00*

TAX INVOICE	
Yamin Trading	
18 Sept	*No 8714*
To:	*J Ahmed*
Amount	*3,950.00*
GST:	*395.00*
Total	*4,345.00*

TAX INVOICE	
Yamin Trading	
24 Sept	*No 8715*
To:	*P Ibrihim*
Amount	*8,160.00*
GST:	*816.00*
Total	*8,976.00*

Summary of adjustment notes issued

TAX ADJUSTMENT NOTE	
Yamin Trading	
15 Sept	*No 1215*
To:	*P Ibrihim*
Amount	*2,100.00*
GST:	*$ 210.00*
Total	*2,310.00*

TAX INVOICE	
Yamin Trading	
20 Sept	*No 1216*
To:	*J Ahmed*
Amount	*1,200.00*
GST:	*120.00*
Total	*1,320.00*

Summary of invoices received

Doha Service Centre	
TAX INVOICE	
To:	*Yamin Trading*
3 Sept	*No 4872*
Amount	*3,200.00*
GST:	*320.00*
Total	*3,520.00*

QBS wll	
TAX INVOICE	
To:	*Yamin Trading*
9 Sept	*No 1158*
Amount	*6,950.00*
GST:	*695.00*
Total	*7,645.00*

Doha Engineering	
TAX INVOICE	
To:	*Yamin Trading*
13 Sept	*No 2187*
Amount	*$6,550.00*
GST:	*$655.00*
Total	*$7,205.00*

Qatar Central Distributors	
TAX INVOICE	
To:	*Yamin Trading*
23 Sept	*No 5284*
Amount	*$854.00*
GST:	*$ 85.40*
Total	*$939.40*

Summary of adjustment notes received

QBS wll	
TAX ADJUSTMENT NOTE	
To:	*Yamin Trading*
10 Sept	*No 228*
Amount	*855.00*
GST:	*85.50*
Total	*940.50*

Doha engineering	
TAX ADJUSTMENT NOTE	
To:	*Yamin Trading*
15 Sept	*No 845*
Amount	*288.00*
GST:	*28.80*
Total	*316.80*

Summary of receipts

Yamin Trading	*Receipt*
15 Sept 2011	*No 475*
Received from	*J Gamal*
For	Settlement of a/c
Amount (incl GST)	*1,650.00*
GST	*150.00*

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

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

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

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

Yamin Trading	
Cash Register Summary	
15 Sept	
Repairs	*0*
Maintenance	*0*
Engineering	*0*
Sales	*0*
Other	*55.00*
Sub Total	*55.00*
GST	*5.00*
Total	*60.50*

Yamin Trading	
Cash Register Summary	
27 Sept	
Repairs	*0*
Maintenance	*0*
Engineering	*415.00*
Sales	*280.00*
Other	*395.00*
Sub Total	*1,090.00*
GST	*109.00*
Total	*1,199.00*

E FTPOS Summary	
5 Sept	
Repairs	*2,125.00*
Maintenance	*11,850.00*
GST	*1,406.25*
Total	*15,468.75*
EFTPOS Summary	
16 Sept	
Maintenance	*205.50*
Other	*955.00*
GST	*116.05*
Total	*1,276.55*

Summary of payments

Yamin Trading - Cheque Butt	
Sept	*No 3912*
Paid to	*Doha Fabrication*
For	*Purchases*
Amount	*5,800.00*
GST:	*580.00*
Total	*6,380.00*

Yamin Trading - Cheque Butt	
13 Sept	*No 3913*
To:	*Al Amari Trust*
For	*Rent*
Amount	*6,500.00*
GST:	*650.00*
Total	*7,150.00*

Yamin Trading - Cheque Butt	
23 Sept	*No 3914*
Paid to	*Qatar Events*
For	*Purchasing/freight*
Amount	*6,500.00/350.00*
GST:	*685.00*
Total	*7,535.00*

Yamin Trading - Cheque Butt	
25 Sept	*No 3915*
To:	*QTT wll*
For	*Purchases*
Amount	*8,250.00*
GST:	*825.00*
Total	*9,075.00*

Yamin Trading - EFT Summary	
Date	*4 Sept*
Paid to	*Kahramma*
For	*Government fee*
Amount	*545.00*
GST:	*Exempt*
Total	*545.00*

Yamin Trading - EFT Summary	
Date	*7 Sept*
Paid to	*Cash*
For	*Wages*
Amount	*1,750.00*
GST:	*Exempt*
Total	*1,750.00*

Appendices

- **Appendix 1:** Policy and procedures for security and safety with banking deposits.
- **Appendix 2:** Policy and procedures for the handling of cash.
- **Appendix 3:** Policy and procedures for petty cash.

Appendix 1

Policy and procedures for security and safety with banking deposits

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

Appendix 2

Policy and procedures for the handling of cash

1. Documentary evidence should be maintained for all cash and non-cash transactions. The document allows the business to check that the actual cash on hand corresponds to the amount that should be on hand.

2. All cash received should be banked intact at the end of each business day. 'Intact' means that payments should not be made out of the day's receipts. Banking daily ensures that large amounts of money are not left on the premises overnight.

3. The maximum amount that may be left on the premises overnight should not exceed $1,000. This amount will be used as the cash register 'float' for the next day's trading.

4. If more than $1,000 cash remains at the end of the day's trading, excess cash should be deposited into the bank night-safe facility by authorised personnel. This person is to prepare all necessary banking documentation.

5. All cash left on the premises overnight should be properly locked in the safe.

6. All cash payments should be made either by cheque or by electronic means such as 'BPay', except when amounts are small enough to be paid through a petty cash fund.

7. If payment is made electronically (Internet banking), documentary evidence of the payment must be obtained (ie the 'payment record', which will show a 'receipt number' for the transaction). This is essential to allow future enquiries regarding the payment to be followed up with the financial institution concerned.

8. Cash should be removed from the cash register during the day on a regular basis and placed in the safe prior to banking.

9 Authorised personnel only should batch, count, prepare banking documentation. This person is also responsible for contacting the security company to deposit the cash on our behalf.

10 A float of $1,000 only should be kept on hand for the next working day and should be locked in the safe overnight.

11 Each month, the business's records reconciled with the bank statement.

12 Employees who receive or handle cash should not be involved with the recording of these transactions in the accounting records. Similarly, employees who handle cash receipts should not handle cash payments.

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

Appendix 3

Policy and procedures for petty cash.

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

Semester 1

Accounting

Activity

Activity 1

Oct. **1** Ahmed invested $ 100,000 cash,$ 20,000 equipment and $ 10,000 supplies in the Success System.

2 Purchased $ 5,000 supplies by paying $ 1,000 and sign a note payable for the remaining.

3 Billed a customer $ 5,000 for sevice performed.

10 Completed a $ 5,000 cash project for a client.

15 Paid the note payable created on October 2nd

17 Received $ 3,000 for the project provided on October 3rd

20 Complete work for another client for $ 6,000 on credit.

25 Purchased additional equipment for $ 2,000 on credit.

30 Received the remaining amount from the client described on October 3rd.

30 The owner withdrew $ 2,000 for personal use.

31 Paid $ 300 cash for this month's utility bill.

31 Paid $ 2,000 for this month's utility bill.

31 Paid $ 2,000 salary for this month.

31 Paid $ 4,000 rent for this month.

Required:

1. Record the transactions in the general journal.

Success System

General Journal

Date	Account Name	Debit	Credit
Total			

Success System

General Journal

Date	Account Name	Debit	Credit
Total			

Activity 2

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

Aug. **1** Jasmine invested $10,000 cash and $15,000 equipment in the Expressions.

2 Expressions paid $600 cash for the furniture for the shop.

4 Purchased $1,200 of supplies on credit for the shop.

5 Completed service and received $800.

15 Provided $100 of haircutting on account.

20 Received $300 for services completed.

29 Paid the assistant's salary of $500 cash for this month.

30 Paid $200 cash for this month's utility bill.

30 Paid $100 cash for this month's telephone bill.

31 Expressions paid $500 cash for rent space in the mall for August.

31 Jasmine withdrew $1,000 cash from the business for personal use.

Required:

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

Expressions

General Journal

Date	Account Name	Debit	Credit
Total			

Expressions

General Journal

Date	Account Name	Debit	Credit
Total			

General Ledger:

Cash

Date	Explanation	Debit	Credit	Balance

Accounts Receivable

Date	Explanation	Debit	Credit	Balance

Equipment

Date	Explanation	Debit	Credit	Balance

Furniture				
Date	Explanation	Debit	Credit	Balance

Supplies				
Date	Explanation	Debit	Credit	Balance

Accounts Payable				
Date	Explanation	Debit	Credit	Balance

Capital				
Date	Explanation	Debit	Credit	Balance

Withdrawals				
Date	Explanation	Debit	Credit	Balance

Revenue				
Date	Explanation	Debit	Credit	Balance

Salaries Expense				
Date	Explanation	Debit	Credit	Balance

Utilities Expenses				
Date	Explanation	Debit	Credit	Balance

Telephone Expenses				
Date	Explanation	Debit	Credit	Balance

Rent Expenses				
Date	Explanation	Debit	Credit	Balance

Expressions
Trial Balance
August 31, 2012

Account Name	Debit	Credit
Total		

Activity 3

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

a What type of document is this?

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

c What is the customer's ABN?

d What date was this document prepared?

e How much GST is being charged?

f How much discount did the customer receive?

Omar Contracting ABN 48 741 568 325	**INVOICE**
Al Waab Qatar	
3358 8954 admin@omarcon.com	**Invoice Number:** 582409 **Invoice Date:** 1 Nov 2011

Supplier:

Billing Address:	
Company:	*QFurn*
ABN:	*56 231 978 582*
Name:	*Peter Johnson*
Address:	*PO Box 5489*
	Al Dafna
City	*Qatar*

Shipping Method: courier

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

a. What type of document is this?

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

c. What is the customer's ABN?

d. What date was this document prepared?

e. How much GST is being charged?

f. How much discount did the customer receive?

Omar Contracting ABN 48 741 568 325	**INVOICE**
Al Waab Qatar	
3358 8954 admin@omarcon.com	**Invoice Number: :** 582410 **Invoice Date:** 1 Nov 2011

Customer Information:

Billing Address:	
Company:	*QFurn*
ABN:	*56 231 978 582*
Name:	*Peter Johnson*
Address:	*PO Box 5489*
	Al Dafna
City	*Qatar*

Shipping Method: courier

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

a What company has supplied this document?

b What is the total of the document?

c How much GST has been charged?

d How much change did the customer receive?

e What is the cost of a printer cartridge?

Omar Contracting	
ABN 48 741 568 325	
TAX INVOICE	
Date: 1 November 2011	
	$
** 1 ream copy paper*	*$6.50*
** 1 printer cartridge*	*$37.50*
2 Subtotal	*$44.00*
Total	*$44.00*
Cash	*$50.00*
Change	*$6.00*
** Taxable items*	
Total includes GST	*$4.00*

a What company has supplied this document?

b What is the total of the document?

c How much GST has been charged?

d How much change did the customer receive?

d What is the cost of a printer cartridge?

Omar Contracting	
ABN 48 741 568 325	
TAX INVOICE	
Date: 1 November 2011	
	$
** 1 ream copy paper*	*$10.00*
** 1 printer cartridge*	*$40.00*
2 Subtotal	*$50.00*
Total	*$50.00*
Cash	*$50.00*
Change	*$ 0.00*
** Taxable items*	
Total includes GST	*$5.00*

Answer the questions below. They relate to document.

a What type of document is this?

b What is the document number?

c Who paid the money?

d Who received the money?

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

Answer the questions below. They relate to document.

a What type of document is this?

b What company paid the money?

c Who will receive the money?

d What was the reason for paying the money?

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

QATAR BANK
Al Sadd Branch

1 November 2011
To: Mohammed Al Jassim
$ 200.00
For: Contracting services

Omar Contracting
ABN 48 741 568 325
001 11223 78524

QATAR BANK
Al Sadd Branch

1 November 2011

Pay *Mohammed Al Jassim*__________ *or Bearer*
The sum of *Two hundred dollars*
$200.00

Omar Contracting *Mohammed Nasser*
ABN 48 741 568 325 *Signature/s*
001 11223 78524

Omar Contracting

General Journal

Date	Account Name	Debit	Credit

Activity 4

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

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

Your company Information

Name:	*Omar Contracting Company*
ABN:	*48 741 568 325*
Address:	*Al Waab, Doha, Qatar*
Tel.:	*33 55 44 22*

Customer Information:

Name:	*Jarir Company*
ABN:	*56 231 978 582*
Person to contact:	*Ahmed Mohamed*
Address:	*Mansoura, Doha, Qatar*
Tel.:	*33 66 33 11*

	INVOICE
	Invoice Number: **Invoice Date:**

Customer Information:

Billing Address:	
Company:	
ABN:	
Name to contact:	
Address:	
Tel:	

Shipping Method:

Qty	Product Description	Amount Each	Amount
		Subtotal:	
		Trade discount 5%	
		Subtotal:	
		Freight:	
		GST 10%	
		Grand Total:	

General Journal			
Date	Account Name	Debit	Credit

Activity 5

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

1. Tick those checks that can be deposited then prepare the deposit slip and the journal.

2. Circle the errors on those checks that cannot be banked.

DEPOSIT	DEPOSIT – SAVINGS ACCOUNT						
Doha BANK	Doha BANK	ACCOUNT NO:					
		BRANCH:					
		DATE:	_____ /_____ /2014				
DATE __/__/2014	Details of cheques			NOTES			
	DRAWER	BANK	BRANCH	COINS			
ACCOUNT NO ___________							
AMOUNT $___________							
Teller Initials	PAID IN BY (Signature)		Commission	No of cheques	Teller		
Innovative Business Strategies							
	CREDIT Innovative Business Strategies ABN 48 741 568 952				Total	$	
ABN 48 741 568 952 001 11223 78524	001 11223 78524						

General Journal			
Date	Account Name	Debit	Credit

QATAR BANK
Al Sadd Branch

30 September 2014

Pay *Innovative Business Strategies*__________________ *or Bearer*

The sum of *Five hundred and fifty dollars*

$550.00

Omar Contracting *A Hameed*
ABN 48 741 568 952 *Signature/s*
001 11223 78524

QNB
Al Gharafa

31 August 2014

Pay *Innovative Business Strategies*__________________ *or Bearer*

The sum of *Two thousand dollars*

$2000.00

Omar Contracting *L Thompson*
ABN 87 741 568 911 *Signature/s*
001 11223 78524

DOHA BANK
Main Branch

1 September 20 14

Pay *Innovative Business Strategies*__________________ *or Bearer*

The sum of *Two thousand one hundred dollars and fifty five cents*

$2100.55

QATAR Concrete Pumping *W Al Thani*

ABN 24 578 147 258 *Signature/s*

001 11223 78524

QNB
Mansoura Branch

31 August 2014

Pay *Innovative Business Strategies*__________________ *or Bearer*

The sum of *Seventy dollars*

$70.00

Qatar Luxury Furnishings

ABN 48 741 568 952 *Signature/s*

001 11223 78524

COMMERCIAL BANK
Al Dafna Branch

28 August 2014

Pay *Innovative Business Strategies*__________________ *or Bearer*

The sum of *Fifty dollars*

$50.00

Qatar Bookshops *J Brown*

ABN 12 852 568 952 *Signature/s*

001 11223 78524

QATAR BANK
Al Sadd Branch

31 July 2014

Pay *Innovative Business Strategies*_________________ *or Bearer*

The sum of *Seven hundred and forty five dollars*

$745.00

National Car Rentals *M Darwish*
ABN 98 741 258 635 *Signature/s*
001 11223 78524

Activity 6

Cash Prepared for Banking

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

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

CALCULATION FORM

Denomination	Quantity	Value
Notes		
$100	5	
$50	6	
$20	5	
$10	7	
$5	9	
Coins		
$2	10	
$1	3	
50c	10	
20c	20	
10c	10	
5c	50	
Total		

Cash and Checks Slip

DEPOSIT	DEPOSIT – SAVINGS ACCOUNT		
QIIB	QIIB	ACCOUNT NO:	
		BRANCH:	
		DATE:	_____ /_____ /2011

DATE

__/__/2011

ACCOUNT NO

____

AMOUNT

$___________

Teller Initials

001 11223 78900

Details of cheques			NOTES			
DRAWER	BANK	BRANCH	COINS			
PAID IN BY (Signature)		Commission	No of cheques	Teller		
CREDIT Carrefour ABN 48 741 568 952				Total	$	
001 11223 78900						

QIIB

Hamed Branch

Date: ___________________

To: _____________________

For:_____________________

$ ______________________

Carrefour

ABN 48 741 568 952

001 11223 78900

QIIB

Hamed Branch

Date: ______________

$: .______________

Pay ____________________________________ or Bearer

The sum of ____________________________________

____

____

Carrefour

ABN 48 741 568 952 Signature/s

001 11223 78900

Activity 7

Bank Reconciliation

QATAR BANK				
Al Sadd Branch				
BANK STATEMENT				
Statement of Current Account	*Account Name:*	Gulf Services		
	Account Number:	11223 78524		
Date	**Particulars**	**Debit**	**Credit**	**Balance**
1-Nov	Balance forward			15,278
	Ch. 5902	720		14,558
5-Nov	Deposit		1,104	15,662
7-Nov	Ch. 5901	1,824		13,838
12-Nov	Deposit		2,227	16,065
17-Nov	NSF	600		15,464
20-Nov	Ch. 5905	937		14,527
21-Nov	Deposit		4,093	18,620
22-Nov	Ch. 5903	399		18,221
	Ch. 5904	2,090		16,131
25-Nov	Deposit		2,352	18,483
28-Nov	Ch. 5907	214		18,269
	Ch. 5909	1,808		16,462
30-Nov	Interest		13	16,474
	Notes		1,500	17,974
	Collection notes fees	15		17,959

General Ledger

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

Gulf Services

Bank Reconciliation Form

General Journal			
Date	**Account Name**	**Debit**	**Credit**

Activity 8

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

General Ledger

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

Gulf Services

Bank Reconciliation Form

General Journal

Date	Account Name	Debit	Credit

Activity 9

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

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

Additional information:

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

Macys Co.,
Bank Reconciliation Form

General Journal

Date	Account Name	Debit	Credit

Activity 10

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

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

Required:

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

Jarir Co.,
Bank Reconciliation Form

General Journal

Date	Account Name	Debit	Credit

Activity 11

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

CASH BOOK

INNOVATIVE BUSINESS STRATEGIES

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

Innovative Business Strategies					
Ledger (extract)					
Date	**PARTICULARS**	**DEBIT**	**CREDIT**	**Balance**	
Nov 1	*Balance*			*95821*	*Dr*

Innovative Business Strategies
Bank Reconciliation Form

General Journal

Date	Account Name	Debit	Credit

Petty Cash

Activity 12

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

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

Required:

1. Prepare general journal entries to record:

a- Establishment of the petty cash fund.

b- Reimbursement of the fund

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

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

Petty Cash Voucher

Qatar Company
ABN 55 214 587 963

Voucher No *100*
Date
Details *$*

Signed *Approved*

Petty Cash Voucher

Qatar Company
ABN 55 214 587 963

Voucher No *101*
Date
Details *$*

Signed *Approved*

Petty Cash Voucher

Qatar Company
ABN 55 214 587 963

Voucher No *102*
Date
Details *$*

Signed *Approved*

Petty Cash Voucher

Qatar Company
ABN 55 214 587 963

Voucher No *103*
Date
Details *$*

Signed *Approved*

Petty Cash Report								
Amount received	Date	Details	Voucher No	Amount Paid	Fuel Exp	Supplies Exp	Delivery Exp	Miscellaneous Exp
150	Jan1-	Balance						
	Jan31-	Balance						
		Balance						
		Reimburse Ck.						
	Feb1-	Amount						

General Journal

Date	Account Name	Debit	Credit

Grade 11

Accounting

المحاسبة