

**Low Furniture  
Account Balances  
as at 1 August, 2028**

<b>Assets</b>		<b>Liabilities</b>		<b>Equity</b>	
Bank	25,000	Accounts payable – G High	4,500	Capital	45,000
Inventory	21,100				
Accounts receivable – L Hall	3,400				

Transactions for the month of August 2028 are as follows:

- 3      Owner withdrew \$3,800 cash for own use.
  
- 5      Purchased inventory on 28 day terms from Supplier XL \$7,700 inclusive of GST.
  
- 10     Paid phone and internet \$1,500 GST exclusive.
  
- 12     Sold furniture on 14 days terms to D Dimes \$5,500 inclusive of GST. Cost price \$950.
  
- 12     Paid G High after receiving a 5% discount. (Remember GST write back).
  
- 19     Wrote off L Hall as a bad debt.
  
- 21     Paid insurance \$1,320 inclusive of GST.
  
- 23     D Dimes returned one chair,  $\$950 + \$95 \text{ GST} = \$1,045$ . Cost price \$200.  
*Note: the inventory was returned to current stock.*
  
- 24     Received amount owing from D Dimes in full settlement.
  
- 29     Purchased new vehicle  $\$25,000 + \$2,500 \text{ GST} = \$27,500$ . Owner paid a deposit of \$5,000 and the balance paid with a loan from ABC Finance.

**PRACTICAL APPLICATION - GENERAL JOURNAL SOLUTIONS**

Accounts Payable - G High

4,500 x .05 = 225 total discount received

4,500 – 225 = 4,275 payment

225 ÷ 11 = 20 GST Credit write back

225 – 20 = 205 discount received

Date	Particulars	Debit	Credit	
3/8/28	Drawings	3,800		1
	Cash at bank		3,800	1
	Owner withdrew cash for own use			
5/8/28	Inventory	7,000		1
	GST credits	700		1
	Accounts payable		7,700	1
	Purchased inventory on 28 day terms from <b>Supplier XL</b>			
10/8/28	Phone and internet	1,500		1
	GST credits	150		1
	Cash at bank		1,650	1
	Paid phone and internet			
12/8/28	Accounts receivable	5,500		1
	Sales		5,000	1
	GST payable		500	1
	Sold furniture on 14 days terms to D Dimes			
	Cost of sales	950		1
	Inventory		950	1
	Cost of furniture sold			
12/8/28	Accounts payable	4,500		1
	Discount received		225	1
	Cash at bank		4,275	1
	Paid G High account in full after a 5% discount			
	Discount received	20		1
	GST credit		20	1
	GST write back			

19/8/28	Bad debt	3,091		1
	GST payable	309		1
	Accounts receivable		3,400	1
	Wrote off L Hall as a bad debt			
21/8/28	Insurance	1,200		1
	GST credits	120		1
	Cash at bank		1,320	1
	Paid six months insurance in advance			
	Sales returns	950		1
	GST payable	95		1
	Accounts receivable		1,045	1
	D Dimes returned inventory			
	Inventory	200		1
	Cost of sales		200	1
	Cost of sale return			
24/8/28	Cash at bank	4,455		1
	Accounts receivable (5,500 – 1,045)		4,455	1
	Received amount owing from D Dimes in full settlement.			
29/8/28	Motor vehicle	25,000		1
	GST credits	2,500		1
	Cash at bank		5,000	1
	Loan – ABC Finance		22,500	1
	Purchased motor vehicle with cash deposit and loan finance			
	<b>Sub Total</b>			35

*-1 for incorrect narrations up to 4 marks. -1 for incorrect dates.*