

### Question 1

Hillary's Traders began a business consultancy service on 1 April 2017. The firm uses a perpetual inventory system. The following transactions occurred during the first month of operations:

- April 1 Owner – J Hillary invested \$60,000 in the business  
3 Paid State Energy \$330 for electricity used (AST inc) (AST inc)  
5 Purchased and installed shop fittings for a total cost of \$21,500 by issuing a cheque for \$11,500 and signing a commercial loan agreement for \$10,000.  
6 Purchased \$22,000 worth of inventory on credit from ABC Suppliers (AST exc) (AST exc)  
8 Paid advertising expense of \$1,750. (AST exc)  
16 Recorded cash sales for the first half of the month of \$18,000 for which the Cost of Sales was \$9,000.  
Goods were also sold on credit for \$5,000 to Paul Carter. Cost of Sales for these goods was \$2,500.  
23 Paul Carter paid the amount owing and received \$50 discount.  
28 Paid salaries of \$1,500.  
30 Paid ABC Suppliers the amount owing and received 3% discount.

### REQUIRED:

Prepare general journal entries to record the transactions, assuming that a perpetual inventory system is used. Use Journal Descriptions

### GENERAL JOURNAL

Date	Account Name	Debit	Credit
2017 April 1	Cash at bank	60 000	
	Capital		60 000
	Owner contributes capital		
3	Electricity	300	
	AST credit	30	
	Cash at bank		330
	paid electricity bill		

5	Shop fittings	19545.45	
	GST credit	1954.55	
	Cash at bank		11500
	Loan		10000
	Purchased & installed shop fittings		
6	Inventory	22000	
	GST credit	2200	
	Accounts payable		24200
	Purchased inventory on credit		
8	Advertising	1750	
	GST credit	175	
	Cash at bank		1925
	Paid advertising expense		
16	Cash at bank	19800	
	GST payable		1800
	Sales		18000
	Cash sales for first half of month		
	Cost of sales	9000	
	Inventory		9000
	Cost price of inventory		

16	Accounts receivable	5500	
	GST payable		500
	Sales		5000
	Sale on credit to Paul Carter		
	Cost of sales	2500	
	Inventory		2500
	Cost price of inventory		
23	Cash at bank	5450	
	Discount allowed	50	
	Accounts receivable		5800
	Paul Carter paid with discount		
	GST payable	4.55	
	Discount allowed		4.55
	GST adjustment for discount		
26	Salaries	1500	
	Cash at bank		1500
	Paid salaries		
30	Accounts payable	24200	
	Cash at bank		23474
	Discount received		726
	Paid for inventory from 6/1/17		
30	Discount received	66	
	GST payable		66
	GST adjustment		



**Question 2** - Cygnet Industries is a local retailer of sports goods. The following transactions were recorded in the General Ledger for the month of February 2018:

**The General Journal for Cygnet Industries**

Date	Name of Ledger Account	Debit	Credit
2018			
Feb 1	Cash at bank	10,000	
	Capital		10,000
	<i>Owner invested cash into the business</i>		
2	Rent	2,000	
	Cash at bank		2,000
	<i>The business paid rent for the month</i>		
3	Inventory	5,000	
	Accounts Payable		5,000
	<i>Purchased trading stock</i>		
4	Accounts Receivable	8,000	
	Sales		8,000
	Cost of Sales	4,000	
	Inventory		4,000
	<i>Sold goods on Credit</i>		
5	Cash at Bank	12,000	
	Sales		12,000
	Cost of Sales	6,000	
	Inventory		6,000
	<i>Cash Sales recorded</i>		
10	Drawings	500	
	Inventory		500
	<i>Owner withdrew stock</i>		
29	Accounts Payable	5,000	
	Discount Received		80
	Cash at Bank		4,920
	<i>Paid full amount owing</i>		
29 30	Cash at Bank	3,000	
	Accounts Receivable		3,000
	<i>Customers paid on amount owing</i>		



**Required** - Using the information shown above, complete the cash at bank ledger and accounts payable accounts below.

## GENERAL LEDGER

### Cash at Bank

Date	Contra Account	Dr	Date	Contra Account	Cr
2018 Feb 1	Capital	10 000	2018 Feb 2	Rent	2 000
5	Sales	12 000	28	Accounts payable	4 920
30	Accounts receivable	3 000	29	Bal cld	18 080
		<u>25 000</u>			<u>6 920</u>
Mar 1	Bal bld	18 080			

### Accounts Receivable

Date	Contra Account	Dr	Date	Contra Account	Cr
2018 Feb 4	Sales	8 000	2018 Feb 28	Cash at bank	3 000
			28	Bal cld	5 000
		<u>8 000</u>			<u>8 000</u>
Mar 1	Bal bld	5 000			

### Inventory

Date	Contra Account	Dr	Date	Contra Account	Cr
2018 Feb 3	Accounts payable	5 000	2018 Feb 4	Cost of sales	4 000
			5	Cost of sales	6 000
28	Bal cld	5 500	10	Drawings	500
		<u>10 500</u>			<u>10 500</u>
			Mar 1	Bal bld	5 500

### Accounts Payable

Date	Contra Account	Dr	Date	Contra Account	Cr
2018 Feb 29	Cash at bank / Discount received	5 000	2018 Feb 3	Inventory	5 000

### Capital

Date	Contra Account	Dr	Date	Contra Account	Cr
			2018 Feb 1	Cash at bank	10 000

## Drawings

Date	Contra Account	Dr	Date	Contra Account	Cr
2018 Feb 10	Inventory	500			

## Sales

Date	Contra Account	Dr	Date	Contra Account	Cr
			2018 Feb 4	Accounts receivable	8000
			5	Cash at bank	12000
					<u>20000</u>

## Cost of Sales

Date	Contra Account	Dr	Date	Contra Account	Cr
2018 Feb 4	Inventory	4000			
	Inventory	6000			
		<u>10000</u>			

## Rent Expense

Date	Contra Account	Dr	Date	Contra Account	Cr
2018 Feb 2	Cash at bank	2000			

## Discount Received

Date	Contra Account	Dr	Date	Contra Account	Cr
			2018 Feb 28	Accounts payable	80

## Discount Allowed

Date	Contra Account	Dr	Date	Contra Account	Cr

Use the Account Balances to complete the Trial Balance

### TRIAL BALANCE

Date	Cross Reference	Debit	Credit
28/2/18	Cash at bank	18 080	
	Accounts receivable	5 000	
	Inventory		5 500
	Capital		10 000
	Drawings	500	
	Sales		20 000
	Cost of sales	10 000	
	Rent expense	2 000	
	Discount received		80
	<b>TOTAL</b>	<b>35 580</b>	<b>35 580</b>