**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 (GST inclusive) for electricity used |
|  | 5 | Purchased and installed shop fittings for a total cost of $21,500 (GST inclusive) by issuing a cheque for $11,500 and signing a commercial loan agreement for $10,000. |
|  | 6 | Purchased $22,000 (GST exclusive) worth of inventory on credit from ABC Suppliers |
|  | 8 | Paid advertising expense of $1,750 (GST exclusive) |
|  | 16 | Recorded cash sales for the first half of the month of $18,000 (GST exclusive) for which the Cost of Sales was $9,000.  Goods were also sold on credit for $5,000 (GST exclusive) 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**

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

**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 |
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**Accounts Receivable**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Date | Contra Account | Dr | Date | Contra Account | Cr |
|  |  |  |  |  |  |
|  |  |  |  |  |  |

**Inventory**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Date | Contra Account | Dr | Date | Contra Account | Cr |
|  |  |  |  |  |  |
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**Accounts Payable**

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| --- | --- | --- | --- | --- | --- |
| Date | Contra Account | Dr | Date | Contra Account | Cr |
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**Capital**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Date | Contra Account | Dr | Date | Contra Account | Cr |
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**Drawings**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Date | Contra Account | Dr | Date | Contra Account | Cr |
|  |  |  |  |  |  |
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**Sales**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Date | Contra Account | Dr | Date | Contra Account | Cr |
|  |  |  |  |  |  |
|  |  |  |  |  |  |

**Cost of Sales**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Date | Contra Account | Dr | Date | Contra Account | Cr |
|  |  |  |  |  |  |
|  |  |  |  |  |  |

**Rent Expense**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Date | Contra Account | Dr | Date | Contra Account | Cr |
|  |  |  |  |  |  |

**Discount Received**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Date | Contra Account | Dr | Date | Contra Account | Cr |
|  |  |  |  |  |  |

**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** |
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