

Objectives

At the end of this chapter, students should be able to:

- Explain what general journals and subsidiary journals are;
- Identify the various uses of a general journal;
- Prepare a general journal;
- Journalise opening and closing entries in a general journal;
- Identify and prepare various types of subsidiary journals.

5.1 Introduction

A journal is a book of original entry. It is the book in which a transaction is first recorded before entering it into the ledger. In this chapter, you will learn about, general ledger and its subsidiaries. A general journal is sometimes called 'Principal Journal' or 'Journal Proper'. It is a book of original entry, that is, a book in which a financial transaction is recorded before it is posted to the ledger. A subsidiary journal is a book of original entry which is restricted to a particular use with entries made into it frequently.

5.2 Terminologies

1. **Original Entry:** This is the first or prime entry, that is, entry made in the journal before posting it to the ledger.
2. **Source Document:** These are documents on which original entries are based. They can be issued by the seller or the buyer. e.g. invoice and debit note.
3. **Invoice:** It is a document issued by a seller to a buyer when goods are sold on credit. It gives details of goods sold, including data, description, quantity, price, total amount and discount if any.
4. **Debit Note:** This is a document issued by the buyer to the supplier when faulty or damaged goods are returned to inform him that his account has been debited with the amount stated.
5. **Credit Note:** This is a document sent by a supplier to his customers if he accepts the claims made by a customer informing him the customer's account has been credited with the amount stated.
6. **Returns Inward Day Book:** It is purchases returned, damage goods sent by the purchaser or buyer to a supplier, they are sent along with a credit note.
7. **Opening Entry:** It is a entry made in the journal at the commencement of business when capital is introduced.
8. **Closing Entry:** This is the entry made in the general journal to close a ledger account and make transfers to the final accounts.
9. **Folio:** This is the column which shows the name of the other book in abbreviated form and the number of the page in the other books where double-entry is completed.

5.3 Uses of a General Journal

The uses of the general or principal journal are the following:

- i. Recording opening entries.
- ii. Recording closing entries.
- iii. Recording the purchase and sale of fixed assets on credit.
- iv. Correction of errors in accounts.
- v. Recording all other transactions not appropriate for special or subsidiary journal e.g. sales of business / purchase of business.

5.4 Preparation of a General Journal

| Date | Particulars | Fo | DR | CR |
|------|-------------|----|----|----|
| | | | | |

Fig. 5.1: Specimen of a General Journal

In order to facilitate the entry of items in the General Journal, the following should be observed:

1. Enter first the account to be debited with the abbreviation “DR” before entering the account to be credited on the next line “CR”, writing the credit entry slightly to the right hand side beginning with prefix TO.
2. Since the general journal is not reserved for any particular kind of transaction to explain why respective account are debited and credited. This is known as “Narration”.
3. In the date column provided, arrange entries in chronological order (according to date). When recording items in a General Journal, the rules of double-entry bookkeeping system are applied i.e. both aspects are recorded. Thus, debit value received and credit value given.

Example 5.1

On 6th October, 2003, Ajax International Nigeria Ltd. Supplied machinery worth #12,000. This is a credit purchase of machinery (a fixed asset) from Ajax International Nig. Ltd the seller. The journal entry will be as follows:

| Date | Particulars | Fo. | DR N | CR N |
|--------|---|-----|---------|---------|
| Oct. 6 | Machinery account | | 12,000 | |
| | Ajax International Nig. Ltd. Being purchase of fixed assets on oct. 6, 2003. | | | 12,000 |

5.4.1 Journalising Opening Entries

The opening entries of a business may include such items as; stock of goods, motor vans, fixture and fittings, premises, loan and overdraft, cash in hand, cash at bank, debtors and creditors. Balance from the old books must be entered in the new ones by means of journal proper.

The journal entries are then known as opening entries. In journalising opening entries, assets accounts are debited and the accounts recording liabilities are credited. In other words, record all assets first on the debit side before recording liabilities representing the capital of the business as at that date. The

capital represents the net worth of the business and is credited in the journal to complete the double-entry.

Example 5.2

Prepare the necessary journal entries to open Cosmos Njoku's book on 1st January, 2004, his assets and liabilities being as follows:

| | N |
|------------------|--------|
| Cash in hand | 2,254 |
| Cash at bank | 19,860 |
| Stock | 2,500 |
| Machineries | 14,000 |
| Land & buildings | 6,700 |
| Motor vans | 20,500 |
| Debtors: | |
| (a) Godwin Ojo | 9,750 |
| (b) Rex Adams | 5,000 |
| Creditors: | |
| (a) Godwin Ojo | 20,000 |
| (b) Rasak Jinadu | 5,785 |

Solution

General Ledger

| Date | Particulars | Fo. | DR N | CR N |
|--------|---|-----|---------|---------|
| Jan. 1 | Cash in hand | CB1 | 2,254 | |
| | Cash at bank | CB1 | 19,860 | |
| | Stock | L1 | 2,500 | |
| | Machineries | L2 | 14,000 | |
| | Land and building | L3 | 6,700 | |
| | Moto vans | L4 | 20,500 | |
| | Debtors: | | | |
| | (a) Godwin Ojo | L5 | 9,750 | |
| | (b) Rex Adams | L6 | 5,000 | |
| | Creditors: | | | |
| | (a) Godwin Ojo | L7 | | 20,000 |
| | (b) Ajala Taiwo | L8 | | 5,785 |
| | Capital | L9 | | |
| | | | 80,564 | 54,779 |
| | Being assets, liabilities and capital at this date | | | 80,564 |

Note: CB = Cashbook

L = Ledger

The ledger accounts of the above transactions will appear as shown below:

Dr

| Date | Particulars | Fo | Discount | Cash | Bank |
|--------|-------------|----|----------|-------|--------|
| Jan. 1 | Balances | J1 | | 2,254 | 19,860 |

Dr

| | | Stock | | Cr | |
|--------|---------|-------|-------|----|--|
| Jan. 1 | Balance | J1 | 2,500 | | |

Dr

| | | Machineries | | Cr | |
|--------|---------|-------------|--------|----|--|
| Jan. 1 | Balance | J1 | 14,000 | | |

Dr

| | | Land and building | | Cr | |
|--------|---------|-------------------|-------|----|--|
| Jan. 1 | Balance | J1 | 6,700 | | |

Dr

| | | Motor van | | Cr | |
|--------|---------|-----------|--------|----|--|
| Jan. 1 | Balance | J1 | 20,500 | | |

Dr

| | | Godwin Ojo | | Cr | |
|--------|---------|------------|-------|----|--|
| Jan. 1 | Balance | J1 | 9,750 | | |

Dr

| | | Rex Adams | | Cr | |
|--------|---------|-----------|-------|----|--|
| Jan. 1 | Balance | J1 | 5,000 | | |

Dr

| | | Stock | | Cr | |
|--|--|--------|---------|----|--------|
| | | Jan. 1 | Balance | J1 | 20,000 |

Dr

| | | Stock | | Cr | |
|--|--|--------|---------|----|-------|
| | | Jan. 1 | Balance | J1 | 5,785 |

Dr

| | | Stock | | Cr | |
|--|--|--------|---------|----|--------|
| | | Jan. 1 | Balance | J1 | 54,779 |

Example 5.3

Nathaniel Nwako commenced business on 1st Jan., 2004 with the following:

Cash - N18,000

Motor van - N100,000

Building - N500,000

Prepare the opening entries and post to the ledger.

Solution

General Ledger

| Date | Particulars | Fo. | DR | CR |
|--------|--|-----|---------|---------|
| Jan. 1 | Cash | 2 | 18,000 | |
| | Motor van | 1 | 100,000 | |
| | Building | 2 | 500,000 | |
| | Capital | 3 | | 618,000 |
| | Being assets representing capital on commencement of business. | | | |

Dr Cash account

| Date | Particulars | Fo | Discount | Cash | Bank |
|--------|-------------|----|----------|--------|------|
| Jan. 1 | Balance | J1 | | 18,000 | |

Dr Motor van account Cr

| | | | | |
|--------|---------|----|---------|--|
| Jan. 1 | Balance | J1 | 100,000 | |
|--------|---------|----|---------|--|

Dr Building account Cr

| | | | | |
|--------|---------|----|---------|--|
| Jan. 1 | Balance | J1 | 500,000 | |
|--------|---------|----|---------|--|

Dr Capital account Cr

| | | | | |
|--------|---------|----|---------|--|
| Jan. 1 | Balance | J1 | 618,000 | |
|--------|---------|----|---------|--|

5.4.2 Journalising Closing Entries

For the purpose of journalising closing entries at the end of the accounting period, items affecting Trading, Profit and Loss Accounts, such as rent, rates, purchases, sales, returns, stocks, wages, salaries, carriage, insurance, etc. are entered in the journal proper. This is done to close the accounts and make necessary transfers to final accounts.

Example 5.4

The following balances appeared in the books of Jinad Rajak for the year ended 31st December, 2006. Show the journal entries necessary to record the transactions.

| | |
|------------------|--------|
| Stock 1/1/2006 | 3,500 |
| Purchases | 7,500 |
| Sales | 15,000 |
| Rent | 6,000 |
| Wages | 8,300 |
| Carriage | 2,050 |
| General expenses | 3,500 |
| Stock 31/12/2006 | 3,750 |

General ledger

| Date | Particulars | Fo. | DR | CR |
|------|--|-----|-------|-------|
| | Trading a/c Stock a/c Being the value of stock on 1st Jan. 2006 | | 3,500 | 3,500 |
| | Sales a/c Trading a/c Being total purchases for the period | | 7,500 | 7,500 |

| Date | Particulars | Fo. | DR | CR |
|------|---|-----|--------|--------|
| | Sales a/c Trading a/c Being total sales for the period | | 15,000 | 15,000 |
| | Profit & Loss a/c Rent a/c Being rent paid for the period | | 6,000 | 6,000 |
| | Profit & Loss a/c Wages a/c Being wages paid for the period | | 8,300 | 8,300 |
| | Profit & Loss a/c Carriage a/c Being carriage paid for the period | | 2,050 | 2,050 |
| | Profit Lossa/c General Expenses Being general expenses for the period | | 3,500 | 3,500 |
| | Stock a/c Trading a/c Being value of stock at hand on his date Dec. 31 2006 | | 3,700 | 3,700 |

The ledger accounts for these closing entries will appear as follows:

| DR | | Rent | | CR | |
|--------|-------------|-------|---------|---------------|-------|
| Dec.31 | Trading A/c | 6,000 | Dec. 31 | Profit & loss | 6,000 |

| DR | | Wages | | CR | |
|--------|---------|-------|---------|---------------|-------|
| Dec.31 | Balance | 8,300 | Dec. 31 | Profit & loss | 8,300 |

| DR | | Carriage | | CR | |
|--------|---------|----------|---------|---------------|-------|
| Dec.31 | Balance | 2,050 | Dec. 31 | Profit & loss | 2,050 |

| DR | | General Expenses | | CR | |
|--------|---------|------------------|---------|---------------|-------|
| Dec.31 | Balance | 3,500 | Dec. 31 | Profit & loss | 3,500 |

In modern practice, journalising of closing entries is not required. Instead, accounts balanced-up in the ledger are extracted by means of the Trial Balance to ensure the accuracy of the accounts. After this, the various accounts are closed by transferring them to final accounts. Journalising correction of errors in the ledger is dealt with in chapter 9.

5.5 Uses of Subsidiary Journals

There is a general journal and there are subsidiary journals. A general journal is a multi-purpose journal used occasionally. There is usually only one general ledger in an organisation. It has been given other names like principal journal, journal proper or simply, journal. A subsidiary journal has a particular use usually with frequent entries. It is given a functional name: e.g. sales journal.

Subsidiary journals include the following:

- i. Sales journal or sales day book or sales book.
- ii. Purchases journal or purchases day book or purchases book.
- iii. Sales return book or returns inward book.
- iv. Purchases return book or returns outward book.
- v. Cash book.
- vi. Petty cash book.

5.5.1 Sales Journal

Goods sold on credit are entered in the sales journal according to the details on the invoice sent to the customers. The monthly total value of the goods is posted to the credit side of sales account in the ledger and the account of the customer (a debtor) is debited.

Example 5.5

Write up the sales journal of Jackson Trading Enterprises from the particulars below and post to the ledger, for the month of Dec. 2009.

Dec. 5: Sold to Agbede Trading Store 12 bags of rice at N900 per bag.

10bags of semolina at N1,500 per bag Trade discount of 10%.

Dec. 11: Sold to S. Komolafe 80 crates of Coca Cola at N850 per crate.

24 cartons Star beer at N 2,500 per carton.

Dec. 17: Sold to Nnamdi & Co. 5 dozen of stoves at N4,500 each. 5 dozen wall clocks at N2,300 each.

Dec. 29: Sold to Janet Omotoso 30 bundles of printed Ankara materials at N2,500 per bundle, 24 bundles of lace materials at N30,000 per bundle. Trade discount of 10%.

5.5.2 Purchases Journal

Goods bought on credit and received from the supplier are entered in the purchases journal according to the details on the invoice. The monthly total value of the goods is debited to purchases account in

the ledger and the creditor's (supplier) account is credited.

Solution

Jackson Trading Enterprises Sales Journal

| Date | Particulars | Fo. | Details N | Total N |
|--------|---|-----|--|------------|
| Dec.5 | AgbedeTrading Store: 12 bags of rice at ₦9,000 per bag 10 bags of semolina at ₦1,500 Less 10% trade discount | L1 | 108,000 <u>15,000</u> 123,000 12,300 | 110,700 |
| Dec.11 | S. Komolafe: 80 create coco-cola at ₦850 per 24 cartons star beer at ₦2,500 per cartons | L2 | 68,000 60,000 | 128,000 |
| Dec.17 | Nnamdi & Co. 5 dozen stoves at ₦4,500 each 5 dozen wall clock at ₦2,300 each | L3 | 270,000 138,000 | 408,000 |
| Dec.29 | Janet Omotosho 30 bundles of printed ankara materials ₦2,500 per bundle 24 bundle of lace materials at 30,000 per bundle Less 10% trade discount | L4 | 75,000 <u>720,000</u> <u>795,000</u> 79,500 | 715,500 |
| Dec.30 | Sales account Cr | L5 | | 1,362,200 |

Jackson trading enterprises

Ledger

| Dr | Agbede a/c | | | Cr |
|--------|------------|----|----------|----|
| Dec. 5 | Sales | SJ | ₦110,700 | |

| Dr | S. Komolafe a/c | | | Cr |
|---------|-----------------|----|----------|----|
| Dec. 11 | Sales | SJ | ₦128,000 | |

| Dr | Nnamdi & Co a/c | | | Cr |
|---------|-----------------|----|----------|----|
| Dec. 17 | Sales | SJ | ₦408,000 | |

| Dr | Janet Omotosho a/c | | | Cr |
|---------|--------------------|----|----------|----|
| Dec. 29 | Sales | SJ | ₦715,500 | |

| Dr | Sales a/c | | | | Cr |
|----|-----------|----------|----|------------|----|
| | Dec. 31 | Sundries | SJ | N1,362,200 | |

Enter the following transactions in the purchases journal of Family Food Stores for the month of Oct. 2007:

- Oct. 6 Bought from G. Goke & Sons 20 cartons of Indomie at N1 500 per carton.
 5 cartons of lipton tea at N2,400 per carton; invoice subject to 10% trade discount.
 Oct.15 Bought Nestle Company 15 bags of flours brand at N3,200 per bag,
 12 cartons of sugar at N4,000 per carton 12 cartons
 instant powdered milk at N10,000 per carton invoice subject to 5% trade discount
 Oct. 29 bought from Progress Enterprises 3 dozen tins of ovaltine at N900 per tin.
 12 tins of milo at N950 per tin subject to 10% trade discount .

Family Food Store

Purchases Journal

| Date | Particulars | Fo. | Details N | Total N |
|---------|---|-----|--------------|------------|
| Oct. 6 | G. Goke & Son 20 cartons of indomie at N1,500 per carton 15 cartons of lipton tea at N2,400 per carton Less 10% discount | L6 | 30,000 | 59,400 |
| | | | 36,000 | |
| | | | 66,000 | |
| | | | 6,600 | |
| Oct. 15 | Bought Nestle Company 15 bags of flours brand at N3,200 per bag 12 cartons of sugar at N4,000 per carton 12 cartons instant powdered milk at N10,000 per carton Invoice subject to 5% trade discount | L7 | 48,000 | 205,200 |
| | | | 48,000 | |
| | | | 120,000 | |
| | | | 216,000 | |
| Oct. 29 | Bought from Progress Enterprises 3 dozen tin of Ovaltine at N900 per tin 12 tins of milo at N950 per tin Subject to 10% Trade discount | L8 | 10,800 | 39,420 |
| | | | 32,400 | |
| | | | 11,400 | |
| | | | 43,800 | |
| Oct. 31 | Purchase Account Dr | L9 | 4,380 | 304,020 |

Family Food Store

Ledger

Fo. 6
Dr

G. Goke & Sons a/c

Cr

| | | | | |
|--|--------|-----------|------|----------|
| | Oct. 6 | Purchases | PJ 7 | N 59,400 |
|--|--------|-----------|------|----------|

Fo. 7
Dr

Nestle Company a/c

Cr

| | | | | |
|--|---------|-----------|-----|----------|
| | Oct. 17 | Purchases | PJ7 | N205,200 |
|--|---------|-----------|-----|----------|

Fo. 8
Dr

Progress Enterprises a/c

Cr

| | | | | |
|--|---------|-----------|-----|----------|
| | Oct. 29 | Purchases | PJ7 | N 39,420 |
|--|---------|-----------|-----|----------|

Fo. 9
Dr

Purchases a/c

Cr

| | | | | |
|---------|----------|-----|----------|--|
| Oct. 31 | Sundries | PJ7 | N304,020 | |
|---------|----------|-----|----------|--|

5.5.3 Returns inwards Journal

Returns inward journal deals with the treatment of returned goods in the books of the supplier. When goods are sold customers normally return damaged and unacceptable goods to the supplier and forwards a credit note to the customer for the value of the goods rejected and returned. The total monthly amount is entered in the returns inward journal to the supplier. The account of the customer is credited and returns inward account is debited.

Example 5.6

Enter the following transactions in the returns inward journal of Wisdom Enterprises and post to the ledger:

March 5 Sold to Rasdaq Jinad 2 standard wall clocks at N2,000 each and 10 OS2k2 wrist watches at N3,000 each

March 7 Sold to Kunle Aro 20 Nokia handsets at N15,000

March 9 Sent a credit note to Rasdaq Jinad for two damaged wall clocks

March 11 Sent a credit note to Kunle Aro for 2 faulty Nokia handsets

Solution

Wisdom Enterprises

Return Inwards Journal

| Date | Particulars | Folio | Details N | Total N |
|----------|---|-------|--------------|------------|
| March 9 | Rasdaq Jinad 2 damaged wall clock @ N2,000 each | 2 | 4,000 | 4,000 |
| March 11 | Kunle Aro 2 Nokia handsets @ N15,000 each | 3 | 30,000 | 30,000 |
| March 31 | Return inwards Account Dr | 5 | | 34,000 |

Wisdom Enterprises Ledger

Fo. 1

Rasdaq Jinad a/c

| | | | | |
|--|---------|----------------|-------|-------|
| | March 9 | Return Inwards | RIJ 2 | 4,000 |
|--|---------|----------------|-------|-------|

Fo. 2

Kunle Aro a/c

| | | | | |
|--|----------|----------------|-------|--------|
| | March 11 | Return Inwards | RIJ 3 | 30,000 |
|--|----------|----------------|-------|--------|

Fo. 2

Return Inward a/c

| | | | | |
|----------|----------|-------|--------|--|
| March 31 | Sundries | RIJ 5 | 34,000 | |
|----------|----------|-------|--------|--|

5.5.4 Return Outwards Book

Return outwards book is the book in which incorrect and unacceptable goods returned to the customers are entered. It is therefore concerned with the treatment of returned goods in the books of the purchaser or buyer. Such goods are entered in a purchase return outward book when a credit note is received from the supplier. Periodically or monthly, the total of purchases return outward book is

credited to the purchases return outward account in the ledger and the personal account of the supplier is debited.

Example 5.7

Enter the following in the purchase return outward book of Charles Njoku & Co. Ltd. and post to the ledger:

Jan. 2 Billard & Co. Ltd.

15 standing fan at N10 ,000 each

10 stabilizers at N3, 000 each

Jan. 5 Bought from A. Adebowale & Co. Ltd.

10 TV set at 40,000 each

5 Refrigerators at 60 000 each

Jan. 8 Bought from A. G. Leventis

10 Yamaha generators 2.5KVA at 3,000 each

Jan.10 Return to Billard & Co. Ltd.

3 standing fans

Jan. 14 Returned to A. Adebowale & Co.Ltd.

2 T.V. set

1 refrigerator

Jan.16 Returned to A. G. Leventis

2 Yahama generator

Solution

Charles Njoku & Co.

Return Outward Book

| | | | | |
|--------|--|---|------------------|---------|
| Jan.14 | A. Adebowale Ltd. 2 TV at N40,000 1refrigerator at N60,000 | 5 | 80,000 60,000 | 140,000 |
| Jan.16 | A. G. Leventis: 2 yamaha generator at N3,000 | 6 | 6,000 | 6,000 |
| Jan.10 | Return Outward a/c Cr | 7 | | 176,000 |

Charles Njoku & Co. Ltd.

| | | | | |
|---------|---------------------|-----|---------|--|
| Jan. 10 | Return outwards A/c | ROA | N30,000 | |
|---------|---------------------|-----|---------|--|

A. Adebowale Company Ltd.

| | | | | |
|---------|---------------------|-----|----------|--|
| Jan. 13 | Return outwards a/c | ROA | N140,000 | |
|---------|---------------------|-----|----------|--|

Billard & Co. Ltd.

| | | | | |
|---------|---------------------|-----|--------|--|
| Jan. 13 | Return outwards a/c | ROA | N6,000 | |
|---------|---------------------|-----|--------|--|

Charles Njoku & Co. Ltd.

| | | | | |
|--|---------|----------|--|----------|
| | Jan. 31 | Sundries | | N176,000 |
|--|---------|----------|--|----------|

5.5.5 Cash Book

A cash book is a book of first or original entry. Cash received by a business enterprise is first entered in the cash book, usually on the debit side before the same amount is posted to the ledger on the opposite (CR) side of the account to the payer. Thus, the cash book serves a dual purpose: as a journal and as an account. As invoice is the source document for the cash book, receipt is the source document for the cash book.

5.5.6 Petty Cash Book

Refer to chapter 6

Activity 5.1

Collect available documents used for the preparation of subsidiary journals.

5.6 Summary

In this chapter, students have learnt:

- The journal is a book of prime entry.
- The difference between general journal and subsidiary journal.
- The various uses of general journal.
- How to prepare general journal, journal opening and closing entries and posting to the ledger.
- How to prepare the subsidiary journals and posting to the ledger.

5.7 Revision Questions

1. A journal is used to make_____.

- A. advance entry
- B. current entry
- C. first entry
- D. double entry

2. Which of the following is not a journal?

- A. Cash book
- B. Receipt book
- C. Bought book
- D. Return outwards book

3. Opening entries are made to determine _____.

- A. cash

B. stocks

C. capital

D. profit

4. Return outwards book is a book of the_____.

A. supplier

B. purchaser

C. carrier

D. seller

5. Closing entries are made for the purpose of preparing_____.

A. balance sheets

B. trading accounts

C. final accounts

` D. profit & loss account

6. (a) What is a journal?

(b) Distinguish between a general journal and a subsidiary journal.

7. Explain with examples the uses of a general journal.

8. Describe each of the following and state how it is used:

(a) sales journal

(b) return inwards journal

(c) purchases journal

(d) return outwards journal

9. The following balances appeared in the books of Nkemba for the year ended 31st March, 2003, show the journal entries necessary to record the transactions and show the necessary ledger records.

| | N |
|---------------------|--------|
| Cash in hand | 10,000 |
| Cash at bank | 45,000 |
| Stock | 12,000 |
| Furniture & fitting | 36,000 |

| | |
|--------------------|--------|
| Premises | 73,300 |
| Motor van | 20,750 |
| Debtors | |
| (a) A. A. ogundele | 5,000 |
| (b) B. O. Abakpa | 5,500 |
| Creditor | |
| R. Oyedele | 7,000 |

10. On 1st Jan, A. Thompson commenced business as a shop merchant with a capital in cash of N50,000. Pass the following transaction through the appropriate books of account and post to the ledger:

Jan. 3 Bought 80 cartons of Okin soap at N5,000 each and paid cash for it.

Jan. 5 Cash sales N80,000

Jan. 7 Sold on credit to John Emeka:
 10 cartons of Joy soap at N7,000 per carton
 5 cartoons of premier soap at N6,000 per carton
 8 cartons of imperial leather soap at 7,000 per carton
 Subject to 10% trade discount

Jan. 8 Returned to A. Thompson:
 2 cartons of Okin soap
 3 cartons of premier soap

Jan. 10 John Emeka paid cash on account N6,000

Jan. 11 Bought on credit from Wisdom Enterprises
 300 cartons of Lux soap at N5,000 per carton
 Less 10% trade discount

Jan. 12 Returned to Wisdom Enterprises
 5 cartons of Lux soap

Jan. 13 Received a credit note from A. Thompson

Jan. 14 Sold goods for cash N21,000
 100 cartons of Imperial leather soap at 8,000
 Less 10% trade discount

Jan. 18 Returned to A. Thompson
 20 cartons of Joy soap

11. The following balances appeared in the books of Ajasco Electrical Enterprises on 31st Dec., 2005:

| | N |
|-----------------|---------|
| Cash at bank | 500,000 |
| Cash in hand | 12,000 |
| Stock | 10,000 |
| Motor van | 25,000 |
| Debtor Ajayi | 5,000 |
| Creditor S. Tom | 8,000 |

Open his books on 1st Jan 2006, enter the following and post to the appropriate ledgers:

Jan. 2 Bought on credit from PZ plc 2 4 TEC Generators 5.5KVA at N60,000 each 30 Electric irons at N6,000 each 24 stabilizers at N5,000 each
 Subject to 10% trade discount Deposited cash N100,000

Jan. 4 Returned 1 generator 3 electric irons

Jan. 5 Received credit note

Jan. 8 Sold to Nwoke Joseph on credit
 4 TEC Generators 5.5 KVA at N65,000 each
 12 standing fan at N10,000 each

Jan. 10 Returned 2 standing fans
 1 Generator

Jan. 11 Sent a credit note

Jan. 12 Sold on credit to Funyin Facility Enterprises
10 cartons of 60watts electric bulbs at N5,000 per carton
24 electric kettles at N8,000 each
20 electric stove at N12,000 each
Subject to 10% trade discount
Jan. 14 Returned 1 dozen electric bulbs
2 electric kettles
1 electric stove
Jan 16 Sent credit note
Jan 18 Sold goods cash N80,000
5% trade discount
Jan 20 Nwoke Joseph paid cash N200,000
Jan 20 Bought on credit from WEMA Electrical Co. Ltd
20 T. V. Sets (Samsung) at N35,000 each
84 electric table lamps at N15,000 each
36 table fans at N9,000 each
Jan 22 Returned 1 T.V. Set
3 electric table lamps
3 table fans
Jan 27 Received credit note