

Trading Business-Accounting Cycle

(Periodic Inventory System)

Your Choice

General Journal

Date	Account Titles and Explanation	Post Ref.	Debit	Credit
2008				
Aug				
	1 Cash		500,000	
	Office Supplies		10,000	
	Furniture		40,000	
	Capital-Bhollo			550,000
	(Invested various assets into business)			
	1 Purchases		100,000	
	Freight-in		1,000	
	Cash			101,000
	(Purchased merchandise on cash and paid freight)			
	1 Purchases		300,000	
	Import Duty		10,000	
	Accounts Payable			300000
	Cash			10,000
	(Purchased merchandise on credit and paid import duty)			
	2 Prepaid Rent		40,000	
	Cash			40,000
	(Paid rent in advance)			
	3 Cash		1000	
	Accounts Payable		5000	
	Purchase Return and Allowance			6000
	(Returned defective goods on cash and on credit)			

Your Choice

General Journal

Date		Account Titles and Explanation	Post Ref.	Debit	Credit
2008					
Aug	4	Accounts Payable		195000	
		Cash			194000
		Purchase Discount			1000
		(Made payment and availed discount)			
	6	Bank		30000	
		Cash			30000
		(Deposited cash into bank)			
	10	Cash		50000	
		Sales			50000
		(Sold goods on cash)			
	12	Accounts Receivable		150000	
		Sales			150000
		(Sold goods on credit)			
	12	Freight Expense		5000	
		Cash			5000
		(Paid Freight Expense)			

Your Choice
General Journal

Date		Account Titles and Explanation	Post Ref.	Debit	Credit
2008					
Aug	13	Sales Return and Allowance		5000	
		Cash			5000
		(To record sales return and allowance on cash)			
	13	Sales Return and Allowance		10000	
		Accounts Receivable			10000
		(To record sales return and allowance on credit)			
	18	Bank		98000	
		Sales Discount		2000	
		Accounts Receivable			100000
		(Collected cheque from customer deposited into bank and allowed discount)			
	20	Advertising Expense		1000	
		Bank			1000
		(Paid advertising expense by cheque)			

Your Choice
General Journal

Date		Account Titles and Explanation	Post Ref.	Debit	Credit
2008					
Aug	23	Purchases		20000	
		Bank			20000
		(Purchased goods and paid by cheque)			
	25	Cash		60000	
		Sales			60000
		(Sold good on cash)			
	31	Utilities Expense		8000	
		Cash			8000
		(Paid utilities)			
	31	Salaries Expense		20000	
		Cash			20000
		(Paid salaries)			

Your Choice General Ledger

Cash

2008 Aug 1	Capital	500,000	2008 Aug 1	Purchases	100,000
3	Purchase Return & Allowance	1,000		Freight -in	1,000
10	Sales	50,000	1	Import Duty	10,000
25	Sales	60,000	2	Prepaid Rent	40,000
			4	Accounts Payable	194,000
			6	Bank	30,000
			12	Freight Expense	5,000
			13	Sales Return & Allowance	5,000
			31	Utilities Expense	8,000
			31	Salaries Expense	20,000
			31	Balance	198,000
		611,000			611,000
Sep 1	Balance	198,000			

Bank

2008 Aug 6	Cash	30,000	2008 Aug 20	Advertising Expense	1,000
18	Accounts Receivable	98,000	23	Purchases	20,000
			31	Balance	107,000
		128,000			128,000
Sep 1	Balance	107,000			

Accounts Receivable

2008 Aug 12	Sales	150,000	2008 Aug 13	Sales Return & Allowance	10,000
			18	Bank	98,000
				Sales Discount	2,000
			31	Balance	40,000
		150,000			150,000
Sep 1	Balance	40,000			

Office Supplies

2008 Aug 1	Capital	10,000			
			2008 Aug 31	Balance	10,000
		10,000			10,000
Sep 1	Balance	10,000			

Prepaid Rent

2008 Aug 2	Cash	40,000			
			2008 Aug 31	Balance	40,000
		40,000			40,000
Sep 1	Balance	40,000			

Furniture

2008 Aug 1	Capital	40,000			
			2008 Aug 31	Balance	40,000
		40,000			40,000
Sep 1	Balance	40,000			

Accounts Payable

2008 Aug 3	Purchase Return & Allowance	5,000	2008 Aug 1	Purchases	300,000
4	Cash	194,000			
	Purchase Discount	1,000			
31	Balance	100,000			
		300,000			300,000
			Sep 1	Balance	100,000

Capital-Bhollo

			2008 Aug 1	Cash	500,000
				Office Supplies	10,000
				Furniture	40,000
2008 Aug 31	Balance	550,000			
		550,000			550,000
			Sep 1	Balance	550,000

Sales

			2008 Aug 10	Cash	50,000
			12	Accounts Receivable	150,000
			25	Cash	60,000
2008 Aug 31	Balance	260,000			
		260,000			260,000
			Sep 1	Balance	260,000

Sales Return & Allowance

2008 Aug 13	Cash	5,000			
13	Accounts Receivable	10,000			
			2008 Aug 31	Balance	15,000
		15,000			15,000
Sep 1	Balance	15,000			

Sales Discount

2008 Aug 18	Accounts Receivable	2,000			
			2008 Aug 31	Balance	2,000
		2,000			2,000
Sep 1	Balance	2,000			

Purchases

2008 Aug 1	Cash	100,000			
1	Accounts Payable	300,000			
23	Bank	20,000			
			2008 Aug 31	Balance	420,000
		420,000			420,000
Sep 1	Balance	420,000			

Purchase Return & Allowance

			2008 Aug 3	Cash	1,000
				Accounts Payable	5,000
2008 Aug 31	Balance	6,000			
		6,000			6,000
			Sep 1	Balance	6,000

Purchase Discount

			2008 Aug 4	Accounts Payable	1,000
2008 Aug 31	Balance	1,000			
		1,000			1,000
			Sep 1	Balance	1,000

Freight-in

2008 Aug 1	Cash	1,000			
			2008 Aug 31	Balance	1,000
		1,000			1,000
Sep 1	Balance	1,000			

Import Duty

2008 Aug 1	Cash	10,000			
			2008 Aug 31	Balance	10,000
		10,000			10,000
Sep 1	Balance	10,000			

Freight Expense

2008 Aug 12	Cash	5,000			
			2008 Aug 31	Balance	5,000
		5,000			5,000
Sep 1	Balance	5,000			

Advertising Expense

2008 Aug 20	Bank	1,000			
			2008 Aug 31	Balance	1,000
		1,000			1,000
Sep 1	Balance	1,000			

Utilities Expense

2008 Aug 31	Cash	8,000			
			2008 Aug 31	Balance	8,000
		8,000			8,000
Sep 1	Balance	8,000			

Salaries Expense

2008 Aug 31	Cash	20,000			
			2008 Aug 31	Balance	20,000
		20,000			20,000
Sep 1	Balance	20,000			

Your Choice**Pre-Closing Trial Balance****Aug 31, 2008****Rs.**

S.no	Account Titles	A/c No.	Debit	Credit
1	Cash		198,000	
2	Bank		107,000	
3	Accounts Receivable		40,000	
4	Office Supplies		10,000	
5	Prepaid Rent		40,000	
6	Furniture		40,000	
7	Accounts Payable			100,000
8	Capital-Bhollo			550,000
9	Sales			260,000
10	Sales Return & Allowance		15,000	
11	Sales Discount		2,000	
12	Purchases		420,000	
13	Purchase Return & Allowance			6,000
14	Purchase Discount			1,000
15	Freight-in		1,000	
16	Import Duty		10,000	
17	Freight Expense		5,000	
18	Advertising Expense		1,000	
19	Utilities Expense		8,000	
20	Salaries Expense		20,000	
	Total		917,000	917,000

Your Choice General Journal

Date		Account Titles and Explanation	Post Ref.	Debit	Credit
2008 Aug 31		(Adjustments)			
	1	Salaries Expense v		5,000	
		Salaries Payable			5,000
		(To adjust salaries expense)			
	2	Prepaid Salaries		10,000	
		Salaries Expense v			10,000
		(To record prepaid salaries)			
	3	Rent Expense		30,000	
		Prepaid Rent v			30000
		(To adjust prepaid rent)			
	4	Prepaid Advertising		500	
		Advertising Expense v			500
		(To adjust advertising expense)			
	5	Prepaid Freight		3,000	
		Freight Expense v			3000
		(To adjust freight expense)			
	6	Depreciation Expense		5,000	
		Accumulated Depreciation -Furniture			5,000
		(To record estimated depreciation)			
	7	Bad Debts Expense(40000x10%)		4,000	
		Allowance for Bad Debts			4,000
		(To record estimated bad debts)			

General Ledger					
(W-1) Salaries Expense					
2008 Aug 31	Balance	20,000	2008 Aug 31(2)	Adj	10,000
1	Adj	5,000			
Balance	15,000				
(W-2) Prepaid Rent					
2008 Aug 31	Balance	40,000	2008 Aug 31(3)	Adj	30,000
Balance	10,000				
(W-3) Advertising Expense					
2008 Aug 31	Balance	1,000	2008 Aug 31(4)	Adj	500
Balance	500				
(W-4) Freight Expense					
2008 Aug 31	Balance	5,000	2008 Aug 31(5)	Adj	3,000
Balance	2,000				

Your Choice
Adjusted Trial Balance

Aug 31, 2008

Rs.

S.no	Account Titles	A/c No.	Debit	Credit
1	Cash		198,000	
2	Bank		107,000	
3	Accounts Receivable		40,000	
4	Allowance for Bad Debts			4,000
5	Office Supplies		10,000	
6	Prepaid Rent (W-2)		10,000	
7	Prepaid Salaries		10,000	
8	Prepaid Advertising		500	
9	Prepaid Freight		3,000	
10	Furniture		40,000	
11	Accumulated Depreciation -Furniture			5,000
12	Accounts Payable			100,000
13	Salaries Payable			5,000
14	Capital-Bhollo			550,000
15	Sales			260,000
16	Sales Return & Allowance		15,000	
17	Sales Discount		2,000	
18	Purchases		420,000	
19	Purchase Return & Allowance			6,000
20	Purchase Discount			1,000
21	Freight-in		1,000	
22	Import Duty		10,000	
23	Freight Expense (W-4)		2,000	
24	Salaries Expense (W-1)		15,000	
25	Utilities Expense		8,000	
26	Advertising Expense (W-3)		500	
27	Depreciation Expense		5,000	
28	Rent Expense		30,000	
29	Bad Debts Expense		4,000	
	Total		931,000	931,000