



WEEK 32

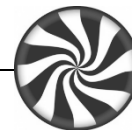
ASSIGNMENT PACKET

This week we will continue to work on special journals for merchandising businesses. Last week we looked at the Purchases Journal and Cash Payments Journal ... this week we will focus on the Sales Journal and Cash Receipts Journal.

Once again, I have a video on YouTube explaining the new concepts for the week and walking you through a practice problem. I'll post the practice problem with answers on the class website (this week's is on the next couple pages). You can refer back to the video or the practice problem to help you with the problem packet that week. Again, I'm not going to assign too much work each week so you won't feel stressed ... I'd rather you take your time to (1) watch the video, (2) look at the practice problem answers, and (3) work through the problem packet.

The problem packets will be in a document you can open from Word or Google Docs. You should be able to type directly into the document, save it, and share it with me. If you have any problems, let me know! I tested it out on a chromebook, laptop, and my phone and it seems to work.

Please reach out to me with questions!



Exploring Special Journals: Sales Journal and Cash Receipts

One of your friends, Marshall Mathers, just started a candy store called Slim Shady's Candy Shop. Record the transactions for the month of March 2020 in the sales journal and cash receipts journal. You can leave the Post. Ref. column blank for now.

Remember: the last row of these special journals is always used to total up the account columns.

SALES ON ACCOUNT

- March 1 Sold merchandise on account to Nirmal Phuyal, \$200, plus sales tax, \$10; total \$210. Sales Invoice No. 31.
- March 5 Sold merchandise on account to Desani Hill, \$360, plus sales tax, \$18; total \$378. Sales Invoice No. 32.
- March 9 Sold merchandise on account to Jenna Hoelmer, \$100, plus sales tax, \$5; total \$105. Sales Invoice No. 33.
- March 15 Sold merchandise on account to Keith Love, \$500, plus sales tax, \$25; total \$525. Sales Invoice No. 34.
- March 24 Sold merchandise on account to Christian Brown, \$300, plus sales tax, \$15; total \$315. Sales Invoice No. 35.

SALES JOURNAL

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Used for recording sales on account (sales for cash are recorded in the cash receipts journal)

2020 Date	Account Debited*	Sale No.	Post Ref.	Accts Receivable DR*				Sales Tax Payable CR			Sales CR					
Mar 1	AR-Nirmal Phuyal	S31		2	1	0	00		1	0	00		2	0	0	00
5	AR-Desani Hill	S32		3	7	8	00		1	8	00		3	6	0	00
9	AR-Jenna Hoelmer	S33		1	0	5	00			5	00		1	0	0	00
15	AR-Keith Love	S34		5	2	5	00		2	5	00		5	0	0	00
24	AR-Christian Brown	S35		3	1	5	00		1	5	00		3	0	0	00
	TOTAL			1	5	3	3 00		7	3	00		1	4	6	0 00

* for the account title column, write the AR account.

CASH RECEIPTS

- March 3 Recorded cash and credit card sales, \$2,500, plus sales tax, \$125; total \$2,625. Terminal Summary 41.
- March 7 Recorded cash and credit card sales, \$4,000, plus sales tax, \$200; total \$4,200. Terminal Summary 42.
- March 13 Received cash on account from Jenna Hoelmer, \$105, covering S33. Receipt No. 10.
- March 20 Received cash on account from Desani Hill, \$378, covering S32. Receipt No. 11.
- March 27 Received cash on account from Robbie Brockert, \$588, covering S22 for \$600, less 2% discount, \$12. Receipt No. 12.

CASH RECEIPTS JOURNAL

PAGE 1

Used for all cash coming in (not just sales)

2020 Date	Account Credited*	Doc. No.	Post Ref.	General										Accts Receivable CR*	Sales CR*	Sales Tax Payable CR	Sales Discount DR	Cash DR														
				DR					CR																							
Mar 3	Sales	TS41													2	5	0	0	00	1	2	5	00			2	6	2	5	00		
7	Sales	TS42													4	0	0	0	00	2	0	0	00			4	2	0	0	00		
13	AR-Jenna Hoelmer	R10													1	0	5	00									1	0	5	00		
20	AR-Desani Hill	R11													3	7	8	00										3	7	8	00	
27	AR-Robbie Brockert	R12													6	0	0	00					1	2	00			5	8	8	00	
	TOTAL														1	0	8	3 00	6	5	0	0 00	3	2	5 00		1	2	00	7	8	9 6 00

* for the account title column, write either the AR account or write "Sales".

Slim Shady's Candy Shop

Exploring Special Journals: Sales Journal and Cash Receipts

Sales Returns and Allowances

Sales Returns are when a customer returns merchandise for a refund (either to Cash or Accounts Receivable, depending on how the items were originally paid for).

Sales Allowances are when the customer's merchandise is damaged or not as expected and you allow the customer to keep the merchandise at a reduced price.

Both of these adjustments are recorded to the "Sales Returns and Allowances" account. This account is a "contra" account to Sales. It has a normal debit balance (the opposite of Sales).

Note: These transactions will credit either Cash or Accounts Receivable and debit the Sales Returns and Allowances account, as well as the Sales Tax Payable account. The source document for these types of transactions is called a Credit Memorandum (CM).

SALES RETURNS AND ALLOWANCES

March 4 Granted a refund to Jayla Bonner for merchandise returned, \$500, plus sales tax, \$25; total \$525 credit on account. CM701.

March 12 Granted a refund to David Russell for merchandise returned, \$200, plus sales tax, \$10; total \$210 credit on account. CM702.

GENERAL JOURNAL

PAGE 1

2020 Date		Account Title	Doc. No.	Post. Ref.	Debit				Credit				
Mar	4	Sales Returns & Allowances	CM701			5	0	0	00				
		Sales Tax Payable					2	5	00				
		AR-Jayla Bonner									5	2	5 00
	12	Sales Returns & Allowances	CM702			2	0	0	00				
		Sales Tax Payable					1	0	00				
		AR-David Russell									2	1	0 00

SALES RETURNS AND ALLOWANCES (continued)

March 19 Granted a refund to Javon Smith for merchandise returned, \$300, plus sales tax, \$15; total \$315 credit on account. CM703.

March 26 A cash customer returned merchandise, \$100, plus sales tax, \$5; total \$105 cash refund. CM704.

GENERAL JOURNAL

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2020 Date		Account Title	Doc. No.	Post. Ref.	Debit				Credit				
Mar	19	Sales Returns & Allowances	CM703			3	0	0	00				
		Sales Tax Payable					1	5	00				
		AR-Javon Smith									3	1	5 00
	26	Sales Returns & Allowances	CM704			1	0	0	00				
		Sales Tax Payable						5	00				
		Cash									1	0	5 00

Notice that when customers return merchandise for a cash refund like on March 26, it is recorded in the General Journal, NOT in the Cash Payments Journal. All returns are recorded in the General Journal, whether they are cash or AR.