

CHAPTER 7**Posting****SECTION 7.1 REVIEW QUESTIONS** (page 233)

1. *The two important books in the accounting process are the journal and the ledger.*
2. *The simple account that shows debit amounts on one side and credit amounts on the other is called a T-account.*
3. *The account that is more useful and convenient than the T-account is the balance column account.*
4. *The balance column account is considered useful because it has three separate money columns for debits, credits, and the balance. There are also columns for the date, to indicate if the balance is a debit or credit, and to record the journal page from where the amount originated.*
5. *To open a new account, assign the account an identification number and an appropriate account title that describes the purpose of the account. Then place the account in the proper order with the other accounts in the ledger.*
6. *Accounting entries are first recorded in the journal.*
7. *Posting is the process of transferring information from the journal to the ledger.*
8. *The five steps in posting that are performed in the ledger are as follows. Step 1: Record the date on the next unused line in the account. Step 2: In the posting reference (P.R.) column of the account, write "J" and then the general journal page number where the transaction is recorded. Step 3: Record the amount. Debit amounts are entered in the debit columns of the accounts. Credit amounts are entered in the credit columns of the accounts. Step 4: Calculate the new balance. Indicate whether this balance is a debit or credit in the Dr/Cr column. Step 5: Enter the new account balance you calculated in Step 4 in the balance column.*
9. *The one step in posting that is performed in the journal is to write the ledger account number that received the posting in the posting reference (P.R.) column on the same line as the amount posted.*
10. *Cross-referencing is the process of recording the journal page number in the account and the account number in the journal.*
11. *There are three reasons for cross-referencing. One, cross-referencing allows entries in the journal to be traced to the accounts where they have been posted. Two, it allows entries in accounts to be easily traced back to their source in the general journal. Three, if the posting process is interrupted, cross-referencing makes it easy to tell where to begin again since journal amounts that have been posted will have the account number entered.*
12. *Forwarding is the process of continuing an account in a new account form by carrying forward the date and the balance from the completed page.*
13. *The first four steps in the accounting cycle are as follows. Step 1: Transactions occur and source documents are generated. Step 2: Use the source documents to journalize the accounting entries. Step 3: Post the journal entries to the ledger. Step 4: Take off a trial balance.*

SECTION 7.1 EXERCISES (page 233)**Exercise 1, p. 233**

A.

ACCOUNT Bank**No. 101**

DATE		PARTICULARS	P.R.	DEBIT					CREDIT					Dr/Cr	BALANCE
²⁰⁻ Oct.	5		J1	1	0	0	0	-						<i>Dr</i>	1 0 0 0 -
	6		J3		2	5	0	-						<i>Dr</i>	1 2 5 0 -
	6		J3		3	1	0	-						<i>Dr</i>	1 5 6 0 -
	8		J5						1	2	5	0	-	<i>Dr</i>	3 1 0 -
	9		J8		2	0	0	-						<i>Dr</i>	5 1 0 -
	9		J8		3	5	0	-						<i>Dr</i>	8 6 0 -
	10		J10							9	0	0	-	<i>Cr</i>	4 0 -
	10		J11		8	5	0	-						<i>Dr</i>	8 1 0 -
	11		J13						1	2	0	0	-	<i>Cr</i>	3 9 0 -
	12		J13		1	5	0	0	-					<i>Dr</i>	1 1 1 0 -
	13		J14		2	0	0	-						<i>Dr</i>	1 3 1 0 -

B.

ACCOUNT Accounts Payable—YX Co.**No. 211**

DATE		PARTICULARS	P.R.	DEBIT					CREDIT					Dr/Cr	BALANCE
²⁰⁻ Jun.	6		J4						3	5	0	0	-	<i>Cr</i>	3 5 0 0 -
	25		J7						1	6	0	0	-	<i>Cr</i>	5 1 0 0 -
Jun.	5		J10	3	5	0	0	-						<i>Cr</i>	1 6 0 0 -
	24		J12	1	0	0	0	-						<i>Cr</i>	6 0 0 -
Aug.	15		J18						2	0	0	0	-	<i>Cr</i>	2 6 0 0 -
	23		J20		6	0	0	-						<i>Cr</i>	2 0 0 0 -
Sep.	14		J28	2	0	0	0	-						-	0
	26		J31						4	5	0	-		<i>Cr</i>	4 5 0 -
Oct.	29		J39		5	0	0	-						<i>Dr</i>	5 0 -
Nov.	3		J41						1	5	0	-		<i>Cr</i>	1 0 0 -
	26		J45						3	7	5	-		<i>Cr</i>	4 7 5 -

SECTION 7.1 EXERCISES (continued)**Exercise 2, p. 234****Workbook Exercise**

The journal and ledger of C. Fries appear below and on the following pages. Post the journal entries to the ledger accounts. When this is completed, take off a trial balance to ensure your work is accurate.

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DATE		PARTICULARS	P.R.	DEBIT				CREDIT			
20-2 Jan.	4	Bank	105	7	9	1	–				
		Fees Earned	405					7	0	0	–
		HST Payable	210						9	1	–
		Cash sale									
	7	Wages Expense	505	1	5	0	0	–			
		Bank	105						1	5	0
		Wages for part-time workers									
	10	Bank	105	3	7	0	–				
		A/R—P. Berry	110						3	7	0
		Received on account									
	15	Supplies	115	1	1	0	0	–			
		HST Recoverable	215		1	4	3	–			
		A/P—General Supply Co.	205						1	2	4
		Paper products									
	21	A/R—P. Berry	110	5	6	5	–				
		Fees Earned	405						5	0	0
		HST Payable	210							6	5
		Sale on account									
	25	C. Fries, Drawings	310	8	0	0	–				
		Bank	105						8	0	0
		For personal use									
	30	General Expense	500	2	4	0	–				
		HST Recoverable	215		3	1	20				
		Bank	105						2	7	1
		Materials used									20

SECTION 7.1 EXERCISES (continued)**Exercise 2, p. 234** (continued)**GENERAL LEDGER****ACCOUNT Bank****No. 105**

DATE		PARTICULARS	P.R.	DEBIT				CREDIT				Dr/Cr	BALANCE	
²⁰⁻¹ Dec.	31	Forwarded	–									Dr	1 9 0 0 –	
²⁰⁻² Jan.	4		J40	7	9	1	–					Dr	2 6 9 1 –	
	7		J40					1	5	0	0	–	Dr	1 1 9 1 –
	10		J40	3	7	0	–					Dr	1 5 6 1 –	
	25		J40					8	0	0	–	Dr	7 6 1 –	
	30		J40					2	7	1	20	Dr	4 8 9 80	

ACCOUNT A/R—P. Berry**No. 110**

DATE		PARTICULARS	P.R.	DEBIT				CREDIT				Dr/Cr	BALANCE
²⁰⁻¹ Dec.	31	Forwarded	–									Dr	3 7 0 –
²⁰⁻² Jan.	10		J40					3	7	0	–	–	0
	21		J40	5	6	5	–					Dr	5 6 5 –

ACCOUNT Supplies**No. 115**

DATE		PARTICULARS	P.R.	DEBIT				CREDIT				Dr/Cr	BALANCE
²⁰⁻¹ Dec.	31	Forwarded	–									Dr	1 4 2 0 –
²⁰⁻² Jan.	15		J40	1	1	0	0	–				Dr	2 5 2 0 –

ACCOUNT Equipment**No. 120**

DATE		PARTICULARS	P.R.	DEBIT				CREDIT				Dr/Cr	BALANCE
²⁰⁻¹ Dec.	31	Forwarded	–									Dr	9 0 7 5 –

ACCOUNT A/P—General Supply Company**No. 205**

DATE		PARTICULARS	P.R.	DEBIT				CREDIT				Dr/Cr	BALANCE	
²⁰⁻¹ Dec.	31	Forwarded	–									Cr	2 0 3 0 –	
²⁰⁻² Jan.	15		J40					1	2	4	3	–	Cr	3 2 7 3 –

SECTION 7.1 EXERCISES (continued)**Exercise 2, p. 234** (continued)**ACCOUNT HST Payable****No. 210**

DATE		PARTICULARS	P.R.	DEBIT				CREDIT			Dr/Cr	BALANCE				
²⁰⁻¹ Dec.	31	Forwarded	–								Cr		2	2	5	–
²⁰⁻² Jan.	4		J40					9	1	–	Cr		3	1	6	–
	21		J40					6	5	–	Cr		3	8	1	–

ACCOUNT HST Recoverable**No. 215**

DATE		PARTICULARS	P.R.	DEBIT				CREDIT			Dr/Cr	BALANCE				
²⁰⁻¹ Dec.	31	Forwarded	–								Dr			7	5	–
²⁰⁻² Jan.	15		J40	1	4	3	–				Dr		2	1	8	–
	30		J40	3	1	20					Dr		2	4	9	20

ACCOUNT C. Fries, Capital**No. 305**

DATE		PARTICULARS	P.R.	DEBIT				CREDIT			Dr/Cr	BALANCE				
²⁰⁻¹ Dec.	31	Forwarded	–								Cr	10	5	8	5	–

ACCOUNT C. Fries, Drawings**No. 310**

DATE		PARTICULARS	P.R.	DEBIT				CREDIT			Dr/Cr	BALANCE				
²⁰⁻² Jan.	25		J40	8	0	0	–				Dr		8	0	0	–

ACCOUNT Fees Earned**No. 405**

DATE		PARTICULARS	P.R.	DEBIT				CREDIT			Dr/Cr	BALANCE						
²⁰⁻² Jan.	4		J40					7	0	0	–	Cr		7	0	0	–	
	21		J40					5	0	0	–	Cr		1	2	0	0	–

SECTION 7.1 EXERCISES (continued)

Exercise 2, p. 234 (continued)

ACCOUNT **General Expense**

No. 500

DATE		PARTICULARS	P.R.	DEBIT				CREDIT				Dr/Cr	BALANCE			
<i>Jan.</i> ²⁰⁻²	<i>30</i>		<i>J40</i>	<i>2</i>	<i>4</i>	<i>0</i>	<i>-</i>					<i>Dr</i>	<i>2</i>	<i>4</i>	<i>0</i>	<i>-</i>

ACCOUNT **Wages Expense**

No. 505

DATE		PARTICULARS	P.R.	DEBIT				CREDIT				Dr/Cr	BALANCE				
<i>Jan.</i> ²⁰⁻²	<i>7</i>		<i>J40</i>	<i>1</i>	<i>5</i>	<i>0</i>	<i>0</i>	<i>-</i>				<i>Dr</i>	<i>1</i>	<i>5</i>	<i>0</i>	<i>0</i>	<i>-</i>

C. FRIES

TRIAL BALANCE

JANUARY 30, 20-2

ACCOUNTS	DEBIT				CREDIT			
<i>Bank</i>	<i>4</i>	<i>8</i>	<i>9</i>	<i>80</i>				
<i>A/R—P. Berry</i>	<i>5</i>	<i>6</i>	<i>5</i>	<i>-</i>				
<i>Supplies</i>	<i>2</i>	<i>5</i>	<i>2</i>	<i>0</i>	<i>-</i>			
<i>Equipment</i>	<i>9</i>	<i>0</i>	<i>7</i>	<i>5</i>	<i>-</i>			
<i>A/P—General Supply Company</i>					<i>3</i>	<i>2</i>	<i>7</i>	<i>3</i>
<i>HST Payable</i>					<i>3</i>	<i>8</i>	<i>1</i>	<i>-</i>
<i>HST Recoverable</i>	<i>2</i>	<i>4</i>	<i>9</i>	<i>20</i>				
<i>C. Fries, Capital</i>					<i>10</i>	<i>5</i>	<i>8</i>	<i>5</i>
<i>C. Fries, Drawings</i>	<i>8</i>	<i>0</i>	<i>0</i>	<i>-</i>				
<i>Fees Earned</i>					<i>1</i>	<i>2</i>	<i>0</i>	<i>0</i>
<i>General Expense</i>	<i>2</i>	<i>4</i>	<i>0</i>	<i>-</i>				
<i>Wages Expense</i>	<i>1</i>	<i>5</i>	<i>0</i>	<i>0</i>	<i>-</i>			
	<i>15</i>	<i>4</i>	<i>3</i>	<i>9</i>	<i>-</i>	<i>15</i>	<i>4</i>	<i>3</i>

SECTION 7.1 EXERCISES (continued)**Exercise 3, p. 234****Workbook Exercise**

The Bank account page shown below is filled. Forward the balance to a new account page.

ACCOUNT *Bank* **No. 101**

DATE		PARTICULARS	P.R.	DEBIT					CREDIT				Dr/Cr	BALANCE				
²⁰⁻ Jul.	1		J1	1	9	0	0	–					<i>Dr</i>	1	9	0	0	–
	7		J1	1	9	0	0	–					<i>Dr</i>	3	8	0	0	–
	13		J1						5	0	0	–	<i>Dr</i>	3	3	0	0	–
	19		J2						2	7	5	–	<i>Dr</i>	3	0	2	5	–
	21		J2						5	0	–		<i>Dr</i>	2	9	7	5	–
	25		J2						7	5	–		<i>Dr</i>	2	9	0	0	–
	27		J3	1	0	0	0	–					<i>Cr</i>	3	9	0	0	–
	29	<i>Forwarded</i>	J3						1	0	0	–	<i>Dr</i>	3	8	0	0	–

ACCOUNT *Bank* **No. 101**

DATE		PARTICULARS	P.R.	DEBIT					CREDIT				Dr/Cr	BALANCE				
²⁰⁻ Jan.	29	<i>Forwarded</i>	–										<i>Dr</i>	3	8	0	0	–

SECTION 7.2 REVIEW QUESTIONS (page 240)

- You do not erase errors in the books of account because this might make auditors suspicious when they review the records.
- To correct a simple error in the accounts or the journal found immediately, simply stroke neatly through the incorrect figures or letters and write in the correct ones immediately above.
- The best way to correct an error that is found after some time has passed is by using a correcting journal entry. A correcting journal entry is an accounting entry that cancels the effect of an error.
- Accountants must work to a high degree of accuracy to minimize errors and ensure that the information in the accounts and the journal is correct.
- The four quick tests for finding a single error are as follows. Test 1: Check to see if the difference is a multiple of 10. Test 2: Check the journal and the ledger to see if the trial balance difference is equal to an amount entered in the journal or the ledger. Test 3: Divide the trial balance difference by two and search the journal and the ledger for that amount. Test 4: Check to see if the trial balance difference is evenly divisible by nine.
- Before applying any of the quick tests, you must calculate the trial balance difference.
- A trial balance difference of \$10 suggests an error in addition.

SECTION 7.2 REVIEW QUESTIONS (continued)

8. *To correct an error in addition, as in Question 7, you should re-add the trial balance columns and each ledger account.*
9. *If the trial balance difference is not an even amount, \$23.45 for example, the third quick test can be eliminated since a cent number that is odd cannot be divided evenly by two.*
10. *When an amount is posted to the wrong side of an account, the trial balance difference is always twice as large as the amount of the error.*
11. *A transposition error occurs when numerals are reversed when copying figures. For example, writing \$239.39 as \$239.93.*
12. *A trial balance difference of \$270 could be caused by a transposition error because \$270 is evenly divisible by nine.*
13. *A trial balance difference of \$2430 could be caused by a decimal point error because \$2430 is evenly divisible by nine. (2700.00 written as 270.00 creates a difference of 2430.)*
14. *If the quick tests fail, the Sequence of Balancing Steps that should be used are as follows. Step 1: Re-add the trial balance columns. Step 2: Check the transfer of account balances from the ledger to the trial balance. Step 3: Re-add the ledger accounts. Step 4: Check the postings from the journal to the ledger. Step 5: Check to see that each individual journal entry balances.*
15. *If the Sequence of Balancing Steps is completed but the ledger is still not balanced, you must repeat the five-step procedure again but more carefully.*

SECTION 7.2 EXERCISES (page 240)**Exercise I, p. 240**

A. to D.

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PAGE 1

DATE	PARTICULARS	P.R.	DEBIT			CREDIT		
A.	<i>A/P—Acme Equipment</i>			6	0	—		
	<i>Equipment</i>						6	0 —
B.	<i>P. Kane, Drawings</i>			7	0	0 —		
	<i>Miscellaneous Expense</i>						7	0 0 —
C.	<i>Bank</i>			1	5	0 0 —		
	<i>A/P—Evening Sun</i>						1	5 0 0 —
D.	<i>Bank</i>			2	7	—		
	<i>Utilities Expense</i>						2	7 —

SECTION 7.2 EXERCISES (continued)**Exercise 2, p. 240****Workbook Exercise**

The exercise below, involving a journal, ledger, and trial balance, has errors in it. Locate and correct the errors and balance the trial balance.

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DATE		PARTICULARS	P.R.	DEBIT					CREDIT					
20- Nov.	4	Automobile	125	14 13	5 5	0 0	0 0	- -						
		HST Recoverable	215	1	8	8	5	-						
		Bank	105						4	0	0	0	-	
		A/P—Ace Finance	205						12	3	8	5	-	
		Purchase of new car for \$16 385 incl. tax												
	6	Furniture	120		9	0	0	-						
		HST Recoverable	215	1	1	7	-							
		Bank	105						1	0	1	7	-	
		Purchase of new desk												
	7	A/R—A. Boyd	110		4	5	2	-						
		Fees Earned	405						4	0	0	0	-	
		HST Payable	210							5	2	-		
		Sale on account												
	10	Bank	105		3	3	9	-						
		Fees Earned	405						3	0	0	0	-	
		HST Payable	210							3	9	-		
		Cash sale												
	12	Rent Expense	510		7	0	0	-						
		HST Recoverable	215		9	1	-							
		Bank	105						7	9	1	-		
		Rent for the month												
	15	Car Expense	505		2	0	0	-						
		HST Recoverable	215		2	6	-							
		Bank	105						2	2	6	-		
		Car repairs paid by cash												

SECTION 7.2 EXERCISES (continued)**Exercise 2, p. 240** (continued)

ACCOUNT Bank **GENERAL LEDGER** **No. 105**

DATE		PARTICULARS	P.R.	DEBIT				CREDIT				Dr/Cr	BALANCE					
²⁰⁻ Oct.	31	Forwarded	–									Dr	12	0	4	8	88	
Nov.	4		J12					4	0	0	0	–	Dr	8	0	4	8	88
	6		J12					1	0	1	7	–	Dr	7	0	3	1	88
	10		J12	3	3	9	–					Dr	7	2	7	0	88	
	12		J12					7	9	1	–	–	Dr	6	4	7	9	88
	15		J12					2	2	6	–	–	Dr	6	2	5	3	88

ACCOUNT A/R—A. Boyd **No. 110**

DATE		PARTICULARS	P.R.	DEBIT				CREDIT				Dr/Cr	BALANCE				
²⁰⁻ Nov.	7		J12	4	5	2	–					Dr	4	5	2	–	

ACCOUNT Supplies **No. 115**

DATE		PARTICULARS	P.R.	DEBIT				CREDIT				Dr/Cr	BALANCE				
²⁰⁻ Oct.	31	Forwarded	–									Dr	5	7	0	–	

ACCOUNT Furniture **No. 120**

DATE		PARTICULARS	P.R.	DEBIT				CREDIT				Dr/Cr	BALANCE				
²⁰⁻ Oct.	31	Forwarded	–									Dr	1	9	7	1	50
Nov.	6		J12	9	0	0	–					Dr	2	8	7	1	50

ACCOUNT Automobile **No. 125**

DATE		PARTICULARS	P.R.	DEBIT				CREDIT				Dr/Cr	BALANCE					
²⁰⁻ Nov.	4		J12	14	5	0	0	–					Dr	14	5	0	0	–

SECTION 7.2 EXERCISES (continued)

Exercise 2, p. 240 (continued)

ACCOUNT A/P—Ace Finance

No. 205

DATE		PARTICULARS	P.R.	DEBIT					CREDIT				Dr/Cr	BALANCE					
²⁰⁻ Nov.	4		J12	12	3	8	5	-						Cr	12	3	8	5	-

ACCOUNT HST Payable

No. 210

DATE		PARTICULARS	P.R.	DEBIT					CREDIT				Dr/Cr	BALANCE					
²⁰⁻ Oct.	31	Forwarded	-											Cr		6	1	6	90
Nov.	7		J12							5	2	-		Cr	6	4	8	90	
	10		J12							3	9	-		Cr	7	0	7	90	

ACCOUNT HST Recoverable

No. 215

DATE		PARTICULARS	P.R.	DEBIT					CREDIT				Dr/Cr	BALANCE					
²⁰⁻ Oct.	31	Forwarded	-											Dr		1	9	3	50
Nov.	4		J12	1	8	8	5	-						Dr	2	0	7	8	50
	6		J12		1	1	7	-						Dr	2	1	9	5	50
	10		J12		3	9	-							Dr	2	2	3	4	50
	12		J12		9	1	-							Dr	2	3	2	5	50
	15		J12		2	6	-							Dr	2	3	5	1	50

ACCOUNT A. Holmes, Capital

No. 305

DATE		PARTICULARS	P.R.	DEBIT					CREDIT				Dr/Cr	BALANCE					
²⁰⁻ Oct.	31	Forwarded	-											Cr	9	0	2	4	44

SECTION 7.2 EXERCISES (continued)**Exercise 2, p. 240** (continued)**ACCOUNT Fees Earned****No. 405**

DATE		PARTICULARS	P.R.	DEBIT				CREDIT				Dr/Cr	BALANCE				
²⁰⁻ Oct.	31	Forwarded	–									Cr	19	4	0	9	–
Nov.	7		J12					4	0	0	–	Cr	19	8	0	9	–
	10		J12					3	0	0	–	Cr	20	1	0	9	–

ACCOUNT Car Expense**No. 505**

DATE		PARTICULARS	P.R.	DEBIT				CREDIT				Dr/Cr	BALANCE				
²⁰⁻ Oct.	31	Forwarded	–									Dr	2	9	6	4	30
Nov.	15		J12	2	0	0	–	2	0	0	–	Dr	3	1	6	4	30

ACCOUNT Rent Expense**No. 510**

DATE		PARTICULARS	P.R.	DEBIT				CREDIT				Dr/Cr	BALANCE				
²⁰⁻ Oct.	31	Forwarded	–									Dr	7	0	0	0	–
Nov.	12		J12	7	0	0	–					Dr	7	7	0	0	–

ACCOUNT Wages Expense**No. 515**

DATE		PARTICULARS	P.R.	DEBIT				CREDIT				Dr/Cr	BALANCE				
²⁰⁻ Oct.	31	Forwarded	–									Cr	4	3	0	2	16

Name _____

Date _____

SECTION 7.2 EXERCISES (continued)

Exercise 2, p. 240 (continued)

A. HOLMES

TRIAL BALANCE

NOVEMBER 15, 20–

ACCOUNTS	DEBIT					CREDIT				
Bank	6	2	5	3	88					
A/R—A. Boyd		4	5	2	–					
Supplies		5	7	0	–					
Furniture		2	8	7	1 50					
Automobile	14	5	0	0	–					
A/P—Ace Finance						12	3	8	5	–
HST Payable						7	0	7	90	
HST Recoverable	2	3	1	2	50	2	3	5	1	50
A. Holmes, Capital						9	0	2	4	44
Fees Earned						20	1	0	9	–
Car Expense		3	1	6	4 30					
Rent Expense		7	7	0	0 –					
Wages Expense		4	3	0	2 16					
	42	2	2	6	34	42	2	2	6	34
	38	8	1	3	84	44	4	1	1	84

SECTION 7.2 EXERCISES (continued)

Exercise 3, p. 240

A. Why does it not balance?

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DATE	PARTICULARS	Dr	Cr
20- Jan.	2 Bank	4 500	
	Equipment	3 600	
	Capital		8 100
	3 Supplies	73	
	Accounts Payable		73
	6 Expense	47	
	Bank		47
	10 Bank	195	
	Revenue		195
	15 Drawings	100	
	Bank		100
	19 Accounts	63	
	Receivable Revenue		63
	24 Supplies	38	
	Bank		38

LEDGER

Bank		Accounts Receivable	
4 500	47	63	
195	100		
4 695	38		
<u>4 510</u>	185		
Supplies		Equipment	
73		3 600	
38			
<u>111</u>			
Accounts Payable		Capital	
	73		8 100
Drawings		Revenue	
100		195	159
		63	63
		<u>258</u>	222
Expense		TRIAL BALANCE	
47		Dr	Cr
		4 510	73
		63	8 100
		111	<u>258</u>
		3 600	222
		100	
		47	
		<u>8 431</u>	<u>8 431</u>
			8 395

Description of the error and how you found it:

This is a transposition error. First, I calculated the trial balance difference of \$36. This is not divisible by 10 so I could not use the first quick test. There is no entry for \$36 or \$18 (36 ÷ 2) so I could not use the second or third quick tests. I could divide \$36 by nine so I could use the fourth quick test. I searched for a transposition error and found it in the Revenue account.

SECTION 7.2 EXERCISES (continued)

Exercise 3, p. 240 (continued)

B. Why does it not balance?

JOURNAL

DATE	PARTICULARS	Dr	Cr
²⁰⁻ Feb. 3	Bank	3 000	
	Equipment	2 000	
	Capital		5 000
5	Supplies	490	
	Bank		490
9	Account Receivable	155	
	Revenue		155
15	Bank	56	
	Revenue		56
25	Expense	72	
	Accounts Payable		72
28	Bank	312	
	Revenue		312
29	Drawings	97	
	Bank		97

LEDGER

Bank		Accounts Receivable	
3 000	490	155	
312	56		
3 312	97		
<u>2 669</u>	643		
Supplies		Equipment	
490		2 000	
Accounts Payable		Capital	
	72		5 000
Drawings		Revenue	
97			155
			312
			<u>467</u>
Expense		TRIAL BALANCE	
56		Dr	Cr
72		2 669	72
<u>128</u>		155	5 000
		490	467
		2 000	
		97	
		<u>128</u>	<u>56</u>
		<u>5 539</u>	<u>5 539</u>

Description of the error and how you found it:

This is a posting error. First, I calculated the trial balance difference of \$72. This amount is not divisible by 10 so I could not use the first quick test. I searched for an entry for \$72, the second quick test, and found that the February 25 entry for \$72 was not posted to the Expense account.

SECTION 7.2 EXERCISES (continued)

Exercise 3, p. 240 (continued)

C. Why does it not balance?

JOURNAL

DATE	PARTICULARS	Dr	Cr
20- Apr. 3	Bank	2 500	
	Equipment	7 000	
	Capital		9 500
4	Accounts Receivable	371	
	Revenue		371
8	Bank	269	
	Revenue		269
10	Supplies	53	
	Accounts Payable		53
11	Drawings	127	
	Bank		127
13	Expense	86	
	Bank		86
17	Expense	49	
	Accounts Payable		49

LEDGER

Bank		Accounts Receivable	
2 500	127	371	
269	86		
2 769	213		
<u>(2 556)</u>			
Supplies		Equipment	
53		7 000	
Accounts Payable		Capital	
	53		9 500
	49		
	<u>(102)</u>		
Drawings		Revenue	
127			371
			269
			640 (540)
Expense		TRIAL BALANCE	
86		Dr	Cr
49		2 556	102
<u>(135)</u>		371	9 500
		53	640 540
		7 000	
		127	
		135	
		<u>10 242</u>	<u>10 142</u>
			<u>10 242</u>

Description of the error and how you found it:

This is an addition error. First, I calculated the trial balance difference of 100. This amount is divisible by 10 so I could use the first quick test. I added all the amounts again and found the addition error in the Revenue account.

SECTION 7.2 EXERCISES (continued)

Exercise 3, p. 240 (continued)

D. Why does it not balance?

JOURNAL

DATE	PARTICULARS	Dr	Cr
20-Jul. 4	Bank	4 000	
	Equipment	3 000	
	Capital		7 000
5	Supplies	216	
	Accounts Payable		216
10	Accounts Receivable	321	
	Revenue		321
15	Expense	73	
	Bank		73
20	Expense	34	
	Accounts Payable		34
25	Drawings	41	
	Bank		41
30	Bank	150	
	Accounts Receivable		150

LEDGER

Bank		Accounts Receivable	
4 000	73	321	150
150	41	(171)	
4 150	114		
(4 036)			
Supplies		Equipment	
216		3 000	
Accounts Payable		Capital	
	216		7 000
	34		
	(250)		
Drawings		Revenue	
41			321
Expense		TRIAL BALANCE	
73		Dr	Cr
34		4 036	250
(107)		171	7 000
		216	41
		3 000	321
		107	
		41	
		7 571	7 530
		7 571	7 571

Description of the error and how you found it:

This is a transferring error. First, I calculated the trial balance difference of \$82. This is not divisible by 10 and there is no entry for \$82 so I could not use the first or second quick tests. Next, I searched for an entry for \$41 (half of \$82), the third quick test, and found that \$41 was written on the wrong side of the trial balance.

SECTION 7.3 WITH STRINGS ATTACHED EXERCISE (page 245)

With Strings Attached		All Journal Entries 01/09/2012 to 31/10/2012		Account Number	Account Description	Debits	Credits
01-09	J1 JL	The owner's initial investment	1010 Bank	20 000.00		20 000.00	
			3010 J. Lucas, Capital				20 000.00
01-09	J2 JL	Borrowed funds from bank; repayable on demand	1010 Bank	42 000.00		42 000.00	
			2010 Bank Loan				42 000.00
01-09	J3 JL	Reversing J2. Correction is J4.	1010 Bank				42 000.00
			2010 Bank Loan	42 000.00		42 000.00	
01-09	J4 JL	Borrowed funds from bank	1010 Bank	40 000.00		40 000.00	
			2010 Bank Loan				40 000.00
01-09	J5 Cheque 001	Monthly rent to LaForge Properties	5040 Rent Expense	3 000.00		3 000.00	
			2300 HST Recoverable	390.00		390.00	
			1010 Bank				3 390.00
02-09	J6 Cheque 002	Purchased recording studio and office supplies	1200 Supplies	2 312.11		2 312.11	
			2300 HST Recoverable	300.57		300.57	
			1010 Bank				2 612.68
04-09	J7 Inv. 343	Purchased music equipment on account	1300 Furniture and Equipment	14 131.88		14 131.88	
			2300 HST Recoverable	1 837.14		1 837.14	
			2090 A/P—Hudson Music Equipment				15 969.02
08-09	J8 Inv. 481516	Purchased computers and equipment on account	1300 Furniture and Equipment	7 837.52		7 837.52	
			2300 HST Recoverable	1 018.88		1 018.88	
			2050 A/P—Dave's Digital Music Emporium				8 856.40
09-09	J9 Inv. 1295A	Purchased furniture on account	1300 Furniture and Equipment	2 481.00		2 481.00	
			2300 HST Recoverable	322.53		322.53	
			2080 A/P—The Furniture King				2 803.53

SECTION 7.3 WITH STRINGS ATTACHED EXERCISE (continued)

With Strings Attached		All Journal Entries 01/09/2012 to 31/10/2012		Account			Account	
				Number	Description	Debits	Credits	
14-09	J10	CS001	Cash sales for two weeks	1010	Bank	678.00	—	
				2200	HST Payable	—	78.00	
				4010	Fees Earned	—	600.00	
15-09	J11	Cheque 003	Wages for the first half of September	5070	Wages Expense	1 995.00	—	
				1010	Bank	—	1 995.00	
17-09	J12	SI 001	Rebecca Green, recording package	1010	Bank	300.00	—	
				1060	A/R—Rebecca Green	717.00	—	
				2200	HST Payable	—	117.00	
				4010	Fees Earned	—	900.00	
21-09	J13	SI 002	The Black Stripes, recording and mixing package	1050	A/R—The Black Stripes	1 808.00	—	
				2200	HST Payable	—	208.00	
				4010	Fees Earned	—	1 600.00	
23-09	J14	172233	Social media advertising campaign	5010	Advertising Expense	1 200.00	—	
				2300	HST Recoverable	156.00	—	
				2060	A/P—Digital Marketing Solutions	—	1 356.00	
28-09	J15	CS002	Cash sales for two weeks	1010	Bank	949.20	—	
				2200	HST Payable	—	109.20	
				4010	Fees Earned	—	840.00	
30-09	J16	JL	Bank interest and service charges	5020	Bank Charges	220.00	—	
				1010	Bank	—	220.00	
30-09	J17	Cheque 004	Wages for the second half of September	5070	Wages Expense	1 995.00	—	
				1010	Bank	—	1 995.00	
30-09	J18	Cheque 005	To the owner for personal use	3050	J. Lucas, Drawings	2 000.00	—	
				1010	Bank	—	2 000.00	
01-10	J19	Cheque 006	Monthly rent to LaForge Properties	5040	Rent Expense	3 000.00	—	
				2300	HST Recoverable	390.00	—	
				1010	Bank	—	3 390.00	

SECTION 7.3 WITH STRINGS ATTACHED EXERCISE (continued)

		<i>All Journal Entries 01/09/2012 to 31/10/2012</i>			
<i>With Strings Attached</i>		<i>Account Number</i>	<i>Account Description</i>	<i>Debits</i>	<i>Credits</i>
05-10	J20	Cheque 007	Full payment of account	15 969.02	—
				—	15 969.02
06-10	J21	Inv. 903020	Smartphone bill due in two weeks	219.98	—
				28.60	—
				—	248.58
06-10	J22	Cheque 008	Partial payment of account	6 000.00	—
				—	6 000.00
09-10	J23	Cheque 009	Full payment of account	2 803.53	—
				—	2 803.53
12-10	J24	CS003	Cash sales for two weeks	1 762.80	—
				—	202.80
				—	1 560.00
15-10	J25	Cheque 010	Wages for the first half of October	1 995.00	—
				—	1 995.00
16-10	J26	RS 001	Payment to settle account	717.00	—
				—	717.00
19-10	J27	Cheque 011	To the owner for donation made	82.44	—
				—	82.44
20-10	J28	JL	To correct error on September 2, Cheque 002	2 312.11	—
				—	2 312.11
20-10	J29	Cheque 012	Full payment of account	248.58	—
				—	248.58

SECTION 7.3 WITH STRINGS ATTACHED EXERCISE (continued)

<i>WITH STRINGS ATTACHED</i>	
<i>INCOME STATEMENT</i>	
<i>01/09/2012 to 31/10/2012</i>	
<i>REVENUE</i>	
<i>Fees Earned</i>	<i>11 220.00</i>
<i>Total Revenue</i>	<u><i>11 220.00</i></u>
<i>EXPENSES</i>	
<i>Advertising Expense</i>	<i>1 200.00</i>
<i>Bank Charges</i>	<i>220.00</i>
<i>Miscellaneous Expense</i>	<i>82.44</i>
<i>Rent Expense</i>	<i>6 000.00</i>
<i>Telephone Expense</i>	<i>219.98</i>
<i>Utilities Expense</i>	<i>418.73</i>
<i>Wages Expenses</i>	<u><i>7 980.00</i></u>
<i>Total Expense</i>	<u><i>16 121.15</i></u>
<i>NET LOSS</i>	<u><u><i>(4 901.15)</i></u></u>

SECTION 7.3 WITH STRINGS ATTACHED EXERCISE (continued)

<i>WITH STRINGS ATTACHED</i>	
<i>BALANCE SHEET</i>	
<i>AS AT 31/10/2012</i>	
<i>ASSETS</i>	
<i>Bank</i>	<i>23 219.27</i>
<i>A/R—The Black Stripes</i>	<i>1 808.00</i>
<i>A/R—The Weasels</i>	<i>4 068.00</i>
<i>Equipment</i>	<i>26 762.51</i>
<i>Total Assets</i>	<u><u><i>55 857.78</i></u></u>
<i>LIABILITIES</i>	
<i>Bank Loan</i>	<i>40 000.00</i>
<i>A/P—Dave’s Digital Music Emporium</i>	<i>2 856.40</i>
<i>A/P—Digital Marketing Solutions</i>	<i>1 356.00</i>
<i>A/P—Electric Circus</i>	<i>473.16</i>
<i>HST Payable</i>	<i>946.40</i>
<i>HST Recoverable</i>	<u><i>(473.03)</i></u>
<i>HST Owed</i>	<i>473.37</i>
<i>Total Liabilities</i>	<u><u><i>45 158.93</i></u></u>
<i>EQUITY</i>	
<i>J. Lucas, Capital</i>	<i>20 000.00</i>
<i>J. Lucas, Drawings</i>	<i>(4 400.00)</i>
<i>Current Earnings</i>	<i>(4 901.15)</i>
<i>Total Equity</i>	<u><u><i>10 698.85</i></u></u>
<i>LIABILITIES AND EQUITY</i>	<u><u><i>55 857.78</i></u></u>

SECTION 7.3 REVIEW QUESTIONS (page 255)

1. *In Sage Simply Accounting software, the session date is the day that you enter the transactions.*
2. *The stack of books in the Home window of Sage Simply Accounting software represents the ledger accounts.*
3. *Drilling down, in Sage Simply Accounting software, is a feature that allows you to follow a number through the accounting system back to its originating journal entry.*
4. *A software default is a selection or entry specified by the software. It is helpful because it can save you time when you enter data.*

SECTION 7.3 EXERCISES (page 255)**Exercise 1, p. 255****Workbook Exercise**

Complete the Section 7.3 With Strings Attached exercise on pages 245 to 255 before doing this similar exercise for Sam's Softball City.

Samuel Sandhu wants to turn his passion for softball into a successful business venture. He plans to develop an indoor/outdoor practice facility that individuals and teams will use to improve their skills, especially batting. Customers may rent the facilities on a cash basis; credit will be granted to customers who become members.

Your teacher will supply you with the Sage Simply Accounting software files for Sam's Softball City. Journalize the transactions below. Then, generate the income statement (two-month period) and balance sheet for May 31st.

Transactions

			Source Document Amounts		
	Date	Transaction Details	Base	HST	Total
#1	April 1	<i>Memorandum</i> The owner, Samuel Sandhu, invested personal funds into the business.	20 000.00	–	20 000.00
#2	1	<i>Credit Memo</i> Borrowed funds from the bank repayable on demand.	35 000.00	–	35 000.00
#3	1	<i>Cheque Copy No. 001</i> Paid the monthly rent to Romeyn Properties Ltd.	4 500.00	585.00	5 085.00
#4	2	<i>Cheque Copy No. 002</i> Purchased various supplies for the office and sports area.	4 995.00	649.35	5 644.35
#5	5	<i>Purchase Invoice No. 03452</i> Purchased balls and bats from Cannon Sports Equipment; terms net 30 days.	9 996.48	1 299.54	11 296.02
#6	8	<i>Purchase Invoice No. 771932</i> Purchased pitching machines from Ewert Equipment; terms net 30 days.	21 999.60	2 859.95	24 859.55

SECTION 7.3 EXERCISES (continued)**Exercise I, p. 255** (continued)

			Source Document Amounts		
	Date	Transaction Details	Base	HST	Total
#7	9	<i>Purchase Invoice No. 114A</i> Bought supplies from Steve's Sporting Goods; terms net 30 days.	2 484.00	322.92	2 806.92
#8	13	<i>Cash Sales Summary CS001</i> Cash sales for the two weeks ended April 13.	525.00	68.25	593.25
#9	15	<i>Cheque Copy No. 003</i> To employees for wages.	2 150.00	–	2 150.00
#10	15	<i>Sales Invoice No. 001</i> Sold a 30-day membership to the Infield Flyers for \$300; received \$100, the balance to be paid in 30 days.	300.00	39.00	339.00
#11	18	<i>Sales Invoice No. 002</i> Sold a 60-day membership to the Remdal Red Sox; terms net 30 days.	500.00	65.00	565.00
#12	23	<i>Purchase Invoice No. #98884</i> Hired Pro Motion Advertising to provide advertisements on public transit.	1 350.00	175.50	1 525.50
#13	27	<i>Cash Sales Summary CS002</i> Cash sales for the two weeks ended April 27.	675.00	87.75	762.75
#14	30	<i>Debit Memo</i> Funds were deducted from the business's bank account for interest and service charges.	250.00	–	250.00
#15	30	<i>Cheque Copy No. 004</i> To employees for wages.	2 150.00	–	2 150.00
#16	30	<i>Cheque Copy No. 005</i> To the owner for personal use.	3 000.00	–	3 000.00
#17	May 1	<i>Cheque Copy No. 006</i> Paid the monthly rent to Romeyn Properties Ltd.	4 500.00	585.00	5 085.00
#18	5	<i>Cheque Copy No. 007</i> Paid Cannon Sports Equipment the amount owed.	11 296.02	–	11 296.02
#19	6	<i>Telephone Bill No. 90384</i> Telephone bill for April received from Cell Tell. Due in two weeks.	168.00	21.84	189.84
#20	6	<i>Cheque Copy No. 008</i> To Ewert Equipment in partial payment of the amount owed to them.	11 000.00	–	11 000.00
#21	9	<i>Cheque Copy No. 009</i> Paid Steve's Sporting Goods the amount owed.	2 806.92	–	2 806.92

SECTION 7.3 EXERCISES (continued)**Exercise I, p. 255** (continued)

			Source Document Amounts		
	Date	Transaction Details	Base	HST	Total
#22	11	<i>Cash Sales Summary CS003</i> Cash sales for the two weeks ended May 11.	2 675.00	347.75	3 022.75
#23	15	<i>Cheque Copy No. 010</i> To employees for wages.	2 150.00	–	2 150.00
#24	17	<i>Remittance Slip No. 001</i> Received a cheque from the Infield Flyers to clear the amount owed.	239.00	–	239.00
#25	20	<i>Cheque Copy No. 011</i> To reimburse the owner for the money spent to buy stamps for the business.	48.00	6.24	54.24
#26	20	<i>Memorandum</i> Cheque No. 002 written on April 2 was for equipment, not supplies, as previously recorded.	4 995.00	–	4 995.00
#27	20	<i>Cheque Copy No. 012</i> Paid the telephone bill received from Cell Tell on May 6.	189.84	–	189.84
#28	24	<i>Sales Invoice No. 003</i> Sold annual membership to the Chatham Steelers; terms net 30 days.	4 900.00	637.00	5 537.00
#29	25	<i>Cash Sales Summary CS004</i> Cash sales for the two weeks ended May 25.	3 075.00	399.75	3 474.75
#30	31	<i>Utilities Bill No. 840908</i> Received a bill from Eastern Electric for gas and electricity used; due in two weeks.	1 398.00	181.74	1 579.74
#31	31	<i>Cheque Copy No. 013</i> To employees for wages.	2 150.00	–	2 150.00
#32	31	<i>Cheque Copy No. 014</i> To the owner for personal use.	3 000.00	–	3 000.00
#33	31	<i>Bank Statement Printout</i> GST cash refund for April was electronically deposited into the business's bank account.	5 632.26	–	5 632.26

SECTION 7.3 EXERCISES (continued)**Exercise I, p. 255** (continued)

Sam's Softball City		All Journal Entries 01/04/2013 to 31/05/2013		Account Number	Account Description	Debits	Credits
04-01	J1 ss	To record the owner's investment	1010	Bank	20 000.00	—	20 000.00
			3010	S. Sandhu, Capital	—	20 000.00	
04-01	J2 ss	Borrowed funds on demand	1010	Bank	35 000.00	—	—
			2010	Bank Loan	—	35 000.00	
04-01	J3 001	Rent to Romeyn Properties	5040	Rent Expense	4 500.00	—	—
			2300	HST Recoverable	585.00	—	—
			1010	Bank	—	5 085.00	
04-02	J4 002	Office and sports supplies	1200	Supplies	4 995.00	—	—
			2300	HST Recoverable	649.35	—	—
			1010	Bank	—	5 644.35	
04-05	J5 03452	Balls and bats; net 30 days	1300	Equipment	9 996.48	—	—
			2300	HST Recoverable	1 299.54	—	—
			2050	A/P—Cannon Sports	—	11 296.02	
04-08	J6 771932	Pitching machines; net 30 days	1300	Equipment	21 999.60	—	—
			2300	HST Recoverable	2 859.95	—	—
			2080	A/P—Ewert Equipment	—	24 859.55	
04-09	J7 114A	Sports supplies; net 30 days	1200	Supplies	2 484.00	—	—
			2300	HST Recoverable	322.92	—	—
			2100	Steve's Sporting Goods	—	2 806.92	
04-13	J8 CS001	Cash sales for two weeks	1010	Bank	593.25	—	—
			4010	Rental Revenue	—	525.00	
			2200	HST Payable	—	68.25	
04-15	J9 003	Wages for the first half of the month	5070	Wages Expense	2 150.00	—	—
			1010	Bank	—	2 150.00	

SECTION 7.3 EXERCISES (continued)

Exercise I, p. 255 (continued)

Sam's Softball City		All Journal Entries 01/04/2013 to 31/05/2013		Account		Account		Description		Debits		Credits	
				Account Number	Account Description								
04-15	J10	SInv001	Thirty-day membership	1010	Bank	100.00					100.00		
				1060	A/R—Infield Flyers	239.00						300.00	
				4010	Rental Revenue								39.00
				2200	HST Payable								
04-18	J11	SInv002	Sixty-day membership, terms net 30 days	1070	A/R—Remdal Red Sox	565.00					565.00		
				4010	Rental Revenue							500.00	
				2200	HST Payable								65.00
04-23	J12	98884	Public transit advertisements	5010	Advertising Expense	1 350.00					1 350.00		
				2300	HST Recoverable	175.50					175.50		
				2090	A/P—Pro Motion Advertising							1 525.50	
04-27	J13	CS002	Cash sales for two weeks	1010	Bank	762.75					762.75		
				4010	Rental Revenue							675.00	
				2200	HST Payable								87.75
04-30	J14	ss	Interest and service charges	5020	Bank Charges	250.00					250.00		
				1010	Bank							250.00	
04-30	J15	004	Wages for the second half of the month	5070	Wages Expense	2 150.00					2 150.00		
				1010	Bank							2 150.00	
04-30	J16	005	Personal use	3050	S. Sandhu, Drawings	3 000.00					3 000.00		
				1010	Bank							3 000.00	
05-01	J17	006	To Romeyn Properties	5040	Rent Expense	4 500.00					4 500.00		
				2300	HST Recoverable	585.00					585.00		
				1010	Bank							5 085.00	
05-05	J18	007	Full payment of account	2050	A/P—Cannon Sports	11 296.02					11 296.02		
				1010	Bank							11 296.02	

SECTION 7.3 EXERCISES (continued)**Exercise I, p. 255** (continued)

Sam's Softball City		All Journal Entries 01/04/2013 to 31/05/2013					
		Account Number	Account Description	Debits	Credits		
05-06	J19 90384	5050	Telephone bill due in two weeks	168.00	—		
		2300	HST Recoverable	21.84	—		
		2060	A/P—Cell Tell	—	189.84		
05-06	J20 008	2080	Partial payment of account	11 000.00	—		
		1010	A/P—Ewert Equipment	—	11 000.00		
			Bank	—	—		
05-09	J21 0009	2100	Full payment of account	2 806.92	—		
		1010	A/P—Steve's Sporting Goods	—	2 806.92		
			Bank	—	—		
05-11	J22 CS003	1010	Cash sales for two weeks	3 022.75	—		
		4010	Rental Revenue	—	2 675.00		
		2200	HST Payable	—	347.75		
05-15	J23 010	5070	Wages for the fist half of the month	2 150.00	—		
		1010	Wages Expense	—	2 150.00		
			Bank	—	—		
05-17	J24 RS001	1010	In full payment of account	239.00	—		
		1060	A/R—Infield Flyers	—	239.00		
05-20	J25 001	5030	Reimbursement to the owner for	48.00	—		
		2300	stamps	6.24	—		
		1010	Miscellaneous Expense	—	54.24		
			HST Recoverable	—	—		
			Bank	—	—		
05-20	J26 ss	1300	Correction of incorrect debit to	4 995.00	—		
		1200	account on April 2, cheque 2	—	4 995.00		
			Equipment	—	—		
			Supplies	—	—		
05-20	J27 012	2060	Full payment of account	189.84	—		
		1010	A/P—Cell Tell	—	189.84		
			Bank	—	—		

SECTION 7.3 EXERCISES (continued)

Exercise I, p. 255 (continued)

Sam's Softball City		All Journal Entries 01/04/2013 to 31/05/2013				Account	Debits	Credits
		Account Number	Description	Account Description				
05-24	J28	SInv003	Annual membership; net 30 days	A/R—Chatham Steelers	1050	5 537.00	—	
				Rental Revenue	4010	—	4 900.00	
				HST Payable	2200	—	637.00	
05-25	J29	CS004	Cash sales for two weeks	Bank	1010	3 474.75	—	
				Rental Revenue	4010	—	3 075.00	
				HST Payable	2200	—	399.75	
05-31	J30	84908	Utilities bill due in two weeks	Utilities Expense	5060	1 398.00	—	
				HST Recoverable	2300	181.74	—	
				A/P—Eastern Electric	2070	—	1 579.74	
05-31	J31	013	Wages for the second half of the month	Wages Expense	5070	2 150.00	—	
				Bank	1010	—	2 150.00	
05-31	J32	014	Personal use	S. Sandhu, Drawings	3050	3 000.00	—	
				Bank	1010	—	3 000.00	
05-31	J33	ss	To record the HST refund for April and clear the HST accounts for April	Bank	1010	5 632.26	—	
				HST Payable	2200	260.00	—	
				HST Recoverable	2300	—	5 892.26	
						<u>178 689.70</u>	<u>178 689.70</u>	

SECTION 7.3 EXERCISES (continued)**Exercise I, p. 255** (continued)

<i>SAM'S SOFTBALL CITY</i>	
<i>INCOME STATEMENT</i>	
<i>04/01/2013 to 05/31/2013</i>	
<i>REVENUE</i>	
<i>Rental Revenue</i>	<i>12 650.00</i>
<i>Total Revenue</i>	<u><i>12 650.00</i></u>
<i>EXPENSES</i>	
<i>Advertising Expense</i>	<i>1 350.00</i>
<i>Bank Charges</i>	<i>250.00</i>
<i>Miscellaneous Expense</i>	<i>48.00</i>
<i>Rent Expense</i>	<i>9 000.00</i>
<i>Telephone Expense</i>	<i>168.00</i>
<i>Utilities Expense</i>	<i>1 398.00</i>
<i>Wages Expense</i>	<i>8 600.00</i>
<i>Total Expenses</i>	<u><i>20 814.00</i></u>
<i>NET LOSS</i>	<u><u><i>(8 164.00)</i></u></u>

SECTION 7.3 EXERCISES (continued)**Exercise I, p. 255** (continued)

<i>SAM'S SOFTBALL CITY</i>	
<i>BALANCE SHEET</i>	
<i>AS AT 05/31/2013</i>	
<i>ASSETS</i>	
<i>Bank</i>	12 813.39
<i>A/R—Chatham Steelers</i>	5 537.00
<i>A/R—Remdal Red Sox</i>	565.00
<i>Supplies</i>	2 484.00
<i>Equipment</i>	36 991.08
<i>Total Assets</i>	<u>58 390.47</u>
<i>LIABILITIES</i>	
<i>Bank Loan</i>	35 000.00
<i>A/P—Eastern Electric</i>	1 579.74
<i>A/P—Ewert Equipment</i>	13 859.55
<i>A/P—Pro Motion Advertising</i>	1 525.50
<i>HST Payable</i>	1 384.50
<i>HST Recoverable</i>	<u>(794.82)</u>
<i>HST Owed</i>	589.68
<i>Total Liabilities</i>	<u>52 554.47</u>
<i>OWNER'S EQUITY</i>	
<i>S. Sandhu, Capital</i>	20 000.00
<i>S. Sandhu, Drawings</i>	(6 000.00)
<i>Current Earnings</i>	(8 164.00)
<i>Total Owner's Equity</i>	<u>5 836.00</u>
<i>LIABILITIES AND EQUITY</i>	<u><u>58 390.47</u></u>

CHAPTER 7**REVIEW EXERCISES** (page 256)**Using Your Knowledge****Exercise I, p. 256**

Indicate whether each of the following statements is true or false by entering a T or an F in the space provided. Explain the reason for each F response in the space provided.

- | | |
|--|------------------|
| A. The chief advantage of the balance-column account is that there is room for the account balance. | <u> T </u> |
| B. Both sides of an account page (front and back) are used for the same item (for example, Bank). | <u> T </u> |
| C. Entering the journal page number in the account is the sixth step in the posting process. | <u> F </u> |
| D. The step described in Statement C above is performed in the journal. | <u> F </u> |
| E. The process of setting up an account is known as forwarding. | <u> F </u> |
| F. The fourth step in the accounting cycle, as we know it, is the taking off of a trial balance. | <u> T </u> |
| G. It is not possible for the ledger to be out of balance and also to be correct. | <u> T </u> |
| H. If the trial balance difference is an even amount, the error could not be a transposition error. | <u> F </u> |
| I. If the trial balance difference is zero, the ledger is correct. | <u> F </u> |
| J. Posting a debit item incorrectly as a credit produces a trial balance credit total that is smaller than the debit total by twice the amount of the error. | <u> F </u> |
| K. Very rarely does a transaction affect only one account. | <u> F </u> |
| L. Ledger accounts are arranged alphabetically to make them easier to find. | <u> F </u> |
| M. The presence of the account number in the journal indicates that the posting of an item has been completed. | <u> T </u> |

Explanations for F Responses

C. Entering the journal page number in the account is the second step in the posting process.

D. The step described in Statement C is performed in the ledger not the journal.

E. Forwarding is the process of continuing an account on a new page.

H. If a trial balance difference is an even amount, the error could be a transposition error if the difference is also divisible by nine.

I. The trial balance difference can be zero and the ledger can still be incorrect if several errors cancel each other out.

J. Posting a debit item incorrectly as a credit produces a trial balance credit total that is greater than the debit total by twice the amount of the error.

K. There is never a transaction that affects only one account.

L. Ledger accounts are arranged according to the classifications assets, liabilities, and equity.

CHAPTER 7 REVIEW EXERCISES (continued)**Exercise 2, p. 257**

Error situations	Trial Balance will not balance		Trial Balance will balance but will not be correct
	Debits greater than credits by (\$\$)	Credits greater than debits by (\$\$)	
A. An entire journal entry is posted as \$400 instead of \$100.			✓
B. A debit of \$200 is posted twice.	\$ 200		
C. A debit of \$150 is posted as a credit.		\$ 300	
D. The Bank account is over-added by \$80.	\$ 80		
E. The Drawings account balance of \$5500 is missed when preparing the trial balance.		\$5 500	
F. The Revenue account balance of \$72 000 is listed on the trial balance as a debit.	\$144 000		
G. An entire general journal entry for \$325 is not posted.			✓
H. An entire general journal entry for \$50 is posted in reverse.			✓
I. A \$40 debit is not posted.		\$ 40	
J. A \$500 credit is posted as \$50.	\$ 450		
K. A debit of \$60 to Bank was posted to a customer's account instead of to Bank.			✓
L. A \$40 debit is posted as \$400.	\$ 360		

CHAPTER 7 REVIEW EXERCISES (continued)**Exercise 3, p. 258**

These are the four possible errors that would not cause the trial balance to be out of balance.

- *An entire general journal entry is posted as a wrong amount.*
- *An entire general journal entry is not posted.*
- *An entire general journal entry is posted in reverse.*
- *An amount was posted to the wrong account but on the correct side.*

Exercise 4, p. 258

The credit balance of \$200 in a customer's account is possible. A simple explanation is that the customer overpaid by \$200 or received a credit of \$200 for merchandise they returned. The credit balance of \$5000 in Furniture and Equipment has to be an error. A long-term asset such as Furniture and Equipment can have a low value or even a zero value but it is impossible for it to have a negative value.

Exercise 5, p. 258

The main disadvantage of taking off a trial balance only once a year is that there has been an entire year for mistakes to accumulate. Tracing and resolving a year's worth of errors will be very difficult and time consuming because the earlier errors have been compounded by later ones. Businesses also have a limited amount of time in which to resolve errors with their bank, suppliers, and customers—usually a month or two. By waiting a whole year to check for errors, the business loses out on its chance to collect the money it might be owed due to errors. It also offers very poor customer service by waiting a year to provide evidence of errors that result in money being owed to its customers and suppliers.

CHAPTER 7 REVIEW EXERCISES (continued)**Comprehensive Exercises****Exercise 6, p. 258**

A., B.

GENERAL JOURNAL

PAGE 1

DATE		PARTICULARS	P.R.	DEBIT					CREDIT					
<i>Aug.</i> ²⁰⁻	31	<i>Bank</i>	101	7	0	0	0	-						
		<i>Supplies</i>	120	1	4	5	0	-						
		<i>Equipment</i>	125	14	7	3	2	-						
		<i>Automobiles</i>	130	28	9	5	7	-						
		<i>Bank Loan</i>	201						25	0	0	0	-	
		<i>P. Schelling, Capital</i>	301						27	1	3	9	-	
		<i>Opening entry</i>												
<i>Sep.</i>	1	<i>Rent Expense</i>	520	2	7	0	0	-						
		<i>HST Recoverable</i>	225	3	5	1	-							
		<i>Bank</i>	101						3	0	5	1	-	
		<i>Rent for the month</i>												
	3	<i>Supplies</i>	120	3	5	2	-							
		<i>HST Recoverable</i>	225		4	5	76							
		<i>A/P—Home Hardware</i>	213						3	9	7	76		
		<i>Supplies on account</i>												
	5	<i>A/R—W.J. Thomson</i>	117	5	6	5	0	-						
		<i>Service Revenue</i>	401						5	0	0	0	-	
		<i>HST Payable</i>	220						6	5	0	-		
		<i>Service rendered on account</i>												
	5	<i>A/R—L. Pero</i>	111	3	3	9	0	-						
		<i>Service Revenue</i>	401						3	0	0	0	-	
		<i>HST Payable</i>	220						3	9	0	-		
		<i>Service rendered on account</i>												
	9	<i>Bank</i>	101	5	0	0	-							
		<i>Loss on Sale of Equipment</i>	535	7	0	0	-							
		<i>Equipment</i>	125						1	2	0	0	-	
		<i>Sold piece of equipment at a loss</i>												

CHAPTER 7 REVIEW EXERCISES (continued)**Exercise 6, p. 258** (continued)

B. (continued)

GENERAL JOURNAL

PAGE 2

DATE		PARTICULARS	P.R.	DEBIT					CREDIT					
<i>Sep.</i> ²⁰⁻	10	<i>A/R—Spectrum</i>	115	1	3	5	6	–						
		<i>Service Revenue</i>	401						1	2	0	0	–	
		<i>HST Payable</i>	220						1	5	6	–		
		<i>Services rendered on account</i>												
	11	<i>Pat Schelling, Drawings</i>	302	1	0	0	0	–						
		<i>Bank</i>	101						1	0	0	0	–	
		<i>For personal use</i>												
	12	<i>A/P—Home Hardware</i>	213			3	9	7	76					
		<i>Bank</i>	101							3	9	7	76	
		<i>Payment on account</i>												
	15	<i>Automobile Expense</i>	505	1	5	1	3	–						
		<i>HST Recoverable</i>	225			1	9	6	69					
		<i>A/P—Imperial Garage</i>	211							1	7	0	9	69
		<i>Repairs to company vehicle</i>												
	16	<i>Supplies</i>	120			2	4	7	50					
		<i>HST Recoverable</i>	225				3	2	18					
		<i>Bank</i>	101							2	7	9	68	
		<i>Bought supplies for cash</i>												
	18	<i>Bank</i>	101	5	6	5	0	–						
		<i>A/R—W.J. Thomson</i>	117							5	6	5	0	–
		<i>Payment of account balance</i>												
	18	<i>General Expense</i>	515				4	8	–					
		<i>Automobile Expense</i>	505			1	7	7	–					
		<i>HST Recoverable</i>	225				2	9	25					
		<i>Bank</i>	101							2	5	4	25	
		<i>Owner's out-of-pocket expenses</i>												

CHAPTER 7 REVIEW EXERCISES (continued)**Exercise 6, p. 258** (continued)

B. (continued)

GENERAL JOURNAL

PAGE 3

DATE		PARTICULARS	P.R.	DEBIT				CREDIT			
<i>Sep.</i> ²⁰⁻	19	<i>Bank Charges Expense</i>	510	1	2	5	-				
		<i>Bank</i>	101					1	2	5	-
		<i>Interest and service charges for the month</i>									
	19	<i>Wages Expense</i>	530	9	0	0	-				
		<i>Bank</i>	101					9	0	0	-
		<i>Part-time wages</i>									
	19	<i>A/R—K. Puna</i>	113	1	0	1	7	-			
		<i>Service Revenue</i>	401					9	0	0	-
		<i>HST Payable</i>	220					1	1	7	-
		<i>Services rendered on account</i>									
	22	<i>Bank Loan</i>	201	2	0	0	0	-			
		<i>Bank</i>	101					2	0	0	0
		<i>Loan reduction</i>									
	24	<i>Telephone Expense</i>	525	1	8	5	-				
		<i>HST Recoverable</i>	225		2	4	05				
		<i>Bank</i>	101					2	0	9	05
		<i>Telephone bill</i>									
	25	<i>Bank</i>	101	1	5	0	0	-			
		<i>A/R—L. Pero</i>	111					1	5	0	0
		<i>Payment received on account</i>									
	26	<i>A/R—W. J. Thomson</i>	117	6	7	8	-				
		<i>Service Revenue</i>	401					6	0	0	-
		<i>HST Payable</i>	220					7	8	-	
		<i>Service rendered on account</i>									

CHAPTER 7 REVIEW EXERCISES (continued)**Exercise 6, p. 258** (continued)

B. (continued)

GENERAL LEDGER**ACCOUNT Bank****No. 101**

DATE		PARTICULARS	P.R.	DEBIT					CREDIT					Dr/Cr	BALANCE				
<i>Aug.²⁰⁻</i>	31	<i>Opening Entry</i>	<i>J1</i>	7	0	0	0	-						<i>Dr</i>	7	0	0	0	-
<i>Sep.</i>	1		<i>J1</i>						3	0	5	1	-	<i>Dr</i>	3	9	4	9	-
	9		<i>J1</i>	5	0	0	0	-						<i>Dr</i>	4	4	4	9	-
	11		<i>J2</i>						1	0	0	0	-	<i>Dr</i>	3	4	4	9	-
	12		<i>J2</i>						3	9	7	76		<i>Dr</i>	3	0	5	1	24
	16		<i>J2</i>						2	7	9	68		<i>Dr</i>	2	7	7	1	56
	18		<i>J2</i>	5	6	5	0	-						<i>Dr</i>	8	4	2	1	56
	18		<i>J2</i>						2	5	4	25		<i>Dr</i>	8	1	6	7	31
	19		<i>J3</i>						1	2	5	-		<i>Dr</i>	8	0	4	2	31
	19		<i>J3</i>						9	0	0	-		<i>Dr</i>	7	1	4	2	31
	22		<i>J3</i>						2	0	0	0	-	<i>Dr</i>	5	1	4	2	31
	24		<i>J3</i>						2	0	9	05		<i>Dr</i>	4	9	3	3	26
	25		<i>J3</i>	1	5	0	0	-						<i>Dr</i>	6	4	3	3	26
	26		<i>J4</i>						1	2	5	0	-	<i>Dr</i>	5	1	8	3	26
	30		<i>J4</i>						8	5	0	-		<i>Dr</i>	4	3	3	3	26
	30		<i>J4</i>						5	0	0	-		<i>Dr</i>	3	8	3	3	26
	30		<i>J4</i>						2	0	2	8	35	<i>Dr</i>	1	8	0	4	91

ACCOUNT A/R—L. Pero**No. 111**

DATE		PARTICULARS	P.R.	DEBIT					CREDIT					Dr/Cr	BALANCE				
<i>Sep.²⁰⁻</i>	5		<i>J1</i>	3	3	9	0	-						<i>Dr</i>	3	3	9	0	-
	25								1	5	0	0	-	<i>Dr</i>	1	8	9	0	-

ACCOUNT A/R—K. Puna**No. 113**

DATE		PARTICULARS	P.R.	DEBIT					CREDIT					Dr/Cr	BALANCE				
<i>Sep.²⁰⁻</i>	19		<i>J3</i>	1	0	1	7	-						<i>Dr</i>	1	0	1	7	-

CHAPTER 7 REVIEW EXERCISES (continued)**Exercise 6, p. 258** (continued)

B. (continued)

ACCOUNT **A/R—Spectrum Co.****No. 115**

DATE		PARTICULARS	P.R.	DEBIT					CREDIT					Dr/Cr	BALANCE				
²⁰⁻ <i>Sep.</i>	<i>10</i>		<i>J2</i>	<i>1</i>	<i>3</i>	<i>5</i>	<i>6</i>	<i>-</i>						<i>Dr</i>	<i>1</i>	<i>3</i>	<i>5</i>	<i>6</i>	<i>-</i>

ACCOUNT **A/R—W. J. Thomson****No. 117**

DATE		PARTICULARS	P.R.	DEBIT					CREDIT					Dr/Cr	BALANCE				
²⁰⁻ <i>Sep.</i>	<i>5</i>		<i>J1</i>	<i>5</i>	<i>6</i>	<i>5</i>	<i>0</i>	<i>-</i>						<i>Dr</i>	<i>5</i>	<i>6</i>	<i>5</i>	<i>0</i>	<i>-</i>
	<i>18</i>		<i>J2</i>						<i>5</i>	<i>6</i>	<i>5</i>	<i>0</i>	<i>-</i>	<i>-</i>					<i>0</i>
	<i>26</i>		<i>J3</i>	<i>6</i>	<i>7</i>	<i>8</i>	<i>-</i>							<i>Dr</i>	<i>6</i>	<i>7</i>	<i>8</i>	<i>-</i>	

ACCOUNT **Supplies****No. 120**

DATE		PARTICULARS	P.R.	DEBIT					CREDIT					Dr/Cr	BALANCE				
²⁰⁻ <i>Aug.</i>	<i>31</i>	<i>Opening Entry</i>	<i>J1</i>	<i>1</i>	<i>4</i>	<i>5</i>	<i>0</i>	<i>-</i>						<i>Dr</i>	<i>1</i>	<i>4</i>	<i>5</i>	<i>0</i>	<i>-</i>
<i>Sep.</i>	<i>3</i>		<i>J1</i>	<i>3</i>	<i>5</i>	<i>2</i>	<i>-</i>							<i>Dr</i>	<i>1</i>	<i>8</i>	<i>0</i>	<i>2</i>	<i>-</i>
	<i>16</i>		<i>J2</i>	<i>2</i>	<i>4</i>	<i>7</i>	<i>50</i>							<i>Dr</i>	<i>2</i>	<i>0</i>	<i>4</i>	<i>9</i>	<i>50</i>
	<i>29</i>		<i>J4</i>	<i>1</i>	<i>9</i>	<i>0</i>	<i>-</i>							<i>Dr</i>	<i>2</i>	<i>2</i>	<i>3</i>	<i>9</i>	<i>50</i>

ACCOUNT **Equipment****No. 125**

DATE		PARTICULARS	P.R.	DEBIT					CREDIT					Dr/Cr	BALANCE				
²⁰⁻ <i>Aug.</i>		<i>Opening Entry</i>	<i>J1</i>	<i>14</i>	<i>7</i>	<i>3</i>	<i>2</i>	<i>-</i>						<i>Dr</i>	<i>14</i>	<i>7</i>	<i>3</i>	<i>2</i>	<i>-</i>
<i>Sep.</i>	<i>9</i>		<i>J1</i>						<i>1</i>	<i>2</i>	<i>0</i>	<i>0</i>	<i>-</i>	<i>Dr</i>	<i>13</i>	<i>5</i>	<i>3</i>	<i>2</i>	<i>-</i>
	<i>30</i>		<i>J4</i>	<i>1</i>	<i>7</i>	<i>9</i>	<i>5</i>	<i>-</i>						<i>Dr</i>	<i>15</i>	<i>3</i>	<i>2</i>	<i>7</i>	<i>-</i>

ACCOUNT **Automobiles****No. 130**

DATE		PARTICULARS	P.R.	DEBIT					CREDIT					Dr/Cr	BALANCE				
²⁰⁻ <i>Aug.</i>		<i>Opening Entry</i>	<i>J1</i>	<i>28</i>	<i>9</i>	<i>5</i>	<i>7</i>	<i>-</i>						<i>Dr</i>	<i>28</i>	<i>9</i>	<i>5</i>	<i>7</i>	<i>-</i>

CHAPTER 7 REVIEW EXERCISES (continued)**Exercise 6, p. 258** (continued)

B. (continued)

ACCOUNT Bank Loan**No. 201**

DATE		PARTICULARS	P.R.	DEBIT				CREDIT				Dr/Cr	BALANCE					
<i>Aug.</i>	<i>31</i>	<i>Opening Entry</i>	<i>J1</i>					<i>25</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>-</i>	<i>Cr</i>	<i>25</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>-</i>
<i>Sep.</i>	<i>22</i>		<i>J3</i>	<i>2</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>-</i>					<i>Cr</i>	<i>23</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>-</i>

ACCOUNT A/P—Imperial Garage**No. 211**

DATE		PARTICULARS	P.R.	DEBIT				CREDIT				Dr/Cr	BALANCE					
<i>Sep.</i>	<i>15</i>		<i>J2</i>					<i>1</i>	<i>7</i>	<i>0</i>	<i>9</i>	<i>69</i>	<i>Cr</i>	<i>1</i>	<i>7</i>	<i>0</i>	<i>9</i>	<i>69</i>
	<i>30</i>		<i>J4</i>	<i>5</i>	<i>0</i>	<i>0</i>	<i>-</i>						<i>Cr</i>	<i>1</i>	<i>2</i>	<i>0</i>	<i>9</i>	<i>69</i>

ACCOUNT A/P—Home Hardware**No. 213**

DATE		PARTICULARS	P.R.	DEBIT				CREDIT				Dr/Cr	BALANCE					
<i>Sep.</i>	<i>3</i>		<i>J1</i>					<i>3</i>	<i>9</i>	<i>7</i>	<i>76</i>		<i>Cr</i>		<i>3</i>	<i>9</i>	<i>7</i>	<i>76</i>
	<i>12</i>		<i>J2</i>	<i>3</i>	<i>9</i>	<i>7</i>	<i>76</i>						<i>-</i>				<i>0</i>	

ACCOUNT HST Payable**No. 220**

DATE		PARTICULARS	P.R.	DEBIT				CREDIT				Dr/Cr	BALANCE					
<i>Sep.</i>	<i>5</i>		<i>J1</i>					<i>6</i>	<i>5</i>	<i>0</i>	<i>-</i>		<i>Cr</i>		<i>6</i>	<i>5</i>	<i>0</i>	<i>-</i>
	<i>5</i>		<i>J1</i>					<i>3</i>	<i>9</i>	<i>0</i>	<i>-</i>		<i>Cr</i>	<i>1</i>	<i>0</i>	<i>4</i>	<i>0</i>	<i>-</i>
	<i>10</i>		<i>J2</i>					<i>1</i>	<i>5</i>	<i>6</i>	<i>-</i>		<i>Cr</i>	<i>1</i>	<i>1</i>	<i>9</i>	<i>6</i>	<i>-</i>
	<i>19</i>		<i>J3</i>					<i>1</i>	<i>1</i>	<i>7</i>	<i>-</i>		<i>Cr</i>	<i>1</i>	<i>3</i>	<i>1</i>	<i>3</i>	<i>-</i>
	<i>26</i>		<i>J3</i>					<i>7</i>	<i>8</i>	<i>-</i>	<i>-</i>		<i>Cr</i>	<i>1</i>	<i>3</i>	<i>9</i>	<i>1</i>	<i>-</i>

CHAPTER 7 REVIEW EXERCISES (continued)**Exercise 6, p. 258** (continued)

B. (continued)

ACCOUNT HST Recoverable**No. 225**

DATE		PARTICULARS	P.R.	DEBIT				CREDIT				Dr/Cr	BALANCE			
<i>20-</i> <i>Sep.</i>	1		<i>J1</i>	3	5	1	-					<i>Dr</i>	3	5	1	-
	3		<i>J1</i>		4	5	76					<i>Dr</i>	3	9	6	76
	15		<i>J2</i>	1	9	6	69					<i>Dr</i>	5	9	3	45
	16		<i>J2</i>		3	2	18					<i>Dr</i>	6	2	5	63
	18		<i>J2</i>		2	9	25					<i>Dr</i>	6	5	4	88
	24		<i>J3</i>		2	4	05					<i>Dr</i>	6	7	8	93
	29		<i>J4</i>		2	4	70					<i>Dr</i>	7	0	3	63
	30		<i>J4</i>	2	3	3	35					<i>Dr</i>	9	3	6	98

ACCOUNT Pat Schelling, Capital**No. 301**

DATE		PARTICULARS	P.R.	DEBIT				CREDIT				Dr/Cr	BALANCE				
<i>20-</i> <i>Aug.</i>	31	<i>Opening Entry</i>	<i>J1</i>					27	1	3	9	-	<i>Cr</i>	27	1	3	9

ACCOUNT Pat Schelling, Drawings**No. 302**

DATE		PARTICULARS	P.R.	DEBIT				CREDIT				Dr/Cr	BALANCE				
<i>20-</i> <i>Sep.</i>	11		<i>J2</i>	1	0	0	0	-					<i>Dr</i>	1	0	0	0
	26		<i>J4</i>	1	2	5	0	-					<i>Dr</i>	2	2	5	0
	29		<i>J4</i>						2	1	4	70	<i>Dr</i>	2	0	3	5

CHAPTER 7 REVIEW EXERCISES (continued)**Exercise 6, p. 258** (continued)

B. (continued)

ACCOUNT Service Revenue**No. 401**

DATE		PARTICULARS	P.R.	DEBIT				CREDIT				Dr/Cr	BALANCE					
<i>²⁰⁻Sep.</i>	5		<i>J1</i>					5	0	0	0	-	<i>Cr</i>	5	0	0	0	-
	5		<i>J1</i>					3	0	0	0	-	<i>Cr</i>	8	0	0	0	-
	10		<i>J2</i>					1	2	0	0	-	<i>Cr</i>	9	2	0	0	-
	19		<i>J3</i>					9	0	0	0	-	<i>Cr</i>	10	1	0	0	-
	26		<i>J3</i>					6	0	0	0	-	<i>Cr</i>	10	7	0	0	-

ACCOUNT Automobile Expense**No. 505**

DATE		PARTICULARS	P.R.	DEBIT				CREDIT				Dr/Cr	BALANCE					
<i>²⁰⁻Sep.</i>	15		<i>J2</i>	1	5	1	3	-					<i>Dr</i>	1	5	1	3	-
	18		<i>J2</i>	1	7	7	-						<i>Dr</i>	1	6	9	0	-

ACCOUNT Bank Charges Expense**No. 510**

DATE		PARTICULARS	P.R.	DEBIT				CREDIT				Dr/Cr	BALANCE					
<i>²⁰⁻Sep.</i>	19		<i>J3</i>	1	2	5	-						<i>Dr</i>	1	2	5	-	

ACCOUNT General Expense**No. 515**

DATE		PARTICULARS	P.R.	DEBIT				CREDIT				Dr/Cr	BALANCE					
<i>²⁰⁻Sep.</i>	18		<i>J2</i>		4	8	-						<i>Dr</i>		4	8	-	

CHAPTER 7 REVIEW EXERCISES (continued)**Exercise 6, p. 258** (continued)

B. (continued)

ACCOUNT Rent Expense**No. 520**

DATE		PARTICULARS	P.R.	DEBIT					CREDIT					Dr/Cr	BALANCE				
<i>20-</i> <i>Sép.</i>	<i>1</i>		<i>J1</i>	<i>2</i>	<i>7</i>	<i>0</i>	<i>0</i>	<i>-</i>						<i>Dr</i>	<i>2</i>	<i>7</i>	<i>0</i>	<i>0</i>	<i>-</i>

ACCOUNT Telephone Expense**No. 525**

DATE		PARTICULARS	P.R.	DEBIT					CREDIT					Dr/Cr	BALANCE				
<i>20-</i> <i>Sép.</i>	<i>24</i>		<i>J3</i>	<i>1</i>	<i>8</i>	<i>5</i>	<i>-</i>							<i>Dr</i>	<i>1</i>	<i>8</i>	<i>5</i>	<i>-</i>	

ACCOUNT Wages Expense**No. 530**

DATE		PARTICULARS	P.R.	DEBIT					CREDIT					Dr/Cr	BALANCE				
<i>20-</i> <i>Sép.</i>	<i>19</i>		<i>J3</i>	<i>9</i>	<i>0</i>	<i>0</i>	<i>-</i>							<i>Dr</i>	<i>9</i>	<i>0</i>	<i>0</i>	<i>-</i>	
	<i>30</i>		<i>J4</i>	<i>8</i>	<i>5</i>	<i>0</i>	<i>-</i>							<i>Dr</i>	<i>1</i>	<i>7</i>	<i>5</i>	<i>0</i>	<i>-</i>

ACCOUNT Loss on Sale of Equipment**No. 535**

DATE		PARTICULARS	P.R.	DEBIT					CREDIT					Dr/Cr	BALANCE				
<i>20-</i> <i>Sép.</i>	<i>9</i>		<i>J1</i>	<i>7</i>	<i>0</i>	<i>0</i>	<i>-</i>							<i>Dr</i>	<i>7</i>	<i>0</i>	<i>0</i>	<i>-</i>	

CHAPTER 7 REVIEW EXERCISES (continued)**Exercise 6, p. 258** (continued)

C.

*ROYAL CITY ENGINEERING**TRIAL BALANCE**SEPTEMBER 30, 20–*

ACCOUNTS	DEBIT					CREDIT				
<i>Bank</i>	1	8	0	4	91					
<i>A/R—L. Pero</i>	1	8	9	0	–					
<i>A/R—K. Puna</i>	1	0	1	7	–					
<i>A/R—Spectrum Co.</i>	1	3	5	6	–					
<i>A/R—W. J. Thomson</i>		6	7	8	–					
<i>Supplies</i>	2	2	3	9	50					
<i>Equipment</i>	15	3	2	7	–					
<i>Automobiles</i>	28	9	5	7	–					
<i>Bank Loan</i>						23	0	0	0	–
<i>A/P—Imperial Garage</i>						1	2	0	9	69
<i>HST Payable</i>						1	3	9	1	–
<i>HST Recoverable</i>		9	3	6	98					
<i>Pat Schelling, Capital</i>						27	1	3	9	–
<i>Pat Schelling, Drawings</i>	2	0	3	5	30					
<i>Service Revenue</i>						10	7	0	0	–
<i>Automobile Expense</i>	1	6	9	0	–					
<i>Bank Charges Expense</i>		1	2	5	–					
<i>General Expense</i>			4	8	–					
<i>Rent Expense</i>	2	7	0	0	–					
<i>Telephone Expense</i>		1	8	5	–					
<i>Wages Expense</i>	1	7	5	0	–					
<i>Loss on Sale of Equipment</i>		7	0	0	–					
	63	4	3	9	69	63	4	3	9	69

CHAPTER 7 REVIEW EXERCISES (continued)

Exercise 6, p. 258 (continued)

D.

ROYAL CITY ENGINEERING

INCOME STATEMENT

MONTH ENDED SEPTEMBER 30, 20-

<i>Revenue</i>										
<i>Service Revenue</i>						\$10	7	0	0	-
<i>Expenses</i>										
<i>Automobile Expense</i>	\$1	6	9	0	-					
<i>Bank Charges Expense</i>		1	2	5	-					
<i>General Expense</i>			4	8	-					
<i>Rent Expense</i>	2	7	0	0	-					
<i>Telephone Expense</i>		1	8	5	-					
<i>Wages Expense</i>	1	7	5	0	-					
<i>Loss on Sale of Equipment</i>		7	0	0	-					
<i>Total Expenses</i>						7	1	9	8	-
<i>Net Income</i>						\$ 3	5	0	2	-

CHAPTER 7 REVIEW EXERCISES (continued)**Exercise 6, p. 258** (continued)

E.

*ROYAL CITY ENGINEERING**BALANCE SHEET**SEPTEMBER 30, 20–*

ASSETS																				
<i>Current Assets</i>																				
<i>Bank</i>																				
<i>A/R—L. Pero</i>																				
<i>A/R—K. Puna</i>																				
<i>A/R—Spectrum Co.</i>																				
<i>A/R—W. J. Thomson</i>																				
<i>Supplies</i>																				
<i>Total Current Assets</i>																				
<i>Long-Term Assets</i>																				
<i>Equipment</i>																				
<i>Automobiles</i>																				
<i>Total Long-Term Assets</i>																				
<i>Total Assets</i>																				
LIABILITIES																				
<i>A/P—Imperial Garage</i>																				
<i>HST Payable</i>																				
<i>Less: HST Recoverable</i>																				
<i>HST Owed</i>																				
<i>Bank Loan</i>																				
<i>Total Liabilities</i>																				
OWNER'S EQUITY																				
<i>Pat Schelling, Capital</i>																				
<i>Balance September 1</i>																				
<i>Net Income</i>																				
<i>Less: Drawings</i>																				
<i>Increase in Equity</i>																				
<i>Balance September 30</i>																				
<i>Total Liabilities and Equity</i>																				

CHAPTER 7 REVIEW EXERCISES (continued)**Exercise 7, p. 261**

A.

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DATE		PARTICULARS	P.R.	DEBIT				CREDIT			
²⁰⁻ Oct.	2	<i>Miscellaneous Expense</i>	515	2	3	2	50				
		<i>HST Recoverable</i>	225		3	0	23				
		<i>Bank</i>	101					2	6	2	73
		<i>Cheque No. 652</i>									
	4	<i>Supplies—Golf Course</i>	105	1	4	2	5	30			
		<i>HST Recoverable</i>	225		1	8	5	29			
		<i>A/P—Main Supply</i>	210					1	6	1	0
		<i>Purchased fertilizer on account</i>									
	5	<i>Bank Charges Expense</i>	505		8	2	5	17			
		<i>Bank</i>	101						8	2	5
		<i>Interest and service charges for September</i>									
	7	<i>Wages Expense</i>	535	1	2	2	5	-			
		<i>Bank</i>	101						1	2	2
		<i>Cheque No. 653</i>									
	8	<i>Bank</i>	101	4	2	2	7	33			
		<i>Revenue—Golf</i>	401						3	0	0
		<i>Revenue—Food</i>	405						7	3	5
		<i>HST Payable</i>	220						4	8	6
		<i>Receipts for the week</i>									
	9	<i>A/P—Main Supply</i>	210	1	8	9	0	65			
		<i>Bank</i>	101						1	8	9
		<i>Cheque No. 654 on account</i>									
	10	<i>Automotive Expense</i>	501		3	3	0	-			
		<i>HST Recoverable</i>	225			4	2	90			
		<i>A/P—Blair's Automotive</i>	205						3	7	2
		<i>Truck repairs</i>									

CHAPTER 7 REVIEW EXERCISES (continued)**Exercise 7, p. 261** (continued)

A. (continued)

GENERAL JOURNAL

PAGE 29

DATE		PARTICULARS	P.R.	DEBIT					CREDIT					
²⁰⁻ Oct.	11	<i>Supplies—Golf Course</i>	105		2	6	4	60						
		<i>HST Recoverable</i>	225			3	4	40						
		<i>A/P—Pro Equipment</i>	215							2	9	9	-	
		<i>Golf supplies on account</i>												
	13	<i>Shirley Ngakien, Drawings</i>	305	1	5	0	0	-						
		<i>Bank</i>	101						1	5	0	0	-	
		<i>Cheque No. 655</i>												
	14	<i>Wages Expense</i>	535	1	1	7	5	-						
		<i>Bank</i>	101						1	1	7	5	-	
		<i>Cheque No. 656</i>												
	15	<i>Bank</i>	101	4	0	5	1	05						
		<i>Revenue—Golf</i>	401						2	8	8	0	-	
		<i>Revenue—Food</i>	405						7	0	5	-		
		<i>HST Payable</i>	220						4	6	6	05		
		<i>Cash receipts for the week</i>												
	15	<i>Bank Loan</i>	201	5	0	0	0	-						
		<i>Bank</i>	101						5	0	0	0	-	
		<i>Reduced amount of the bank loan, 654008A</i>												
	17	<i>Maintenance Expense</i>	510	6	0	0	-							
		<i>HST Recoverable</i>	225		7	8	-							
		<i>A/P—Pro Equipment</i>	215						6	7	8	-		
		<i>Lawnmower repairs</i>												
	18	<i>Automotive Expense</i>	501	8	4	2	25							
		<i>HST Recoverable</i>	225	1	0	9	49							
		<i>Bank</i>	101						9	5	1	74		
		<i>Cheque No. 658</i>												

CHAPTER 7 REVIEW EXERCISES (continued)**Exercise 7, p. 261** (continued)

A. (continued)

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DATE		PARTICULARS	P.R.	DEBIT					CREDIT					
²⁰⁻ Oct.	20	<i>Mortgage Interest Expense</i>	520		7	7	9	16						
		<i>Mortgage Payable</i>	230	1	0	0	0	-						
		<i>Bank</i>	101						1	7	7	9	16	
		<i>Cheque No. 659 to Greco Investments</i>												
	21	<i>Wages Expense</i>	535	1	2	2	5	-						
		<i>Bank</i>	101						1	2	2	5	-	
		<i>Cheque No. 660</i>												
	22	<i>Bank</i>	101	4	5	7	6	75						
		<i>Revenue—Golf</i>	401						3	3	0	0	-	
		<i>Revenue—Food</i>	405						7	5	0	22		
		<i>HST Payable</i>	220						5	2	6	53		
		<i>Cash receipts for the week</i>												
	23	<i>A/P—Pro Equipment</i>	215	2	0	0	0	-						
		<i>Bank</i>	101						2	0	0	0	-	
		<i>Cheque No. 661 on account</i>												
	24	<i>Supplies—Office</i>	110		1	4	2	50						
		<i>HST Recoverable</i>	225		1	8	53							
		<i>A/P—Main Supply</i>	210						1	6	1	03		
		<i>Office supplies purchased on account</i>												
	25	<i>Automotive Expense</i>	501		4	3	5	-						
		<i>HST Recoverable</i>	225		5	6	55							
		<i>A/P—Blair's Automotive</i>	205						4	9	1	55		
		<i>Auto repairs</i>												
	26	<i>Wages Expense</i>	535	1	1	9	5	-						
		<i>Bank</i>	101						1	1	9	5	-	
		<i>Cheque No. 662</i>												

CHAPTER 7 REVIEW EXERCISES (continued)**Exercise 7, p. 261** (continued)**A.** (continued)**GENERAL JOURNAL**

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DATE		PARTICULARS	P.R.	DEBIT					CREDIT				
²⁰⁻ Oct.	28	<i>Miscellaneous Expense</i>	515	1	2	7	50						
		<i>HST Recoverable</i>	225		1	6	58						
		<i>Bank</i>	101						1	4	4	08	
		<i>Cheque No. 633</i>											
	29	<i>Bank</i>	101	4	3	9	0	56					
		<i>Revenue—Golf</i>	401						3	0	1	5	–
		<i>Revenue—Food</i>	405						8	7	0	45	
		<i>HST Payable</i>	220						5	0	5	11	
		<i>Cash receipts for the week</i>											
	30	<i>Utilities Expense</i>	530		8	9	9	52					
		<i>HST Recoverable</i>	225		1	1	6	94					
		<i>Bank</i>	101						1	0	1	6	46
		<i>Cheque No. 663</i>											
	31	<i>Telephone Expense</i>	525		2	1	2	50					
		<i>HST Recoverable</i>	225			2	7	63					
		<i>Bank</i>	101							2	4	0	13
		<i>Cheque No. 664</i>											
	31	<i>Shirley Ngakien, Drawings</i>	305	1	4	0	0	–					
		<i>Bank</i>	101						1	4	0	0	–
		<i>Cheque No. 665 for personal use</i>											
	31	<i>HST Payable</i>	220		1	0	6	5	–				
		<i>HST Recoverable</i>	225							2	7	7	50
		<i>Bank</i>	101							7	8	7	50
		<i>Cheque No. 666 for HST remittance</i>											

CHAPTER 7 REVIEW EXERCISES (continued)

Exercise 7, p. 261 (continued)

A. (continued)

GENERAL LEDGER

ACCOUNT Bank

No. 101

DATE		PARTICULARS	P.R.	DEBIT					CREDIT					Dr/Cr	BALANCE				
Sep. ²⁰⁻	30	Forwarded												Dr	8	7	5	0	20
Oct.	2		J28						2	6	2	73	Dr	8	4	8	7	47	
	5		J28						8	2	5	17	Dr	7	6	6	2	30	
	7		J28						1	2	2	5	-	Dr	6	4	3	7	30
	8		J28	4	2	2	7	33						Dr	10	6	6	4	63
	9		J28						1	8	9	0	65	Dr	8	7	7	3	98
	13		J29						1	5	0	0	-	Dr	7	2	7	3	98
	14		J29						1	1	7	5	-	Dr	6	0	9	8	98
	15		J29	4	0	5	1	05						Dr	10	1	5	0	03
	15		J29						5	0	0	0	-	Dr	5	1	5	0	03
	18		J29						9	5	1	74	Dr	4	1	9	8	29	
	20		J30						1	7	7	9	16	Dr	2	4	1	9	13
	21		J30						1	2	2	5	-	Dr	1	1	9	4	13
	22		J30	4	5	7	6	75						Dr	5	7	7	0	88
	23		J30						2	0	0	0	-	Dr	3	7	7	0	88
	26		J30						1	1	9	5	-	Dr	2	5	7	5	88
	28		J31						1	4	4	08	Dr	2	4	3	1	80	
	29		J31	4	3	9	0	56						Dr	6	8	2	2	36
	30		J31						1	0	1	6	46	Dr	5	8	0	5	90
	31		J31						2	4	0	13	Dr	5	5	6	5	77	
	31		J31						1	4	0	0	-	Dr	4	1	6	5	77
	31		J31						7	8	7	50	Dr	3	3	7	8	27	

ACCOUNT Supplies—Golf Course

No. 105

DATE		PARTICULARS	P.R.	DEBIT					CREDIT					Dr/Cr	BALANCE				
Sep. ²⁰⁻	30	Forwarded												Dr	10	2	3	6	-
Oct.	4		J28	1	4	2	5	30						Dr	11	6	6	1	30
	11		J29	2	6	4	60						Dr	11	9	2	5	90	

CHAPTER 7 REVIEW EXERCISES (continued)**Exercise 7, p. 261** (continued)

A. (continued)

ACCOUNT **Supplies—Office****No. 110**

DATE		PARTICULARS	P.R.	DEBIT				CREDIT				Dr/Cr	BALANCE
Sep. ²⁰⁻	30	Forwarded										Dr	3 2 6 5 25
Oct.	24		J30	1 4 2 50								Dr	3 4 0 7 75

ACCOUNT **Property****No. 115**

DATE		PARTICULARS	P.R.	DEBIT				CREDIT				Dr/Cr	BALANCE
Sep. ²⁰⁻	30	Forwarded										Dr	225 1 1 2 65

ACCOUNT **Buildings****No. 120**

DATE		PARTICULARS	P.R.	DEBIT				CREDIT				Dr/Cr	BALANCE
Sep. ²⁰⁻	30	Forwarded										Dr	128 0 4 0 -

ACCOUNT **Automotive Equipment****No. 125**

DATE		PARTICULARS	P.R.	DEBIT				CREDIT				Dr/Cr	BALANCE
Sep. ²⁰⁻	30	Forwarded										Dr	30 9 5 6 -

ACCOUNT **Maintenance Equipment****No. 130**

DATE		PARTICULARS	P.R.	DEBIT				CREDIT				Dr/Cr	BALANCE
Sep. ²⁰⁻	30	Forwarded										Dr	22 6 5 0 60

CHAPTER 7 REVIEW EXERCISES (continued)

Exercise 7, p. 261 (continued)

A. (continued)

ACCOUNT Bank Loan

No. 201

DATE		PARTICULARS	P.R.	DEBIT					CREDIT					Dr/Cr	BALANCE				
Sep. ²⁰⁻	30	Forwarded												Cr	120	0	0	0	-
Oct.	15			5	0	0	0	-							115	0	0	0	-

ACCOUNT A/P—Blair’s Automotive

No. 205

DATE		PARTICULARS	P.R.	DEBIT					CREDIT					Dr/Cr	BALANCE				
Sep. ²⁰⁻	30	Forwarded												Cr		2	5	0	50
Oct.	10		J28						3	7	2	90	Cr	6	2	3	40		
	25		J30						4	9	1	55	Cr	1	1	1	4	95	

ACCOUNT A/P—Main Supply

No. 210

DATE		PARTICULARS	P.R.	DEBIT					CREDIT					Dr/Cr	BALANCE				
Sep. ²⁰⁻	30	Forwarded												Cr	1	8	9	0	65
Oct.	4		J28						1	6	1	0	59	Cr	3	5	0	1	24
	9		J28	1	8	9	0	65						Cr	1	6	1	0	59
	24		J30						1	6	1	03	Cr	1	7	7	1	62	

ACCOUNT A/P—Pro Equipment

No. 215

DATE		PARTICULARS	P.R.	DEBIT					CREDIT					Dr/Cr	BALANCE				
Sep. ²⁰⁻	30	Forwarded												Cr	3	5	8	2	10
Oct.	11		J29						2	9	9	-	Cr	3	8	8	1	10	
	17		J29						6	7	8	-	Cr	4	5	5	9	10	
	23		J30	2	0	0	0	-						Cr	2	5	5	9	10

CHAPTER 7 REVIEW EXERCISES (continued)

Exercise 7, p. 261 (continued)

A. (continued)

ACCOUNT HST Payable

No. 220

DATE		PARTICULARS	P.R.	DEBIT					CREDIT				Dr/Cr	BALANCE				
Sep. ²⁰⁻	30	Forwarded											Cr	1	0	6	5	-
Oct.	8		J28						4	8	6	33	Cr	1	5	5	1	33
	15		J29						4	6	6	05	Cr	2	0	1	7	38
	22		J30						5	2	6	53	Cr	2	5	4	3	91
	29		J31						5	0	5	11	Cr	3	0	4	9	02
	31		J31	1	0	6	5	-					Cr	1	9	8	4	02

ACCOUNT HST Recoverable

No. 225

DATE		PARTICULARS	P.R.	DEBIT					CREDIT				Dr/Cr	BALANCE				
Sep. ²⁰⁻	30	Forwarded											Dr		2	7	7	50
Oct.	2		J28		3	0	23						Dr	3	0	7	73	
	4		J28	1	8	5	29						Dr	4	9	3	02	
	10		J28		4	2	90						Dr	5	3	5	92	
	11		J29		3	4	40						Dr	5	7	0	32	
	17		J29		7	8	-						Dr	6	4	8	32	
	18		J29	1	0	9	49						Dr	7	5	7	81	
	24		J30		1	8	53						Dr	7	7	6	34	
	25		J30		5	6	55						Dr	8	3	2	89	
	28		J31		1	6	58						Dr	8	4	9	47	
	30		J31	1	1	6	94						Dr	9	6	6	41	
	31		J31		2	7	63						Dr	9	9	4	04	
	31		J31						2	7	7	50	Dr	7	1	6	54	

ACCOUNT Mortgage Payable

No. 230

DATE		PARTICULARS	P.R.	DEBIT					CREDIT				Dr/Cr	BALANCE				
Sep. ²⁰⁻	30	Forwarded											Cr	170	0	0	0	-
Oct.	20		J30	1	0	0	0	-					Cr	169	0	0	0	-

CHAPTER 7 REVIEW EXERCISES (continued)**Exercise 7, p. 261** (continued)

A. (continued)

ACCOUNT Shirley Ngakien, Capital**No. 301**

DATE		PARTICULARS	P.R.	DEBIT					CREDIT					Dr/Cr	BALANCE				
Sep. ²⁰⁻	30	Forwarded												Cr	142	0	2	7	46

ACCOUNT Shirley Ngakien, Drawings**No. 305**

DATE		PARTICULARS	P.R.	DEBIT					CREDIT					Dr/Cr	BALANCE				
Sep. ²⁰⁻	30	Forwarded												Dr	27	0	0	0	-
Oct.	13		29	1	5	0	0	-						Dr	28	5	0	0	-
	31		31	1	4	0	0	-						Dr	29	9	0	0	-

ACCOUNT Revenue—Golf**No. 401**

DATE		PARTICULARS	P.R.	DEBIT					CREDIT					Dr/Cr	BALANCE				
Sep. ²⁰⁻	30	Forwarded												Cr	89	9	8	2	50
Oct.	8		J28						3	0	0	6	-	Cr	92	9	8	8	50
	15		J29						2	8	8	0	-	Cr	95	8	6	8	50
	22		J30						3	3	0	0	-	Cr	99	1	6	8	50
	29		J31						3	0	1	5	-	Cr	102	1	8	3	50

ACCOUNT Revenue—Food**No. 405**

DATE		PARTICULARS	P.R.	DEBIT					CREDIT					Dr/Cr	BALANCE				
Sep. ²⁰⁻	30	Forwarded												Cr	23	8	7	5	75
Oct.	8		J28						7	3	5	-	Cr	24	6	1	0	75	
	15		J29						7	0	5	-	Cr	25	3	1	5	75	
	22		J30						7	5	0	22	Cr	26	0	6	5	97	
	29		J31						8	7	0	45	Cr	26	9	3	6	42	

CHAPTER 7 REVIEW EXERCISES (continued)

Exercise 7, p. 261 (continued)

A. (continued)

ACCOUNT Automotive Expense

No. 501

DATE		PARTICULARS	P.R.	DEBIT				CREDIT				Dr/Cr	BALANCE				
Sep. ²⁰⁻	30	Forwarded										Dr	8	9	4	4	52
Oct.	10		J28	3	3	0	-					Dr	9	2	7	4	52
	18		J29	8	4	2	25					Dr	10	1	1	6	77
	25		J30	4	3	5	-					Dr	10	5	5	1	77

ACCOUNT Bank Charges Expense

No. 505

DATE		PARTICULARS	P.R.	DEBIT				CREDIT				Dr/Cr	BALANCE				
Sep. ²⁰⁻	30	Forwarded										Dr	7	8	4	2	25
Oct.	5		J28	8	2	5	17					Dr	8	6	6	7	42

ACCOUNT Maintenance Expense

No. 510

DATE		PARTICULARS	P.R.	DEBIT				CREDIT				Dr/Cr	BALANCE				
Sep. ²⁰⁻	30	Forwarded										Dr	15	8	4	6	28
Oct.	17		J28	6	0	0	-					Dr	16	4	4	6	28

ACCOUNT Miscellaneous Expense

No. 515

DATE		PARTICULARS	P.R.	DEBIT				CREDIT				Dr/Cr	BALANCE				
Sep. ²⁰⁻	30	Forwarded										Dr	1	5	2	5	75
Oct.	2		J28	2	3	2	50					Dr	1	7	5	8	25
	26		J31	1	2	7	50					Dr	1	8	8	5	75

CHAPTER 7 REVIEW EXERCISES (continued)**Exercise 7, p. 261** (continued)

A. (continued)

ACCOUNT Mortgage Interest Expense**No. 520**

DATE		PARTICULARS	P.R.	DEBIT					CREDIT					Dr/Cr	BALANCE				
Sep. ²⁰⁻	30	Forwarded												Dr	6	3	7	5	-
<i>Oct.</i>	<i>20</i>		<i>J30</i>	<i>7</i>	<i>7</i>	<i>9</i>	<i>16</i>							<i>Dr</i>	<i>7</i>	<i>1</i>	<i>5</i>	<i>4</i>	<i>16</i>

ACCOUNT Telephone Expense**No. 525**

DATE		PARTICULARS	P.R.	DEBIT					CREDIT					Dr/Cr	BALANCE				
Sep. ²⁰⁻	30	Forwarded												Dr	1	0	2	8	33
<i>Oct.</i>	<i>31</i>		<i>J31</i>	<i>2</i>	<i>1</i>	<i>2</i>	<i>50</i>							<i>Dr</i>	<i>1</i>	<i>2</i>	<i>4</i>	<i>0</i>	<i>83</i>

ACCOUNT Utilities Expense**No. 530**

DATE		PARTICULARS	P.R.	DEBIT					CREDIT					Dr/Cr	BALANCE				
Sep. ²⁰⁻	30	Forwarded												Dr	9	2	7	5	68
<i>Oct.</i>	<i>30</i>		<i>J31</i>	<i>8</i>	<i>9</i>	<i>9</i>	<i>52</i>							<i>Dr</i>	<i>10</i>	<i>1</i>	<i>7</i>	<i>5</i>	<i>20</i>

ACCOUNT Wages Expense**No. 535**

DATE		PARTICULARS	P.R.	DEBIT					CREDIT					Dr/Cr	BALANCE				
Sep. ²⁰⁻	30	Forwarded												Dr	45	5	4	7	95
<i>Oct.</i>	<i>7</i>		<i>J28</i>	<i>1</i>	<i>2</i>	<i>2</i>	<i>5</i>	<i>-</i>						<i>Dr</i>	<i>46</i>	<i>7</i>	<i>7</i>	<i>2</i>	<i>95</i>
	<i>14</i>		<i>J29</i>	<i>1</i>	<i>1</i>	<i>7</i>	<i>5</i>	<i>-</i>						<i>Dr</i>	<i>47</i>	<i>9</i>	<i>4</i>	<i>7</i>	<i>95</i>
	<i>21</i>		<i>J30</i>	<i>1</i>	<i>2</i>	<i>2</i>	<i>5</i>	<i>-</i>						<i>Dr</i>	<i>49</i>	<i>1</i>	<i>7</i>	<i>2</i>	<i>95</i>
	<i>26</i>		<i>J31</i>	<i>1</i>	<i>1</i>	<i>9</i>	<i>5</i>	<i>-</i>						<i>Dr</i>	<i>50</i>	<i>3</i>	<i>6</i>	<i>7</i>	<i>95</i>

CHAPTER 7 REVIEW EXERCISES (continued)**Exercise 7, p. 261** (continued)

B.

*HARBOUR GOLF LINKS**TRIAL BALANCE**OCTOBER 31, 20–*

ACCOUNTS	DEBIT					CREDIT				
<i>Bank</i>	3	3	7	8	27					
<i>Supplies—Golf Course</i>	11	9	2	5	90					
<i>Supplies—Office</i>	3	4	0	7	75					
<i>Property</i>	225	1	1	2	65					
<i>Buildings</i>	128	0	4	0	–					
<i>Automotive Equipment</i>	30	9	5	6	–					
<i>Maintenance Equipment</i>	22	6	5	0	60					
<i>Bank Loan</i>						115	0	0	0	–
<i>A/P—Blair’s Automotive</i>						1	1	1	4	95
<i>A/P—Main Supply</i>						1	7	7	1	62
<i>A/P—Pro Equipment</i>						2	5	5	9	10
<i>HST Payable</i>						1	9	8	4	02
<i>HST Recoverable</i>		7	1	6	54					
<i>Mortgage Payable</i>						169	0	0	0	–
<i>Shirley Ngakien, Capital</i>						142	0	2	7	46
<i>Shirley Ngakien, Drawings</i>	29	9	0	0	–					
<i>Revenue—Golf</i>						102	1	8	3	50
<i>Revenue—Food</i>						26	9	3	6	42
<i>Automotive Expense</i>	10	5	5	1	77					
<i>Bank Charges Expense</i>	8	6	6	7	42					
<i>Maintenance Expense</i>	16	4	4	6	28					
<i>Miscellaneous Expense</i>	1	8	8	5	75					
<i>Mortgage Interest Expense</i>	7	1	5	4	16					
<i>Telephone Expense</i>	1	2	4	0	83					
<i>Utilities Expense</i>	10	1	7	5	20					
<i>Wages Expense</i>	50	3	6	7	95					
	562	5	7	7	07	562	5	7	7	07

CHAPTER 7 REVIEW EXERCISES (continued)

Exercise 7, p. 261 (continued)

C.

HARBOUR GOLF LINKS

INCOME STATEMENT

TEN MONTHS ENDED OCTOBER 31, 20–

<i>Revenue</i>										
<i>Revenue—Golf</i>	\$102	1	8	3	50					
<i>Revenue—Food</i>	26	9	3	6	42					
<i>Total Revenue</i>						\$129	1	1	9	92
<i>Expenses</i>										
<i>Automotive Expense</i>	\$ 10	5	5	1	77					
<i>Bank Charges Expense</i>	8	6	6	7	42					
<i>Maintenance Expense</i>	16	4	4	6	28					
<i>Miscellaneous Expense</i>	1	8	8	5	75					
<i>Mortgage Interest Expense</i>	7	1	5	4	16					
<i>Telephone Expense</i>	1	2	4	0	83					
<i>Utilities Expense</i>	10	1	7	5	20					
<i>Wages Expense</i>	50	3	6	7	95					
<i>Total Expenses</i>						106	4	8	9	36
<i>Net Income</i>						\$ 22	6	3	0	56

CHAPTER 7 REVIEW EXERCISES (continued)**Questions for Further Thought, p. 263**

1. *People who are not fully qualified accountants may refer to themselves as accountants because it gives them a feeling of importance and respectability. Also, they might not understand the full scope of an accountant's role.*
2. *The advantage of using checkmarks to cross-reference between the journal and ledger is that it quickly shows which items have been posted. The disadvantage is that checkmarks do not show the location of the posted items. Therefore, they cannot really be used to cross-reference the items between the ledger and the journal.*
3. *An accounting error that is found after a long time is corrected by a journal entry because many other entries have been recorded in the accounts after the occurrence of the error. It would be very impractical to write the correction in the accounts since it would involve crossing out and correcting many entries, leaving the accounts very difficult to read and possibly causing more errors. It would also look suspicious to anyone examining the accounts.*
4. *If you look at the Teacher's Key when you have an exercise that does not balance, you will not learn how to apply accounting techniques to find your errors. This is a bad habit because you will not learn the skills you need to continue studying accounting and to work in the field.*
5. *In my former position, I learned all about accounting for a tire company. But the accounts and the business environment of an insurance company are very different from what I previously experienced. Therefore, my new job could be very difficult for a while until I learn the new terminology, the nature of the insurance business, and the new books and records of accounts.*
6. *The teacher thought my answer was wrong because I gave the credit part of the entry first. Accountants usually describe the debit part of the entry first and then the credit part.*
7. *If an entry for Smith is posted to Smythe's account instead, the error would probably be detected when the company tried to collect Smith's debt from Smythe. Or the error would be detected when Smith paid the amount owing and the accounting clerk could not find the corresponding debit in Smith's account.*

CHAPTER 7 REVIEW EXERCISES (continued)**Questions for Further Thought, p. 263** (continued)

8. *If the ledger does not balance by \$5 you cannot change one of the accounts to force it to balance. You do not know how many errors there are in the accounts. The individual errors could be very large even if the trial balance total is only \$5; for example, a debit error of \$50 000 and a credit error of \$50 005. All the errors must be found and corrected.*
-
-

CASE STUDIES (page 264)**Case 1** *A Stitch in Time . . .* (p. 264)

1. *Karen is correct about the general journal being a record of all her transactions and it is true that she is saving some time in the short run by not posting. However, she has not considered the serious disadvantages of her system.*
-
-
2. *One disadvantage to not using ledger accounts is that Karen does not have quick access to account totals she may need to make informed management decisions. To obtain such account balances, she would need to review many pages of journal entries, a very time-consuming process. As well, the posting of journal entries will need to be done eventually when she prepares financial statements. Therefore, Karen's system saves her no time in the long run and denies her valuable information in the short run.*
-
-

Case 2 *Does the Order of Accounts Matter?* (p. 264)

1. *One disadvantage of Randy's system is that it makes preparing financial statements more time consuming since the accounts are in alphabetical not statement order, with balance sheet accounts followed by income statement accounts. Also, his system makes it difficult for outsiders, such as auditors, to review his accounts since they are not in the order that accountants use.*
-
-

CASE STUDIES (continued)**Case 2** Does the Order of Accounts Matter? (continued)

2.

RANDY'S CAR CARETRIAL BALANCEOCTOBER 31, 20–

ACCOUNTS	DEBIT					CREDIT				
Cash	6	6	9	0	–					
Supplies		3	1	5	–					
Office Equipment		4	7	2	–					
Car Care Equipment	8	6	0	0	–					
Accounts Payable							8	0	0	–
Randy Sandhu, Capital							4	5	0	0
Sales							11	3	1	8
Advertising Expense			9	1	–					
Miscellaneous Expense		1	0	0	–					
Rent Expense		3	5	0	–					
	16	6	1	8	–	16	6	1	8	–

Case 3: Challenge Frustration for the Auditor (p. 265)

1. Answers will vary. Three possible answers are given below. Students may find other solutions.

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DATE	PARTICULARS	P.R.	DEBIT					CREDIT				
20–	<u>Solution 1</u>											
	Automobile		10	0	0	0	–					
	Bank							10	0	0	0	–
	A/P—C. Paints		5	0	0	0	–					
	Bank							5	0	0	0	–
	Painting Equipment		10	0	0	0	–					
	A/R—P. Watt							5	0	0	0	–
	City Loan Co.							5	0	0	0	–
	Bank		5	0	0	0	–					
	Materials							5	0	0	0	–

CASE STUDIES (continued)**Case 3: Challenge** *Frustration for the Auditor* (continued)

1. (continued)

GENERAL JOURNAL

PAGE

DATE	PARTICULARS	P.R.	DEBIT					CREDIT					
20-	<i>Solution 2</i>												
	<i>Painting Equipment</i>		10	0	0	0	-						
	<i>Bank</i>							10	0	0	0	-	
	<i>Automobile</i>		10	0	0	0	-						
	<i>A/R—P. Watt</i>							5	0	0	0	-	
	<i>City Loan Co.</i>							5	0	0	0	-	
	<i>A/P—C. Paints</i>		5	0	0	0	-						
	<i>Bank</i>							5	0	0	0	-	
	<i>Bank</i>		5	0	0	0	-						
	<i>Materials</i>							5	0	0	0	-	
20-	<i>Solution 3</i>												
	<i>Automobile</i>		10	0	0	0	-						
	<i>Bank</i>							5	0	0	0	-	
	<i>City Loan Co.</i>							5	0	0	0	-	
	<i>Painting Equipment</i>		10	0	0	0	-						
	<i>Bank</i>							10	0	0	0	-	
	<i>A/P—C. Paints</i>		5	0	0	0	-						
	<i>Materials</i>							5	0	0	0	-	
	<i>Bank</i>		5	0	0	0	-						
	<i>A/R—P. Watt</i>							5	0	0	0	-	

Case 3: Challenge Frustration for the Auditor (continued)

2. *Reports should follow proper business format. Reports should explain why financial statements cannot be prepared from the information supplied and that the bank will not approve the loan without the audit being completed.*

CAREER**Melanie E. Russell, CA-CBV, CIM, CFE, TEP/
President, Kalex Valuations Inc.** (page 266)**Discussion (p. 266)**

1. *Chartered business valuers determine if the value assigned to a company or a personal estate is fair and reasonable. They conduct forensic investigations into company records and other financial documents and transactions. They prepare reports of their conclusions for their clients and make recommendations.*
2. *Melanie thinks a business valuator should be independent, curious, a strong communicator, diligent, detail-oriented, and able to meet deadlines and handle difficult people and situations. These traits are important because business valuers must be unbiased and trustworthy in order to have their opinions matter to their clients and the courts.*