

## Principles of Accounts

### Grade 10

**You are required to write up Sales, purchases, returns inwards and returns outwards Journals , then write up sales, purchases and general ledgers from the following for G. Smith, balance off and write up a trial balance as at May 31, 2009.**

May 1 Bought goods on credit from H. Henry \$3 500, P. Hall \$3 000 and C. Bell \$ 2000, in each case deduct 10% trade discount.

May 4 Sold goods on credit to G. Smith \$12 300 and M. Graham \$8 900

May 6 Returned goods to H. Henry \$1 200 and C. Bell \$1 000

May 12 M. Graham returned \$400 worth of goods to us

May 16 Bought goods on credit to H. Henry \$1 500 and C. Miller \$2 400

**You are required write a balance sheet as at April 30,2009 after making the necessary adjustments for G. Garvey**

Building \$250 000; equipment \$80 000; inventory \$12 000; bank \$7 800; account receivables \$10 000;

account payable \$13 800; loan \$10 700; cash \$10 000 and capital \$345 300

- (a) Bought furniture of \$5 000; \$2 800 by cheque and the remainder in cash
- (b) Received from account receivables \$4 800; 70% by cheque and the remainder in cash
- (c) One of the equipment costing \$12 000 was sold for \$11 400 by cheque
- (d) Put a further \$3 000 cash in the business
- (e) Bought furniture on credit \$3 500

## **GENERAL JOURNAL**

### **Uses of General Journal**

- Purchases/sales of fixed assets on credit
- Other transfer
- Writing off bad debt
- Correction of errors
- Closing entries
- Opening entries

Each transaction must pass through one of the following **subsidiary book/prime book/book of original entries: Cash book; Purchases Journal; Sales Journal; Returns Journal and General Journal.**

**ACCOUNTING CYCLE:**

- (1) Collect source documents-invoice/cheque stubs/receipts**
- (2) Subsidiary books-cash book; purchases journal; sales journal and general journal**
- (3) Ledgers- general ledger; sales ledger and purchases ledger**
- (4) Trial balance**
- (5) Income Statement- trading and profit and loss accounts**
- (6) Statement of Financial Position – balance sheet**