

Section 13:

**Transaction Period**

New financial year starting 1<sup>st</sup> July 2013, and the processing period is July 2013, the current financial year is 2014, conversion month being July and there are 12 periods.

**Opening Balances as at 1 July 2013**

<b>General Ledger Account Balances</b>	<b>Dr \$</b>	<b>Cr \$</b>
Cash at Bank	48,000	
Accounts Receivable	52,000	
Inventory control	130,000	
Prepayments	10,000	
Shop Fixtures and Equipment	350,000	
Accum Depn - Shop Fixt & Equip		120,000
Goodwill	50,000	
Accounts Payable		40,000
GST payable (collected)		20,000
GST receivable (paid)	15,000	
Accrued expenses		10,000
PAYG Withholding		50,000
Provision for dividend		250,000
Loan – noncurrent		120,000
Issued and Paid up capital		35,000
Retained Earnings		
	655,000	655,000

**Customers**

1. Students are required to make up their own unique customer names and addresses.
2. Only credit sales are recorded, cash sales are put through the cash book.
3. The firm's credit policy is 30 days.
4. Information provided for customers and their balance as at 1 July is as follows:

<b>Accounts Receivable Control</b>		
<b>Customer Code</b>	<b>Balance Outstanding \$</b>	<b>Days Outstanding</b>
C01	15,000	60
C02	12,000	30
C03	2,000	60
C04	7,000	30
C05	2,000	30
C06	4,000	60
C07	3,000	30
C08	2,000	30
C09	4,000	30
C10	1,000	30
<b>Total</b>	<b>52,000</b>	

## Suppliers

1. Students are required to make up their own unique supplier names and address.
2. Accounts Payable ledger has suppliers entered for trading stock as well as other goods and services acquired on credit.
3. Cash purchases, are processed directly through the cash book.
4. All suppliers extend the normal 30 day terms, with no discount for prompt payment.
5. Information provided for suppliers and their balance as at 1 July is as follows:

Accounts Payable Control		
Supplier Code	Balance Outstanding \$	Invoice Date
S01 – Trading Goods	6,000	1 <sup>st</sup> June
S02 – Trading Goods	2,000	5 <sup>th</sup> June
S03 – Trading Goods	12,000	7 <sup>th</sup> June
S04 - Trading Goods	8,000	8 <sup>th</sup> June
S05 – Telephone Co	1,000	12 <sup>th</sup> June
S06 – Stationery	1,500	15 <sup>th</sup> June
S07 – Car Garage Co	1,500	6 <sup>th</sup> June
S08 – Trading Goods	3,000	13 <sup>th</sup> June
S09 – Advertising Co	4,000	16 <sup>th</sup> June
S10 – Courier Co	1,000	14 <sup>th</sup> June
<b>Total</b>	<b>40,000</b>	

Be sure to enter an ABN numbers for each supplier when creating the Supplier's account otherwise there are taxation implications.

**All suppliers must have an ABN Number.**

## Inventory

1. Students are required to make up their own unique product names.
2. Inventory unit measure is per book item
3. The firm uses the perpetual inventory method of accounting for inventory, (that is when inventory is purchased it is added (debited) to 'Inventory' account and when it is sold, cost is debited against 'Cost of sales' and credited against Inventory).
4. Information provided for inventory and their balance as at 1 July is as follows:

Inventory Control				
Product Code	Quantity on Hand	Unit cost (\$)	Value of Inventory	Unit Sell Price Excluding GST
P01	1,000	\$10.00	\$10,000	\$20.00
P02	250	\$20.00	5,000	\$40.00
P03	700	\$10.00	7,000	\$20.00
P04	1,000	\$13.00	13,000	\$26.00
P05	1,000	\$5.00	5,000	\$10.00
P06	1,000	\$15.00	15,000	\$30.00
P07	1,000	\$12.00	12,000	\$24.00
P08	1,000	\$30.00	30,000	\$60.00
P09	2,000	\$13.00	26,000	\$26.00
P10	700	\$10.00	7,000	\$20.00
			<b>\$130,000</b>	

### Transactions for July 2013

Data source: Suppliers' Invoices. Dates shown are invoice dates, amounts include GST.

Date	Transaction Details
1 <sup>st</sup> Jul	Received invoice from S01 for 100 books - stock item P01, for \$1,320.00.
2 <sup>nd</sup> Jul	Received invoice from S04 for 100 books - stock item P02, \$1900.00
3 <sup>rd</sup> Jul	Received invoice from S03 for 150 books, stock item P09 for \$2,145.00 <i>The Warehouse manager reported that only 140 books of product P09, had been received. Accounts department adjusted S03's account for the short delivery.</i>
4 <sup>th</sup> Jul	Purchased stationery on account from S06 for \$550.00 ( <i>Charged to Expense account</i> )
6 <sup>th</sup> Jul	Received invoice from S08, \$300 for 20 books - stock item P06.
7 <sup>th</sup> Jul	Received invoice from S03, for 200 books - stock item P04 \$2,800
14 <sup>th</sup> Jul	Received invoice from S11 (new) \$250.00 for July's cleaning.
18 <sup>th</sup> Jul	Received invoice from S12 (new) \$3000.00 for legal fees in relation to lease.
21 <sup>st</sup> Jul	Invoice from S10 for July's courier service, \$620.00.
24 <sup>th</sup> Jul	Received invoice from S05 for telephone for the month \$835.00.
26 <sup>th</sup> Jul	Received invoice from S09 for advertising undertaken in July \$4,500.00.
31 <sup>st</sup> Jul	Received invoice from S07 for petrol and repairs for company vehicle \$550.00.

Data source – sales invoices and cash register tapes – sales include GST.

#### Cash sales

Date	Transaction Details
1 <sup>st</sup> Jul	Sold 140 units P01
8 <sup>th</sup> Jul	Sold 50 units of P02 and 50 units of P03
12 <sup>th</sup> Jul	Sold 30 units of P03, 25 units of P06, 30 units of P07 and 15 units of P08,
15 <sup>th</sup> Jul	Sold 20 units of P04, 15 units of P06 and 55 units of P08,
18 <sup>th</sup> Jul	Sold 35 units of P02, 10 units of P03, 35 units of P05, and 50 units of P10.
22 <sup>nd</sup> Jul	Sold 8 units of P03, 75 units of P04, 35 units of P06 and 15 units of P09.
31 <sup>st</sup> Jul	Sold 15 units of P06, 75 units P07 and 45 units P08.

#### Credit sales:

Date	Transaction Details
5 <sup>th</sup> Jul	Invoice to C01 for 100 units of P08
8 <sup>th</sup> Jul	Invoice to C10 for 50 units of P10
12 <sup>th</sup> Jul	Invoice to C02 for 250 units of P01
14 <sup>th</sup> Jul	Invoice to C09 for 30 units of P02, 35 units of P03
15 <sup>th</sup> Jul	Invoice to C03 for 65 units of P02 and 200 units of P04
16 <sup>th</sup> Jul	Invoice to C07 for 80 units of P05
17 <sup>th</sup> Jul	Invoice to C08 for 90 units of P04
20 <sup>th</sup> Jul	Invoice to C04 for 50 units of P05 and 40 units of P08
22 <sup>nd</sup> Jul	Invoice to C06 for 200 units of P06 and 50 units of P07
22 <sup>nd</sup> Jul	Invoice to C05 for 100 units of P05 and 30 units of P07
23 <sup>rd</sup> Jul	Invoice to C05 for 255 units of P08
24 <sup>th</sup> Jul	Invoice to C06 for 125 units of P02.
24 <sup>th</sup> Jul	Invoice to C04 for 50 units of P09 and 60 units of P10
26 <sup>th</sup> Jul	Invoice to C07 for 70 units of P06
28 <sup>th</sup> Jul	Invoice to C08 for 100 units of P03 and 20 units of P09

### Data source – deposit book (cash receipts)

The daily over-the-counter cash takings are banked the same day. Other receipts include payments by account customers, as follows:

<i>Date</i>	<i>Transaction Details</i>
17 <sup>th</sup> Jul	Customer C01 paid \$15,000.00
18 <sup>th</sup> Jul	Customer C02 paid \$12,000.00
19 <sup>th</sup> Jul	Customer C03, paid \$2,000.00
20 <sup>th</sup> Jul	Customer C04 paid \$7,000.00
21 <sup>st</sup> Jul	Customer C06 paid \$4,000.00
22 <sup>nd</sup> Jul	Customer C07, paid for balance of his account as at 30 June, plus the purchases during the month made prior to 20 <sup>th</sup> July.
23 <sup>rd</sup> Jul	Customer C08 paid \$2000.00
24 <sup>th</sup> Jul	Received \$4,000.00 from C09.
31 <sup>st</sup> Jul	At the end of the month, <b>after the depreciation charge was made for the month</b> , the business sold old Shop Fixtures and equipment <b>for cash</b> which had a written down value of \$3,800.00 at the time of sale for \$3,300.00 (GST inclusive). The plant and equipment originally cost \$12,000.00.

### Data source – cheque book (cash payments)

<i>Date</i>	<i>Transaction Details</i>
1 <sup>st</sup> Jul	Drawn a cheque for \$1,000.00 start a Petty Cash float. ( <i>Cheque 1055</i> )
2 <sup>nd</sup> Jul	Reimbursed \$110.00 to an employee for travel expenses incurred. ( <i>Cheque 1056</i> )
4 <sup>th</sup> Jul	Paid Junes sales commission owing to retail assistants of \$10,000.00 previously accrued. ( <i>Cheque 1057</i> )
15 <sup>th</sup> Jul	Paid June's PAYG withholding tax of \$10,000.00 ( <i>Cheque 1058</i> )
16 <sup>th</sup> Jul	Paid GST obligation for June, as per trial balance. ( <i>Cheque 1059</i> )
17 <sup>th</sup> Jul	Paid S01 the balance of the account as at 30 June. ( <i>Cheque 1060</i> )
19 <sup>th</sup> Jul	Paid S02 the balance of the account as at 30 June. ( <i>Cheque 1061</i> )
20 <sup>th</sup> Jul	Paid S03 \$12,000 being the amount owing as at 1 <sup>st</sup> July. ( <i>Cheque 1062</i> )
23 <sup>rd</sup> Jul	Paid \$3,000.00 employee superannuation ( <i>Cheque 1063</i> )
27 <sup>th</sup> Jul	Paid balance as at 1 July owing to S04 ( <i>Cheque 1064</i> ) S05 ( <i>Cheque 1065</i> ) S06 ( <i>Cheque 1066</i> ) S07 ( <i>Cheque 1067</i> )
28 <sup>th</sup> Jul	Paid wages to employees for the month amounting to \$28,000 net of withholding tax. ( <i>Cheque 1068</i> ). The withholding tax of \$9,000 is to be paid on the 21 August.
29 <sup>th</sup> Jul	Reimbursed petty cash for Travelling Expense \$220, Office Supplies \$165, Postage \$187, the total of the cheques drawn being \$572 ( <i>Cheque 1069</i> )
31 <sup>st</sup> Jul	The Directors paid \$50,000 dividends, as provided in June. ( <i>Cheque 1070</i> )



## Data source - bank statements

<i>Date</i>	<i>Transaction Details</i>
18 <sup>th</sup> Jul	Periodic payment for lease of POS equipment \$990.00 for July.
31 <sup>st</sup> Jul	Bank fees of \$110.00 were charged to the account.

## Data source – notes and working papers – Month end adjustments

<i>Date</i>	<i>Transaction Details</i>
31 <sup>st</sup> Jul	Shop fixtures and equipment are depreciated at 20% p.a. diminishing value and the entry for July 2013 (being 31 days of depreciation) needs to be made.
31 <sup>st</sup> Jul	Sales commission earned by retail assistants, but not paid at 31 <sup>st</sup> July amounted to \$5000.00.
31 <sup>st</sup> Jul	Prepaid expenses as at 30 June (\$10,000.00) represented the premium paid on annual policy starting on 1 May 2013. Record the insurance expense expired for the month of July.
31 <sup>st</sup> Jul	The company's long term loan is at 9.00% p.a. Interest is paid quarterly, but needs to be accrued for July (31 days).
31 <sup>st</sup> Jul	Create a provision for doubtful debts equal to 5% of Accounts Receivable balance as at 31 <sup>st</sup> July.
31 <sup>st</sup> Jul	Estimated electricity usage for July amounted to \$2,100.00 and this amount is to be accrued as at 31 <sup>st</sup> July.

**No GST on accruals.**

The bank statement received from the bank at the end of July is as follows:

## NABBY Bank Ltd

**Business Trading Account**  
**Branch: Wetherill Park**  
**Bank & BSB No. 099 - 166**  
**Account No. 2210 05678**  
**Account Name: Case Study 3**  
**ACN: 35 246 135 789**

**The Manager,**  
**Your Names Books Pty Ltd**  
**55 Smith Avenue**  
**Sydney NSW 2000**

**From: 1-Jul-2013**  
**To: 31-Jul-2013**

Date	Particulars	Debit	Credit	Balance
1-Jul	Opening Balance			\$48,000.00
2-Jul	Deposit - Cash & Cheques		\$3,080.00	\$51,080.00
3-Jul	Chq# 1055	\$1,000.00		\$50,080.00
6-Jul	Chq# 1056	\$110.00		\$49,970.00
7-Jul	Chq# 1057	\$10,000.00		\$39,970.00
9-Jul	Deposit - Cash & Cheques		\$3,300.00	\$43,270.00
13-Jul	Deposit - Cash & Cheques		\$3,267.00	\$46,537.00
16-Jul	Deposit - Cash & Cheques		\$4,697.00	\$51,234.00
18-Jul	<b>Periodic Payment - POS Equip</b>	<b>\$990.00</b>		\$50,244.00
19-Jul	Deposit - Cash & Cheques		\$3,245.00	\$53,489.00
19-Jul	Chq# 1058	\$10,000.00		\$43,489.00
20-Jul	Deposit - Cash & Cheques		\$15,000.00	\$58,489.00
21-Jul	Deposit - Cash & Cheques		\$12,000.00	\$70,489.00
13-Jul	Chq# 1059	\$5,000.00		\$65,489.00
22-Jul	Deposit - Cash & Cheques		\$2,000.00	\$67,489.00
23-Jul	Chq# 1060	\$6,000.00		\$61,489.00
23-Jul	Deposit - Cash & Cheques		\$3,905.00	\$65,394.00
24-Jul	Chq# 1061	\$2,000.00		\$63,394.00
24-Jul	Deposit - Cash & Cheques		\$7,000.00	\$70,394.00
25-Jul	Chq# 1062	\$12,000.00		\$58,394.00
25-Jul	Deposit - Cash & Cheques		\$4,000.00	\$62,394.00
26-Jul	Deposit - Cash & Cheques		\$3,880.00	\$66,274.00
26-Jul	Chq# 1063	\$3,000.00		\$63,274.00
27-Jul	Deposit - Cash & Cheques		\$2,000.00	\$65,274.00
28-Jul	Deposit - Cash & Cheques		\$4,000.00	\$69,274.00
30-Jul	Chq# 1064	\$8,000.00		\$61,274.00
30-Jul	Chq# 1065	\$1,000.00		\$60,274.00
30-Jul	Chq# 1066	\$1,500.00		\$58,774.00
30-Jul	Chq# 1068	\$28,000.00		\$30,774.00
31-Jul	Chq# 1069	\$572.00		\$30,202.00
31-Jul	<b>Bank Fees and Charges</b>	<b>\$110.00</b>		<b>\$30,092.00</b>

Transaction not shown on the Bank Statement are either **UNPRESENTED CHEQUES** or **OUTSTANDING DEPOSITS.**