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Record-Keeping in Business

Record-Keeping in Business

(ELEMENTARY)

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PREFACE

The clerical field absorbs approximately 18% of all employed workers. The majority of these clerical workers might be listed as file clerks, billing clerks, posting clerks, entry clerks, computing machine operators, duplicating machine operators, transcribing clerks, typists, switchboard operators, and general clerks who operate various office appliances or perform routine or repetitive duties in offices. Some of the duties of these clerks are often performed by the same person. Occasionally these duties are learned on the job through the apprentice system. Often the ability to perform with versatility secures a position against competition. The opportunity for the youthful entrant into business depends largely on his pre-job or in-school training.

An examination of the duties performed by hand or by machine indicates a large field in record-keeping which emphasizes one or more phases of bookkeeping without necessarily encompassing the bookkeeping cycle as we know it in the technical study of accounting. The emphasis falls on specific record, prepared in a definite way and maintained consistently by routine instructions or prescription to the person assigned to that duty. While the performance does, in a measure, call for analysis, interpretation, and judgment characteristic of bookkeeping practice, it stresses in the main accuracy, system, and order.

The authors, who have been connected with continuation schools and vocational schools for many years, have experienced the need for a text in record-keeping that stresses the vocational aspects of the course. The text has been prepared, therefore, to provide for the development of recording skills through objective activities. The student is exposed to the same type of experiences in learning to keep books as he would be if he were employed as an apprentice assisting a bookkeeper. This work is performed as a part of the routine followed in a retail store, a setting that has been selected because retailing itself represents such a large field of commercial enterprise, and because the recording procedures in this field are common to most types of business.

In the trading field, business activities are organized around buying, selling, and handling cash. Paralleling this organization, the subject matter has been divided into units or cycles that represent the recordative phases of buying, selling, and handling cash. Each unit embraces journalizing, posting, and preparing a trial balance, thereby giving the student a unified impression of record-keeping. In the field of adult education, in which a large percentage of students do not complete the

semester, there is a definite need for small units that can be taught in shorter periods. The repetition of the cycle of recording should tend to build up the student's skill to a vocational level, which is the chief objective.

Instead of first studying generalizations and abstract concepts that are meaningless if learned by rote, the student acquires a background of recording experiences that are closely related to business activities. The necessary business forms are introduced in their proper sequence so that their relationship to bookkeeping records is shown, and the need for making each entry is disclosed to the student so that he knows the reason for setting up a definite system of record-keeping. After he has repeated the routine of verifying, journalizing, posting, and preparing the trial balance in the first two units, the student is prepared to formulate rules for recording changes in assets, liabilities, capital, income, and expense. Crystallizing definitions and making rules then become a meaningful and purposeful activity, stimulating students to think, not to memorize.

It is believed that this text will fill a need in those schools that stress the practical elements of the subject. It presents up-to-date business practices, and the aim has been to vitalize the study by simulating business conditions and situations in the classroom. Pupil activity is emphasized throughout. The methods and routine of recording that are presented are based on the authors' observations, accounting practice, and contact with business extending over many years. For example, the use of the voucher check, emphasis on terms of credit in common use, simplification of the bank reconciliation statement according to methods used by practical bookkeepers, the preparation of daily cash report forms used in retail stores, and the presentation of a general fund of information concerning the routine of store management that is closely related to recording—these are some of the features in which this text differs from most of the others in the same field.

The text provides an abundance of materials adequate to meet a variety of learning abilities. The general store set and the grocery set are suggested as the basic work required of all students. In order to make for varied practice and a richer course, other types of businesses are included for those students who require additional assignments.

Grateful acknowledgment is made to Alexander S. Massell, Principal of the Central Commercial High School, New York, who inspired the writing of this book; to Nathaniel Altholz, Director of Commercial Education, City of New York, for his invaluable suggestions; to Irving Raskin, Chairman of the Commercial Department, Girls Commercial High School, Brooklyn, for his suggestions regarding the outline of topics to be covered; and to Alexander Kaylin, Chairman of the Sales Department, Central Commercial High School, for his constructive criticism of the manuscript.

CONTENTS

PAGE

PREFACE v
INTRODUCTION 1

UNIT 1—PURCHASES RECORDING CYCLE

STEP

1. *Preparing Purchase Requisitions* 4
2. *Preparing Purchase Orders* 7
3. *Recording in the Receiving Record* 10
4. *Checking Purchase Invoices* 14
5. *Finding the Due Dates of Invoices* 22
6. *Recording in the Purchases Journal; Recording Due Dates; Computing Trade Discounts; Filing Invoices* 25
7. *Posting from the Purchases Journal to the Ledger* 38
8. *Recording Credit Memoranda in the Purchases Returns and Allowances Journal* 43
9. *Writing Checks* 52
0. *Recording in the Cash Payments Journal; Posting* 57
1. *Preparing Trial Balances* 64
2. *Checking Statements from Creditors* 68

XPERIENCE

1. Preparing Purchase Requisitions for the CENTRAL DRY GOODS STORE 5
2. Preparing Purchase Orders for the CENTRAL DRY GOODS STORE.. 8
3. Recording Receipts of Merchandise for the CENTRAL DRY GOODS STORE 12
4. Checking Purchase Invoices for the CENTRAL DRY GOODS STORE 17
5-6. Finding Due Dates of Invoices 23, 24
7. Recording Invoices in a Purchases Journal 27
8. Recording Invoices in a Purchases Journal for the CENTRAL DRY GOODS STORE 27
9. Recording Due Dates 29
0. Calculating Trade Discounts 32

EXPERIENCE PAGE

11-12. Filing 33
13-13a. Recording Purchases for FRANK CRANE, GROCER.....34, 36
14. Posting from the Purchases Journal to the Ledger for the CENTRAL DRY GOODS STORE..... 41
15. Posting from the Purchases Journal to the Ledger for FRANK CRANE, GROCER 42
16. Checking and Recording Credit Memoranda for the CENTRAL DRY GOODS STORE..... 45
17. Recording Credit Memoranda for FRANK CRANE, GROCER..... 48
18. Posting from the Purchases Returns and Allowances Journal for the CENTRAL DRY GOODS STORE..... 51
19. Posting from the Purchases Returns and Allowances Journal for FRANK CRANE, GROCER..... 51
20. Writing Checks 55
21. Writing Checks for the CENTRAL DRY GOODS STORE..... 55
22. Writing Checks for FRANK CRANE, GROCER..... 56
23. Recording in the Cash Payments Journal..... 59
24. Recording in the Cash Payments Journal for the CENTRAL DRY GOODS STORE 59
25. Recording in the Cash Payments Journal for FRANK CRANE, GROCER 59
26. Posting from the Cash Payments Journal for the CENTRAL DRY GOODS STORE 63
27. Posting from the Cash Payments Journal for FRANK CRANE, GROCER 63
28. Preparing a Trial Balance..... 67
29. Preparing a Trial Balance for the CENTRAL DRY GOODS STORE.... 67
30. Preparing a Trial Balance for FRANK CRANE, GROCER..... 67
31. Checking Creditors' Statements for the CENTRAL DRY GOODS STORE 70
32. Checking Creditors' Statements for FRANK CRANE, GROCER..... 70
33. Recording Credit Memoranda, Recording Cash Payments, Writing Checks, Posting, and Preparing a Trial Balance for FRANK CRANE, GROCER 73
34. Recording Purchases and Purchases Returns and Allowances, Writing Checks, Recording in the Cash Payments Journal, and Preparing Trial Balances for the FAIR DEAL JEWELRY CO. 75

STEP UNIT 2—SALES RECORDING CYCLE PAGE

1. *Pricing Merchandise for Sale* 98
2. *Preparing Customers' Orders* 102
3. *Preparing Sales Tickets* 106
4. *Preparing Delivery Receipts* 109
5. *Recording Sales in the Sales Journal; Posting* 110
6. *Preparing Credit Memoranda* 117
7. *Recording Sales Returns and Allowances; Posting* 120
8. *Recording in the Cash Receipts Journal; Posting* 124
9. *Recording Cash Sales and C.O.D. Sales* 132
10. *Preparing Trial Balances* 138
11. *Preparing Customers' Monthly Statements* 147

EXPERIENCE

35. Preparing Marking Tickets for the CENTRAL DRY GOODS STORE 100
36. Preparing Marking Tickets for the FAIR DEAL JEWELRY CO. 101
37. Preparing Customers' Orders for the CENTRAL DRY GOODS STORE 104
38. Preparing Customers' Orders for FRANK CRANE, GROCER 104
39. Preparing Customers' Orders for the FAIR DEAL JEWELRY CO..... 105
40. Preparing Sales Tickets for the CENTRAL DRY GOODS STORE..... 108
41. Preparing Sales Tickets for FRANK CRANE, GROCER 108
42. Preparing Sales Tickets for the FAIR DEAL JEWELRY CO. 108
43. Preparing Receipts for the CENTRAL DRY GOODS STORE..... 109
44. Recording Sales in the Sales Journal 111
45. Recording in the Sales Journal for the CENTRAL DRY GOODS STORE 112
46-47. Recording in the Sales Journal for FRANK CRANE, GROCER 112, 113
48. Posting from the Sales Journal for the CENTRAL DRY GOODS STORE 116
49. Posting from the Sales Journal for FRANK CRANE, GROCER..... 116
50. Preparing Credit Memoranda for the CENTRAL DRY GOODS STORE 119
51. Preparing Credit Memoranda for FRANK CRANE, GROCER..... 119
52. Preparing Credit Memoranda for the FAIR DEAL JEWELRY CO. 119
53. Recording in the Sales Returns and Allowances Journal for the CENTRAL DRY GOODS STORE..... 120
54. Recording in the Sales Returns and Allowances Journal for FRANK CRANE, GROCER..... 121
55. Posting from the Sales Returns and Allowances Journal for the CENTRAL DRY GOODS STORE..... 123
56. Posting from the Sales Returns and Allowances Journal for FRANK CRANE, GROCER..... 123
57. Recording in the Cash Receipts Journal for the CENTRAL DRY GOODS STORE 125

EXPERIENCE PAGE

58. Posting from the Cash Receipts Journal for the CENTRAL DRY GOODS STORE 131
59. Preparing Three-Column Ledger Accounts for the CENTRAL DRY GOODS STORE 131
60. Recording and Posting Cash Receipts for FRANK CRANE, GROCER 136
61. Preparing a Trial Balance for the CENTRAL DRY GOODS STORE..... 143
62. Preparing a Trial Balance for FRANK CRANE, GROCER..... 143
63. Preparing a Trial Balance and Locating Errors for the NEW ENGLAND SPORTS SHOP 144
64. Preparing Customers' Statements for the CENTRAL DRY GOODS STORE 148
65. Preparing Customers' Statements for FRANK CRANE, GROCER.... 148
66. Recording in the Sales Returns and Allowances Journal, the Cash Receipts Journal, Posting, and Preparing a Trial Balance for FRANK CRANE, GROCER..... 148
67. Recording in the Sales Journal, the Sales Returns and Allowances Journal, and the Cash Receipts Journal, Posting, and Preparing a Trial Balance for the FAIR DEAL JEWELRY CO..... 149
68. An Illustrative Set of Records of the METROPOLITAN SPORTING GOODS SHOP (Set A) 158
69. Recording Transactions for FRANK BLAISDELL, HABERDASHER (Set B) 178

UNIT 3—CASH RECORDING CYCLE

STEP

1. *Operating the Cash Register*..... 188
2. *Preparing Cash Register Reports*..... 203
3. *Preparing Bank Deposits* 212
4. *Recording in the Checkbook*..... 215
5. *Classifying Accounts—The Fundamentals of Bookkeeping*..... 220
6. *Recording Cash Receipts; Posting*..... 231
7. *Recording Cash Payments; Posting*..... 237
8. *Recording Miscellaneous Cash Items*..... 240
9. *Preparing Bank Reconciliation Statements*..... 254
10. *Recording in the Petty Cash Journal*..... 274

EXPERIENCE

70-74. Recording in the Cash Register.....196, 197
75-80. Reading and Resetting the Cash Register.....201, 202
81-82. Preparing Daily Cash Register Reports for the CENTRAL DRY GOODS STORE 206, 207

PAGE
83-84. Preparing Daily Summary Register Reports 209
85-86. Preparing Daily Cash Register Reports and Daily Summary Register Reports for FRANK CRANE, GROCER 210, 211
87-88. Preparing Deposit Slips for the CENTRAL DRY GOODS STORE 213, 214
89-90. Preparing Deposit Slips for FRANK CRANE, GROCER 214
91. Checking for Counterfeit Money 214
92-94. Recording in the Checkbook for the FAIR DEAL JEWELRY CO. 218, 219
95. Indorsing Checks 219
96-97. Classifying Assets 222
98-99. Classifying Assets and Liabilities 223, 224
100. Classifying Assets, Liabilities, and Capital 225
101-102. Classifying Accounts 228, 229
103-104. Finding Assets, Liability, or Capital 230
105. Recording and Posting Cash Receipts for the NANCY COSMETIC SHOP 235
106. Recording and Posting Cash Payments 239
107. Recording Miscellaneous Cash Items 250
108. Recording in the Cash Payments Journal Using Special Columns 252
109. Preparing Bank Reconciliation Statements 262
110. Posting from a Special Column Cash Journal, and Preparing Bank Reconciliation Statements 272
111. Recording in the Petty Cash Journal for the CENTRAL DRY GOODS STORE 278

SUPPLEMENTARY UNIT—MISCELLANEOUS RECORDINGS

TOPIC

1. Recording in the General Journal 281
2. Preparing Sales Records 289
3. Preparing Inventory Records 290
4. Recording Sales Taxes 292
5. Recording Old-Age Pension Tax 293
6. Forwarding Accounts 295

EXPERIENCE

112. Recording in the General Journal 288
113-114. Obtaining Information from Sales Records 290
115. Recording Inventories 291
116. Recording Transactions for CHARLES B. RICE, RADIO DEALER (Set C) 296

INTRODUCTION

Record-Keeping in Business

When you make a purchase in a retail store, you will notice that generally the proprietor or his clerk makes a record of the transaction. In a small store, the amount of the sale may be recorded by means of a cash register. In many stores, the salesperson makes out a sales slip on which he lists the goods sold and indicates the amount of the sale. The sales slip is usually made out in duplicate, one copy being handed to the customer and the other being kept by the store as a record of the sale. If a sale is to be charged to the account of the customer, a sales slip is always made out.

Before the retailer can sell goods to you, he must purchase the goods. "Business begins with buying." For the operation of his business the merchant must also purchase supplies, such as wrapping paper, containers, stationery, and postage. He requires services, such as telephone, electric light, rent, and he may need the assistance of sales or office clerks. He needs equipment for his store, such as cash registers, filing cabinets, typewriters, show cases or other fixtures, and he may require delivery equipment in the form of hand trucks, bicycles, or auto trucks. In addition to recording sales to his customers, the merchant must keep records of the quantity and the cost of the merchandise he buys, as well as of the cost of supplies, services, and equipment. These records are very important to the merchant since they enable him to tell whether his business activities are profitable or unprofitable.

Why Records are Necessary. The driver of an automobile relies upon the gauges and registers on the dashboard which indicate whether water, oil, or gas is needed for the safe and efficient operation of his car; the airplane pilot depends for safe flying upon the indicators on the control board of his plane. Bookkeeping records are the indicators of the condition of a business, and the merchant depends upon them to tell whether his business activities are successful or to give warning of business troubles.

The reports of the bankruptcy courts show that about twenty per cent of independent stores fail or go out of business every year. Why is the percentage of failures so high? The records of the courts indicate that one of the more important reasons is poor management.

Poor management is often indicated by careless methods of transacting business, and is frequently evidenced by a lack of proper bookkeeping records. Without these records the retailer may not be aware that his business is failing until it is too late to apply remedies.

The Student's Work in this Course. This course starts with a presentation of a simple form of record-keeping for retail stores and will conclude with a treatment of the more detailed records which are used in some types of trading businesses. While the methods of recording transactions may vary according to the type of business, they are always based on the principles that are presented in the following units. The major part of the work of a bookkeeper consists of keeping, in proper business forms, a systematic account of business activities. Buying and selling, receiving cash, and paying bills are the usual transactions that are recorded.

In order that you may become familiar with the method of making these records, you will work as though you were an apprentice assisting a bookkeeper. You will thus acquire experience in keeping a record of the transactions of the various departments of a business.

In the first unit of work, "The Purchases Recording Cycle", you will keep records of goods ordered, of goods received, and of payments for purchases.

The second unit, "The Sales Recording Cycle", will take you through the procedure of recording sales of merchandise and collections from customers.

The third unit, "The Cash Recording Cycle", reviews the procedure of recording the payment and the receipt of cash required in the previous two units, and will also take up the handling of cash receipts for deposit and the preparation of bank reconciliation statements.

A supplementary unit will introduce the general journal and other miscellaneous topics.

Topics for Discussion

1. What is the purpose of keeping records of purchases? Sales? Collections? Payments? Customers' names and addresses?
2. How can records aid in the efficient management of a business?
3. What is a common cause of business failure?
4. Illustrate four types of business transactions.

UNIT 1

Purchases Recording Cycle

In the management of a retail business it is desirable to follow a regular system of buying goods. In order to know what to buy, when to buy, and what to reorder, the retailer must keep a record of the goods in stock. He must also keep records of his orders for goods, of the receipt of the goods, and of the payment for his purchases. In a small business, these records may be kept by one person. In a larger business, several members of the staff may be engaged in performing this work.

The system of making and recording purchases consists of the following routine:

Step 1. Preparing Purchase Requisitions
2. Preparing Purchase Orders
3. Recording in the Receiving Record
4. Checking Purchase Invoices
5. Finding the Due Dates of Invoices
6. Recording in the Purchases Journal; Recording Due Dates; Computing Trade Discounts; Filing Invoices
7. Posting from the Purchases Journal to the Ledger
8. Recording Credit Memoranda in the Purchases Returns and Allowances Journal; Posting
9. Writing Checks
10. Recording in the Cash Payments Journal; Posting
11. Preparing Trial Balances
12. Checking Statements from Creditors

Steps 1 and 3 may be eliminated in a small retail store.

Step 1

Preparing Purchase Requisitions

From past experience, the retailer determines the quantity of each kind of merchandise that should be kept in stock. It is poor business policy to be left with an insufficient supply of a style of merchandise that is selling; on the other hand, it is inadvisable to buy too large a quantity of an item. For the profitable conduct of the business, it is necessary to determine the minimum and the maximum amounts of salable merchandise that should be kept on hand.

A *Stock Record Card* (see Illustration No. 1) is prepared for each style of goods, and on the card are indicated the minimum and maximum

STOCK RECORD Children's Knit Dresses

STYLE NO. 5590 Untrimmed

AISLE NO 14 COST $8.00 SHELF NO. 5

MAXIMUM 8 doz. MINIMUM 1 doz.

DATE	RECEIVED	TAKEN OUT	ON HAND
Jan. 4. 19-	8 doz.		8 doz.
Jan 10.		3 doz.	5 doz.
Jan. 25.		4 doz.	1 doz.
Feb. 2.	5⅔ doz.		6⅔ doz.

Illustration No. 1 — A Stock Record.

quantities set for that item. It is the responsibility of the stock clerk to maintain the supply of goods at the required level. On the stock record card he enters a notation of withdrawals from stock or additions to stock. When the stock on hand of an item approaches the minimum, the stock clerk notifies the buyer or the purchasing department, so that an additional supply may be purchased.

Many firms require the stock clerk, in notifying the buyer, to make out a *Purchase Requisition,* on which is indicated the quantity of each item needed to bring the stock on hand to the maximum that has been set. Illustration No. 2 shows a purchase requisition completely filled out.

The purchase requisition is numbered, dated, and signed by the stock clerk. It contains a description of the goods needed, states the quantity to be ordered, and also indicates the department for which the goods are required.

PURCHASE REQUISITION Req. No. 35

CENTRAL DRY GOODS STORE
210 E 42nd Street
NEW YORK, N. Y.

FOR DEPT. 2 DATE ISSUED Jan. 27, 19--
WHEN REQUIRED At once

QUANTITY	DESCRIPTION
6 doz.	Style 5590 Children's Knit Dresses, 1½doz. each in sizes 2, 4, 6 and 8. Colors, each size, 6 blue, 6 pink and 6 green.
3 doz.	Style 5580 Children's Knit Dresses, 1 doz. each in sizes 4, 6 and 8. Colors, each size, 6 blue and 6 pink.
1 doz.	Style 5570 Children's Knit Dresses, 1/3 doz. each in sizes 2, 4 and 6. Colors, 2 each size in blue and pink.

BUYER'S MEMORANDUM B. G. Thomas, Stock Clerk

Purchase Order No. 206 Issued to Grand Knitwear Corp.
Date Jan. 28 102 Madison Ave., New York, N. Y.

Illustration No. 2 — A Purchase Requisition.

The purchase requisition is usually made out in duplicate. The original copy is given to the buyer, and the carbon copy is kept by the stock clerk. On the buyer's copy of the requisition a space is provided for the recording of the name and address of the firm with whom the order for the goods is placed, as well as the number and date of the order. It is customary to place on one requisition the various items of merchandise to be ordered from the same wholesaler.

In a small retail store the preparation of a purchase requisition is usually omitted since the proprietor assumes the responsibility of ordering goods.

Apprentice Experience No. 1
Preparing Purchase Requisitions

On February 27, the stock record of the CENTRAL DRY GOODS STORE indicated that the additional quantities of merchandise listed on the following page should be ordered. Prepare eight purchase requisitions from the data given in paragraphs *a-h*, one requisition for each paragraph. Number the requisitions consecutively, beginning with No. 151. Do not fill in, at present, the buyer's memorandum on the bottom of the requisition. Only one copy (original) of each requisition is to be prepared. Enter the name of the stock clerk, B. G. Thomas, on the line provided for his signature.

Note: Requisition forms are provided in the Workbook (Form No. 1). Pupils not using workbooks may prepare forms similar to Illustration No. 2.

The department numbers of the CENTRAL DRY GOODS STORE are as follows: Dept. 1— Gloves; Dept. 2—Boys' and Children's Wear; Dept. 3—Hosiery; Dept. 4—Handkerchiefs; Dept. 5—Ladies' Underwear; Dept. 6—Robes and Blouses.

a. Boys' Suits—Style 900, 3 doz.; Style 905, 4 doz. Equal assortment of sizes 2-4-6-8. Needed at once.

b. Ladies' Robes—Style 415, ½ doz., color AW. Sizes, 2 small, 3 medium and 1 large. Immediate delivery.

c. Boys' Knee Pants—Style 3011, 6 pair each in sizes 6, 8, and 10, and 2 pair size 12. Ship at once.

d. Ladies' Gloves—Style 402, 4½ doz., made up of ½ doz. white, 1½ doz. eggshell, and 2½ doz. beige; Style 501, 4 doz., made up of 1½ doz. pearl, and 2½ doz. white. Equal assortment of sizes 6½, 7 and 7½. Needed at once.

e. Ladies' Blouses—Style 671, 1¼ doz., made up of ½ doz. blue, ¼ doz. each of black, tan and red; equal quantity of sizes 14-16-18. Required immediately.

f. Children's Suits (Underwear)—Style 6593/122, 3½ doz., made up of ½ doz. size 20, 1 doz. each in sizes 22, 24 and 26; Style 6593/143, ½ doz. size 28. To be sent special delivery.

g. Handkerchiefs—Style 22X, ¼" HS, 4 doz.; Style 255/-, corded, 5 doz.; Style 404/6, corded, 1 doz. Immediate delivery.

h. Ladies' Hosiery—Style 70

Colors	Sizes	8½	9	9½	10	10½
Taupemist		—	½	¾	½	¼
Peterpan		¼	½	¾	½	¼
Sunbronze		¼	½	¾	½	¼

To be shipped before Mar. 8.

Note to the student: All records prepared in your experiences will be needed for future use, and are therefore to be kept in a folder.

Step 2

Preparing Purchase Orders

When he receives the requisition from the stock clerk, the buyer orders the goods from the manufacturer or wholesaler. He prepares and forwards to the firm that supplies the goods a written order, called a *Purchase Order* (see Illustration No. 3). The purchase order is numbered, dated, and signed. It contains a description of the goods, and states the price and the quantity ordered. Usually it includes instructions for shipping,

PURCHASE ORDER

CENTRAL DRY GOODS STORE
214 EAST 42ND STREET
NEW YORK N Y

ORDER NO 206
This number must appear on all invoices, packages, cases, etc

Date Jan. 28, 19--
Ship via Express
Wanted At once
Terms Net 10 days
Dept 2

Acknowledge receipt of order and advise shipping date and price of merchandise

Req No 35

TO
GRAND KNITWEAR CORP.
102 MADISON AVE.
NEW YORK, N. Y.

QUANTITY	DESCRIPTION	PRICE	PER
6 doz.	Style 5590 Children's Knit Dresses, 1½ doz. each in sizes 2, 4, 6 and 8. Colors, each size, 6 blue, 6 pink and 6 green.	8.00	doz.
3 doz.	Style 5580 Children's Knit Dresses, 1 doz. each in sizes 4, 6 and 8. Colors, each size, 6 blue and 6 pink.	18.75	doz.
1 doz.	Style 5570 Children's Knit Dresses, 1/3 doz. each in sizes 2, 4 and 6. Colors, 2 each size in blue and pink.	15.75	doz.

Date of Invoice . . . . .

Seller's Invoice No. . . . . .

CENTRAL DRY GOODS STORE
By *Arthur J. Howard*
Purchasing Agent

Illustration No. 3 — A Purchase Order.

states the terms of purchase (i.e., the period of time to be allowed for payment), and indicates the department for which the goods are required.

If there is immediate need of the merchandise, the buyer may place the order by telephone or telegraph. He may wish to obtain samples of the goods before placing an order, or he may desire to compare the

quality and the price of the goods that are offered for sale by different firms. He may then invite the wholesaler to send a salesman with samples and price quotations. An order placed by telegraph, or given verbally by telephone or to a salesman, should always be confirmed by a written order.

In a large store, the purchase order is usually prepared in triplicate. The original copy is sent to the firm from whom the goods are ordered. One carbon copy is retained by the buyer and filed alphabetically in a binder labeled "Unfilled Orders". The other copy is given to the receiving department.

When the purchase order has been prepared, the buyer enters on his copy of the purchase requisition, in the space provided at the bottom of the form, the purchase order number, the date of the order, and the name of the firm from whom the goods have been ordered.

If the wholesaler is unable to fill the order, or any portion of it, within the time specified, he will notify the retailer of that fact, usually by sending a "Back Order" indicating when he will be able to make delivery. When the retailer is unable to wait for the goods, he will cancel all or part of the purchase order and place it with another concern. If delivery of part of the order is accepted, the purchase order is kept in the "Unfilled Orders" file until the entire order has been delivered.

Apprentice Experience No. 2
Preparing Purchase Orders

Prepare for the CENTRAL DRY GOODS STORE eight purchase orders for the merchandise listed on the eight purchase requisitions made out in Experience No. 1. The name of the wholesaler, the prices and terms, and delivery instructions for each order are listed in paragraphs *a-h* on the following page. Number these eight orders consecutively, beginning with No. 283. As each purchase order is made out, write on the corresponding requisition the name and address of the firm to whom the order is being issued, as well as the date and number of the order. Note that the date of the invoice and the seller's invoice number cannot be filled in on the order until the invoice is received. Use February 27 for the date of the orders. Enter the name of the buyer, Arthur J. Howard, on the line provided for his signature. Only one copy of each order is to be prepared unless otherwise directed by your teacher.

Note: Purchase order forms are provided in the Workbook (Form No. 2). Pupils not using workbooks may prepare forms similar to Illustration No. 3.

a. Purchase requisition No. 151. The order to be placed with the Trench Boys' Suit Co., Inc., 1380 Broadway, New York, N. Y.; terms, 15 days. Style 900 is priced at $8 and Style 905 at $7.75 a dozen. To be shipped by wholesaler's truck.

b. Requisition No. 152. Order from Regal Robes, Inc., Norwalk, Conn.; terms, net 10 days. Price $5 each. Shipped by express.

c. Requisition No. 153. Wholesaler: The Highgrade Boys' Pants Co., 737 Broadway, New York, N. Y.; terms, net 30 days. Price is $18 a dozen. To be shipped by express.

d. Requisition No. 154. The order is to be placed with Manne and Williams, 470 Fourth Ave., New York, N. Y.; terms, net 10 days. Price per dozen for Style 402 is $4.50 and for Style 501 $6. To be shipped by express.

e. Requisition No. 155. Wholesaler: Mitchell & Werner, 1372 Broadway, New York, N. Y.; terms, 10 days. Price $16.50 a dozen. Shipment by PP (parcel post).

f. Requisition No. 156. Order from The Williams Co., Boston, Mass.; terms, net 60 days. Price $8.65 a dozen for both styles. To be shipped by PP, special delivery.

g. Requisition No. 157. Wholesaler: Belfast Flax Co., 107 Franklin Street, New York, N. Y.; terms, net 10 days. Prices—Style 22X at $1.80 a dozen, Style 255/- at $3.25 a dozen, and Style 404/6 at $4.00 a dozen. To be shipped by PP.

h. Requisition No. 158. Wholesaler: Queen Hosiery Co., Philadelphia, Pa.; terms, 10 days. Price $4.50 per dozen. Shipment by express.

Note to the student: All records prepared in your experiences will be needed for future use, and are therefore to be kept in a folder.

Step 3

Recording in the Receiving Record

CENTRAL DRY GOODS STORE

RECEIVING RECORD

DATE REC'D	OUR ORDER NO	VENDOR (WHOLESALER)	NO OF PKGS	CHARGES PREPAID	CHARGES COLLECT	TOTAL WEIGHT	METHOD OF SHIPMENT	NOTIFY	REMARKS
Feb 2	206	Grand Rapids Supply Co	1		.60	15 lbs	Express	W.H.K.	1 missing #5590; 1 damaged #5570 to Clearance dept. W.H.K.
" 4	204	Grand Rapids Supply Co	4	✓		42 "	Express	W.H.K.	Ship. Advice #1 Grand Rapids Supply Co. received, ask. W.H.K.
" 4	201	William Barnes	1	✓		8 "	P.P.	W.H.K.	Request for allowance on dog shipment sent W.H.K.

Illustration No. 4 — A Receiving Record.

When the goods ordered by the retailer are received by him, the receiving clerk makes a note of their arrival in a *Receiving Record* (Illustration No. 4). The receiving record is sometimes called a Purchase Record, or a Record of Incoming Goods, or a Record of Goods Received.

The receiving clerk obtains from his file the purchase order applying to the particular shipment he is about to record. He enters on the receiving record the date of arrival of the shipment, the purchase order number, and the name of the wholesaler from whom the goods have been received. In the proper column he indicates the number of packages in the shipment, and notes whether charges for delivery have been prepaid, that is, paid by the wholesaler in advance, or whether these charges are "collect", that is, paid by the retailer when the goods are received. If the charges for delivery are prepaid, the receiving clerk places a check mark (✓) in the "Prepaid" column; if the charges are collected on delivery, the amount is entered in the "Collect" column. The notation of the weight of the shipment provides a means of checking the charges for delivery—when these charges are prepaid by the wholesaler they are usually included on the invoice for the goods and paid by the retailer.

Damages or Errors in Shipment. Anything amiss with the condition of the shipment, such as broken packages, or soiled or damaged goods, is noted in the "Remarks" column of the receiving record. It may be advisable to refuse to accept the goods if a package or case is broken or damaged; if the shipment is accepted, the receiving clerk should write on the transportation company receipt a brief description of the damage.

When the receiving clerk unpacks the shipment, he checks the quantity and the condition of the merchandise received. If, after reference to the purchase order, he finds that the correct items and quantities are received and that the merchandise has arrived in good condition, he places a check mark (√) on the purchase order at the left side of the quantity. If he finds that the order has not been filled correctly, or that any of the goods are soiled or damaged, he makes a note of the error or the damage on the purchase order and also in the "Remarks" column of the receiving record. Notations of shortages and damages are shown in Illustrations Nos. 4 and 5.

PURCHASE ORDER

CENTRAL DRY GOODS STORE
214 EAST 42ND STREET
NEW YORK N. Y

ORDER NO. 206
This number must appear on all invoices, packages, cases, etc.

Date Jan. 28, 19--
Ship via Express
Wanted At once
Terms Net 10 days
Dept. 2

Acknowledge receipt of order and advise shipping date and price of merchandise

Req. No. 35

To
GRAND KNITWEAR CORP.
102 MADISON AVE.
NEW YORK, N. Y.

QUANTITY	DESCRIPTION	PRICE	PER
~~8 doz.~~ 6 rec'd. claim sent Feb. 2. ✓3 doz. 2 damaged Retd. Feb. 2 ✓1 doz.	Style 5590 Children's Knit Dresses, 1½ doz. each in sizes 2, 4, 6 and 8. Colors, each size, 6 blue, 6 pink and 6 green.	8.00	doz.
	Style 5580 Children's Knit Dresses, 1 doz. each in sizes 4, 6 and 8. Colors, each size, 6 blue and 6 pink.	18.75	doz.
	Style 5570 Children's Knit Dresses, 1/3 doz. each in sizes 2, 4 and 6. Colors, 2 each size in blue and pink.	15.75	doz.

Date of Invoice Feb. 2.
Seller's Invoice No. 12786

CENTRAL DRY GOODS STORE
By Arthur J. Howard
Purchasing Agent

Illustration No. 5 — A Purchase Order Showing Notations of Receipt of Goods, Shortages, etc.

The term "shortage" is used to indicate that the quantity of goods received is less than the quantity invoiced. The term "undershipment" is used to indicate that the quantity received is less than that ordered but that only the actual quantity shipped has been invoiced. An invoice for the goods, or a shipping memorandum, is usually forwarded by the

wholesaler at the time of making shipment. It may accompany the goods or be sent separately by mail. The receiving clerk also makes his notations of the receipt of the goods on the invoice or shipping memorandum.

It is the responsibility of the receiving clerk to notify the buyer or the purchasing department promptly if there is anything wrong with the condition of the shipment or if the goods and the quantity are not in accordance with the purchase order. The buyer then arranges for an adjustment of the error in the case of a shortage, or determines whether additional goods are needed in the case of an undershipment. If there is an overshipment, or if the items received are not those ordered, the buyer determines whether the goods are to be returned to the wholesaler.

A small retail concern may omit the use of a receiving record by simply noting the receipt of the merchandise on the purchase order and on the invoice or shipping memorandum. If there is no receiving department, a notation of the receipt of the goods should be placed on the office copy of the purchase order by the person responsible for accepting and checking the shipment. In a large firm, errors or damages or variations from the purchase order may be listed on a special form, a copy of which is handed to the buyer or to the purchasing department.

When the receiving clerk has examined the items and checked the quantities, he delivers the unpacked merchandise to the stock clerk. The stock clerk also checks the quantity of each item before he signs for its receipt.

Apprentice Experience No. 3
Recording Receipts of Merchandise

The shipments of merchandise listed in paragraphs *a-h* on the following page were received by the CENTRAL DRY GOODS STORE on the dates indicated. These shipments were made by the respective wholesalers to fill Purchase Orders Nos. 283-290 made out in Experience No. 2.

Record the receipt of the goods on a receiving record similar to that shown in Illustration No. 4 (Form No. 3 in Workbook). Using your copy of the purchase order made out to each wholesaler, compare the quantity ordered with the quantity received. Make your notation of a shortage, an overshipment, or damaged or wrong merchandise in the "Remarks" column in the receiving record, and make a corresponding notation on the purchase order.

Illustrations No. 4 and No. 5 show notations of the shortage and the damage listed in the following summary of a shipment received from the Grand Knitwear Corporation: February 2, from Grand Knitwear Corp., (Purchase Order No. 206, Illustration No. 3), 1 package; Style 5590, 68 Dresses; Style 5580, 3 doz. Dresses; Style 5570, 1 doz. Dresses. Express collect, 60 cents. Found 4 Dresses short in Style 5590, and 2 Dresses Style 5580 with ripped seams.

Before the student records the receipt of merchandise from a wholesaler, he should take from his folder the corresponding purchase order so that he can make the necessary comparisons. All claims are made on the day the merchandise is received. Retain the purchase orders for future use.

a. Mar. 2, from Manne & Williams, 1 package; Style 402, 1 doz. white, 1½ doz. eggshell and 2½ doz. beige; Style 501, 1½ doz. pearl and 2½ doz. white. Express prepaid. Weight 3 pounds. Any error?

b. Mar. 3, from Mitchell & Werner, 1 package; Style 671, 1 1/6 doz., PP ins. prepaid. Weight 7 pounds. What notation is necessary?

c. Mar. 3, from The Highgrade Boys' Pants Co., 2 packages; Style 3011, 20 pair knee pants sent express collect, 50¢. Weight, 18 pounds.

d. Mar. 4, from the Belfast Flax Co., 1 package; Style 22X, 4 doz.; Style 255/-, 5 doz.; Style 404/6, 1 doz. Sent PP prepaid. Weight, 2 pounds. Found 6 of Style 404/6 soiled—they are to be returned for credit at once.

e. Mar. 4, from the Trench Boys' Suit Co., Inc., 2 packages; Style 900, 3 doz.; Style 905, 4 doz. Sent by truck prepaid. Weight, 14 pounds.

f. Mar. 5, from Regal Robes, Inc., 1 package; Style 415, 6 robes. Express collect, 12 pounds, 75¢.

g. Mar. 5, from the Queen Hosiery Co., 1 package; Style 70, 2 doz. Taupemist, 2¼ doz. Peterpan, and 2¼ doz. Sunbronze. Express collect, 5 pounds, 75¢. Found 2 pair Taupemist size 9 and 4 pair Peterpan size 10 damaged. Return for credit.

h. Mar. 6, from The Williams Co., 1 package; Style 6593/122, 3½ doz. and Style 6593/143, ½ doz. Sent PP. Weight, 10 pounds.

Step 4

Checking Purchase Invoices

An *invoice* is a record of what is due for merchandise; a *bill* is a record of what is due for services, such as legal or medical service, telephone, rent, labor, etc. In business, the term *bill* is frequently used to mean either type of record.

One form of invoice is shown in Illustration No. 6. Illustrations of other types of invoices will be given later.

GRAND KNITWEAR CORPORATION

TELEPHONE
MURRAY HILL 2-0261-2

KNITTED GARMENTS
102 MADISON AVE.

NEW YORK. Feb. 2, 19--

SOLD TO Central Dry Goods Store

STREET 214 E. 42nd St.

CITY New York STATE N. Y.

VALUE $120.00

PACKAGES One (1) Box

No returns accepted or claims allowed 5 days from receipt of shipment.

Invoice No.
12786

Our Receiving Department will accept no merchandise unless they receive written notice stating reason for return.

TERMS	F. O. B.	VIA	YOUR ORDER NO.	DEPT. NO.	SALESMAN
Net 10 days	N. Y. C.	Express	206	2	Bayer

STYLE NO	QUANTITY	DESCRIPTION	PRICE	AMOUNT	TOTAL
5590	6 Doz.	Knit Dresses (Children's)	8 00	48 00	
5580	3 "	" "	18 75	56 25	
5570	1 "	" "	15 75	15 75	
					120 00

THIS IS YOUR INVOICE

Illustration No. 6 — An Invoice.

The following items are usually included on an invoice:

1. The name and address of the firm selling the merchandise.
2. The name and address of the person or firm buying the merchandise.
3. The date—usually the date of shipping the goods.
4. The terms of payment, i.e., the period of time allowed for payment. This period starts from the date of the invoice and not when the goods are received, unless otherwise stated.
5. Miscellaneous references, such as Order No., Department Number, Salesman's Name, Method of Shipment, Invoice No., Number of Packages.
6. The quantity, description, unit price, the extension, and the total amount of the goods invoiced.
7. Miscellaneous notations, such as, "No claims allowed after 5 days".

Checking Invoices. In order to have a record of the checking of an invoice, it is advisable to use a rubber stamp of a form similar to that shown in Illustration No. 7. All invoices should be imprinted with this stamp as soon as they are received. Each person who is responsible

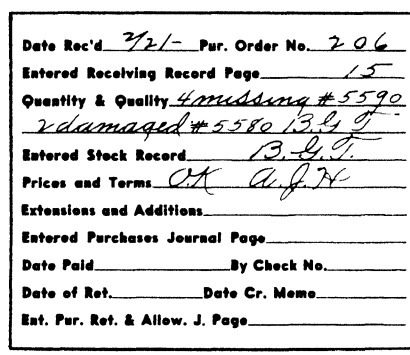


Illustration No. 7 — Rubber Stamp Imprint to be Placed on all Invoices.

for checking the shipment and for checking the accuracy of the invoice indicates in the space provided on the form that he has made the required verification.

The checking is done in the following order:

1. On receipt of the invoice by the office, it is stamped with a form similar to that shown in Illustration No. 7. It is then sent to the receiving department where the clerk attaches it to its respective purchase order, the invoice being kept on top. As indicated in the previous step, the receiving clerk has already recorded in the receiving record and on the purchase order all details regarding the receipt of the merchandise.

He now makes the following notations on the invoice—

a. *Date Received.* The receiving clerk enters the date of the arrival of the shipment.
b. *Purchase Order No.* The number of the order of the shipment is entered.
c. *Entered Receiving Record Page.* The page in the receiving record on which the shipment is entered is indicated.
d. *Quantity* and *Quality.* Any differences, shortages, damages, etc., are noted on the invoice together with the initials of the receiving clerk—these differences have already been recorded both in the receiving record and on the purchase order.
e. *Entered Stock Record.* The quantity kept is entered on a form similar to that shown in Illustration No. 1. Notice how one item on the invoice shown in Illustration No. 6 was entered on the stock record.

2. The invoice with its attached purchase order is then sent by the receiving clerk to the buyer or purchasing department where the following items are checked—

Prices and *Terms.* If there is any difference between the prices or terms shown on the purchase order and those shown on the invoice, a notation is made to that effect. Otherwise the invoice is O.K'd and initialed by the buyer. Of course, the buyer looks over the items checked by the receiving clerk; he must determine whether it is advisable to order additional merchandise in case of an undershipment, or to keep the merchandise in case of an overshipment.

Illustration No. 7 shows the rubber stamp imprint placed on the invoice of Illustration No. 6 completed up to this point.

3. The invoice with the attached purchase order is next sent to the bookkeeping department where the following items are examined at once—

Extensions and *Additions.* Both extensions and additions are checked. Checking the extensions means proving the calculations, i.e., multiplying the number of units of each article by the price per unit. Many concerns prefer to change the total on the invoice if there are errors in extension or in addition. This procedure will be followed in this unit. The wholesaler should always be notified that the correction has been made.

The remaining items on the stamp will be discussed in the other steps of this unit.

Correspondence with the wholesaler regarding any error in the first or second group of the above items is usually attended to by the buyer or purchasing department, while correspondence relating to items in the third group is handled by the bookkeeping department.

Apprentice Experience No. 4
Checking Invoices

The invoices—Forms 4 to 11 in the Workbook*—received from the wholesalers for the merchandise received by the CENTRAL DRY GOODS STORE in Experience No. 3 have already been stamped by the office for checking purposes. Detach these invoices one at a time, and attach to each the corresponding purchase order prepared in Experience No. 2 and used in Experience No. 3. You should have the receiving record prepared in Experience No. 3 before you. Make the required notations on each of the eight invoices, using the initials of the receiving clerk, B. G. T.

Then check each invoice for the buyer, making the necessary comparison with each purchase order. Use the buyer's initials, A. J. H., in making your notations after the words "Prices and Terms". No additional merchandise is to be ordered in case of an undershipment.

Next, for the bookkeeping department, check the extensions and additions. Use your own initials and make the necessary notations to record errors. An error in extension or in addition should be corrected on the invoice at once.

**Note:* Students who are not using workbooks will find these invoice forms on pages 17-21. Do not write on these forms.

Form 4

MANNE & WILLIAMS

Gloves Exclusively

470-478 FOURTH AVENUE
NEW YORK

Tel BOgardus 4 2770

Date Rec'd ____ Per Order No. ____
Entered Receiving Record Page ____
Price & Quality ____
Entered Stock Record ____
Prices and Terms ____
Extensions and Additions ____
Entered Purchases Journal Page ____
Date Paid ____ By Check No. ____
Cash Dis. ____ Date Cr. Memo ____
Name of Ret. Salesman ____
No. ____
Dot. Par. Ret & Allow J Page ____

DATE October 1, 19--

Sold to
Central Dry Goods Store
214 East 42nd Street
New York, N. Y.

Charge No	Your Dept No	Your Order No	Terms	Shipped via
9776	1	286	N/10	Harts Exp.

Daniels

STYLE	DOZENS	DESCRIPTION	PRICE	AMOUNT	TOTAL
402	1	White			
	1 1/2	Eggshell			
	2 1/2	Beige	4 50	22 50	
501	1 1/2	Pearl			
	2 1/2	White	6 00	24 00	
					46 50

No claims allowed after 5 days Goods shipped at purchaser's risk. F.O.B. N. Y.

Form 5

MITCHELL & WERNER, INC.

Blouses .... Dresses

1372 BROADWAY
NEW YORK

Cable Address Mitchwer

Mar. 2, 19--

Sold to Central Dry Goods Store

Street 214 East 42nd Street

City New York *State* N. Y.

Value Not Exceeding $50.00

Articles (1) pkge.

NOTICE
No claims or returns will be allowed later than 5 days after receipt of merchandise

Invoice No
NO. 27158

Via	Customer's No	Dept No	Duplicate Bill to	Chg'd by	Terms
PP Ins	287	6			Net 10

Style No	Dozen	DESCRIPTION	Price	Amount	Total
671	1 1/6	Doz. Blouses	16 50	19 25	19 25

Date Rec'd ____ Per Order No. ____
Entered Receiving Record Page ____
Quantity & Quality ____
Entered Stock Record ____
Prices and Terms ____
Extensions and Additions ____
Entered Purchases Journal Page ____
Date Paid ____ By Check No ____
Date of Ret. ____ Date Cr. Memo ____
Ent. Pur. Ret. & Allow. J Page ____

INVOICE

Form 6

Settlements expected to be made strictly on terms of bill

Phone GRamercy 7-{6796 6797

THE HIGHGRADE BOYS' PANTS CO.
737 Broadway, New York

MAR 2 19--

Sold to
Central Dry Goods Store,
214 East 42nd Street
New York, N. Y.

Date Rec'd ____ Per Order No. ____
Entered Receiving Record Page ____
Quantity & Quality ____
Entered Stock Record ____
Prices and Terms ____
Extensions and Additions ____
Entered Purchases Journal Page ____
Date Paid ____ By Check No. ____
Date of Ret. ____ Date Cr. Memo ____
Ent. Pur. Ret. & Allow. J Page ____

Terms	Via	Your Dept	Your Order
NET 30	EXPRESS	2	No. 285

3011	20	Pr.	18.00	30.00	30.00

Form 7

MEADOW BLEACH LINENS

HANDKERCHIEFS

BELFAST FLAX CO.

107-113 FRANKLIN STREET, NEW YORK, N. Y.

CENTRAL DRY GOODS STORE.
214 East 42ND STREET
NEW YORK, N. Y.

Date Mar. 3, 19--
Number 7856
Your Order No. 289
Dept. 4
Terms N/10
Salesman 16

Shipped Via PP

Style	Quantity	DESCRIPTION	Yards	Price	Amount	Total
22X	4	½" MENS HS HDKFS		1 80	7 20	
255/-	5	MENS CORDED HDKFS		3 25	16 25	
404/6	1	DO		4 00	4 00	
					27 45	
				POSTAGE	17	
						27 62

Date Rec'd ____ Order No. ____
Entered Receiving Record Page ____
Quantity & Quality ____
Entered Stock Record ____
Prices and Terms ____
Extensions and Additions ____
Entered Purchases Journal Page ____
Date Paid ____ By Check No. ____
Date of Ret. ____ Date Cr. Memo ____
Ent Per Ret & Allow J Page ____

Form 8

TRENCH BOYS' SUIT CO., INC.

Manufacturers of

Imported **CREEPERS, BABY BOY SUITS, DRESSES** *Domestic*

Factories at Puerto-Rico, Philippine Islands, New York

DATE March 3, 19--

SOLD TO Central Dry Goods Store 1380 Broadway
ADDRESS 214 East 42nd Street, New York, N. Y. NEW YORK CITY

Terms Net 15 days Invoice No 477
Shipped via Truck Order No 283 Dept No. 2

All claims must be made in 5 days after receipt of goods.

All goods shipped at purchaser's risk. Prices subject to change without notice.

Order No. ____ Page ____
Date Rec'd ____ Receiving Record Page ____
Quantity & Quality ____
Entered Stock Record ____
Prices and Terms ____
Extensions and Additions ____
Entered Purchases Journal Page ____ By Check No. ____
Date Paid ____ Date Cr. Memo ____
Date of Ret. ____ Ent. Per Ret. & Allow. J Page ____

No.	Your No	Quantity	DESCRIPTION	Price	Total
900		3 Dozen	Dom. Suits	8.00	24.00
905		4 Dozen	Play Suits	7.75	31.00
					55.00

Form 9

REGAL ROBES, INC.

General Office and Plant
116 Main Street
NORWALK, CONN.

Date Rec'd ____ Pur. Order No. ____
Entered Receiving Record Page ____
Quantity & Quality ____
Entered Stock Record ____
Prices and Terms ____
Extensions and Additions ____
Entered Purchases Journal Page ____
Date Paid ____ By Check No. ____
Date of Rct ____ Date Cr. Memo ____
Ent. Pur. Rct & Allow. J Page ____

SOLD TO

Central Dry Goods Store
214 East 42nd Street
New York, N. Y.

Mar. 4, 19--

Remittances to be made direct to the general office at Norwalk, Conn

Our Order No	Your Order No	Dept No	Pkge No	Shipped via	Salesman	Terms
8548	284	6	8548	EXP	Colin	N/10

Style	Quantity	DESCRIPTION	Price	Amount	Total
415	6	Ladies' Solid AW DB Robes	5 00	35 00	35 00

IMPORTANT

RETURNS OR CREDITS WILL NOT BE ALLOWED ON THIS BILL
unless notice of claim is made within 5 days after receipt of goods and the same consented to by the general office.

Goods shipped at purchaser's risk — No discount allowed on bills past due

Form 10

QUEEN HOSIERY COMPANY

22nd St. & Lehigh Ave.
PHILADELPHIA, PA.

Date Rec'd ____ Pur. Order No. ____
Entered Receiving Record Page ____
Quantity & Quality ____
Entered Stock Record ____
Prices and Terms ____
Extensions and Additions ____
Entered Purchases Journal Page ____
Date Paid ____ By Check No. ____
Date of Rct ____ Date Cr. Memo ____
Ent. Pur. Rct & Allow. J Page ____

CENTRAL DRY GOODS STORE
214 E. 42ND ST.
NEW YORK, N. Y.

Date: 3/3/--
Terms: NET 10
Salesman: MC ARDLE
55/663

Dept 3 | Mill Order No 6733 | Cust. Order No 290 | Route EXPRESS

Case No	Mill Style No	Color	Customer's Style No	8½	9	9½	10	10½	Total Doz	Price	Amount	Total
4112	70	TAUPEMIST			1/2	3/4	1/2	1/4	2			
		PETERPAN		1/4	1/2	3/4	1/2	1/4	2¼			
		SUNBRONZE		1/4	1/2	3/4	1/2	1/4	2¼			
									6½	4.50		
											29.25	
												29.25

Form 11

INVOICE

THE WILLIAMS COMPANY

569 HIGHLAND AVE.
BOSTON, MASS

9484

SOLD TO

Central Dry Goods Store
214 East 42nd Street
New York, N. Y.

Mar. 4, 19--

Shipment should contain 16 boxes

Case No P50672 Shipped by PP Your Order No 288 Dept

Our Order No. 49941 Terms N 60 Salesman HULL

3*	DESCRIPTION	Total Doz	Price per Doz	Amount
	CHLDS SUITS			
6593/122	@ 20 1 22 1 24 1 26	3 @	8 65	30 28
/143	@ 28	@	8 65	4 32
				34 60*

Date Rec'd _____ Pur Order No _____
Entered Receiving Record Page
Quantity & Quality
Entered Stock Record
Prices and Terms
Extensions and Additions
Entered Purchases Journal Page
Date Paid By Check No.
Date of Ret Date Cr Memo
Ent Pur Ret & Allow J Page

Notice Only an officer of this company is authorized to state fibre content of any fabric sold

Step 5

Finding the Due Dates of Invoices

Invoice Terms. When goods are bought on credit, the seller allows the purchaser a certain number of days in which to make payment for them. In some cases, a discount is given when payment is made within the time specified on the invoice.

The terms "10 days", or "net 10", mean that the invoice is payable 10 days after the date of the invoice without deduction of any discount. Similarly, the terms "30 days", "net 20", "N/60", indicate that payments are due in 30, 20, and 60 days respectively from the date of the invoice without any deduction.

Sometimes, merchandise is invoiced with an *advanced dating,* that is, time in addition to the regular period is allowed for payment. Thus, an invoice for goods shipped on June 25 and dated June 25 may bear the terms "net 30 days as July 1". The date when payment of this invoice would be due, or the "due date", would be 30 days after July 1 instead of 30 days after June 25.

Finding Due Dates. In order to find the date on which an invoice falls due when the number of days are stated in the terms, count the actual number of days. The method of counting the number of days is shown in the following illustrations:

1. *Date of invoice, May 18; terms, 30 days.*

May has 31 days; therefore, from May 18 to May 31 (the end of the month) there are 13 days. To complete the period of 30 days given in the terms of the invoice, you must add 17 additional days in the following month. The due date is, therefore, June 17.

2. If the terms of the above invoice were 60 days instead of 30 days, proceed in a similar manner, thus,

From May 18 to May 31 there are	13 days
In June there are	30 "
	43 "
Number of additional days in July needed to bring the total to 60	17 "
The due date is, therefore, July 17.	60 days

3. *Date of invoice, Feb. 9; terms, 60 days.*

From Feb. 9 to Feb. 28 there are	19 days
(*except in leap years*)	
In March there are	31 "
	50 "
Number of days in April needed to bring the total to 60	10 "
The due date is, therefore, April 10.	60 days

4. *Date of invoice, Aug. 25; terms, 90 days as Aug. 31.*

Start with the advanced date.

Days left in August	0 days
September has	30 "
October has	31 "
	61 "
Number of additional days in November needed to bring the total to 90	29 "
The due date is, therefore, November 29.	90 days

If the due date falls on a Sunday or on a holiday, payment of the invoice is due on the following business day.

Apprentice Experience No. 5
Finding Due Dates

Find the due dates of the following invoices:

Date of Invoice	Terms	Date of Invoice	Terms
a. Sept. 1	20 days	f. Mar. 24	N/60 as Apr. 1
b. July 8	net 30	g. Dec. 20	N/30 as Jan. 1
c. Apr. 25	N/10	h. June 1	N/90
d. Oct. 20	N/60	i. Nov. 30	N/60
e. Feb. 1	N/60	j. Nov. 25	N/30

Other Invoice Terms. Some invoices bear terms with an E.O.M. dating. E.O.M. means "end of month". If the terms on an invoice dated June 8 read "N/E.O.M.", the invoice would fall due at the end of the month, that is, June 30. But if the invoice were dated June 8 with terms "N/10 E.O.M.", the due date would be 10 days after the end of the month of June, that is, July 10. In fact, all invoices for goods bought in any one month with N/10 E.O.M. terms would fall due on the 10th of the following month.

It is, however, a business custom to consider all invoices carrying E.O.M. terms and dated from the 25th of the month to the end of the month as being dated the first of the following month. Thus, invoices bearing the dates July 25, July 31, or any date in between, with N/10 E.O.M. terms, would be regarded as if dated August 1 and they would *all* fall due on September 10.

Cash Discount. To encourage early payment of an invoice, the seller frequently allows a discount from the total of the invoice if payment is made within a specified time. This discount is known as a *cash discount*.

The terms "2% in 10 days", abbreviated to "2/10", mean that if the invoice is paid within 10 days from the date of the invoice, the

purchaser may deduct a discount of 2% from the total amount. In some cases, the terms of an invoice offer to the purchaser a choice of discounts. Thus, the terms "3/10 2/30 N/60" indicate that if the invoice is paid within 10 days, a discount of 3% may be deducted; if 30 days are taken for payment, the discount rate is only 2%; if the invoice is not paid within 30 days, no discount is allowed and the full amount of the invoice must be paid within 60 days.

Cash discounts are also offered with E.O.M. terms. Terms stated as "2/10 E.O.M." mean that the invoice is due on the 10th of the following month and that a discount of 2% should be deducted if payment is made within that period.

The following miscellaneous terms may appear on some invoices:

2% R.O.G.—2% to be deducted on "receipt of goods".

2/10 R.O.G.—2% to be deducted in 10 days after the "receipt of the goods".

3/15 prox.—3% to be deducted on the 15th of the following (proximo) month.

There are other types of cash discount terms which occur infrequently, and are, therefore, not included in this unit.

Generally, firms in the same line of business offer the same terms. Wholesalers of lace offer the terms "8/10 E.O.M."; cotton thread firms usually use the terms "2/10 E.O.M."; wholesale grocers generally allow a discount of 1% for payment in 10 days, etc. The terms "Net Cash" mean that payment is due anywhere from 10 to 30 days from the invoice date, according to the custom of that particular business. The student should take careful note of the terms on the invoices used in the various experiences.

Apprentice Experience
No. 6
Finding Due Dates

Find the due dates of the following invoices. Follow business custom in finding the due date for invoice *d*. Give two possible due dates for invoices *f* and *g* and three possible due dates for invoice *h*.

Date of Invoice	Terms	Date of Invoice	Terms
a. Sept. 10	2/10	f. May 10	3/10 1/60
b. July 1	2/10 E. O. M.	g. May 5	1/30 N/60
c. July 5	2/10 E. O. M.	h. Oct. 1	3/10 2/30 N/60
d. July 26	3/10 E. O. M.	i. June 30	N/90
e. Aug. 8	7/10 E. O. M.	j. Nov. 15	2/15 prox.

Step 6

Recording in the Purchases Journal; Recording Due Dates; Computing Trade Discounts; Filing Invoices

A person or firm to whom a business owes money is known as a *creditor* of the business. Every business concern must keep an account of what it owes to each of its creditors. In order to know what he owes to each wholesaler from whom he purchases goods, the retailer must keep a systematic record of invoices, of returns of goods, and of his payments of invoices.

The usual method of recording purchase invoices is to enter them in a *Purchases Journal* (see Illustration No. 8). The bookkeeping department enters the invoices in this journal as they are received from the buyer or purchasing department. A *journal* is a book in which transactions are recorded in the order in which they occur. How all the records of transactions with respect to each wholesaler are brought together by the bookkeeping department is explained in the remaining steps of this unit.

Purchases Journal. February 19- Page 8

Date		Wholesaler Account Credited	Address	Terms	F	Amount		Total	
Feb.	2	Grand Knitwear Co.	40 Madison Ave.	n/10		120	-		
	2	Princess Slip Co.	98 Madison Ave.	2/10 n/30		426	50		
	1/30	William Barnes	Homesdale, Pa.	n/20		43	80		
	2	Princess Slip Co.	98 Madison Ave.	2/10 n/30		22	38		
	4	William Barnes	Homesdale, Pa.	n/20		87	63		
	5	The Williams Co.	Boston, Mass.	n/10			95		
	8	H. Leeman Inc.	Jersey City, N.J.	2/10 E.O.M.		492	78		
	11	Martin Mfg. Co.	Albany, N.Y.	2/10 n/30		377	75		
	16	H. Leeman Inc.	Jersey City, N.J.	2/10 E.O.M.		152	12		
	20	Princess Slip Co.	98 Madison Ave.	2/10 n/30		80	-		
	23	The Williams Co.	Boston, Mass.	n/10		31	24		
	23	Regal Robes Inc.	Norwalk, Conn.	n/10		45	-		
	25	Regal Robes Inc.	Norwalk, Conn.	n/30		70	-		
	28	Purchases Debit (Total)				1950	15	1950	15

Illustration No. 8 — A Purchases Journal.

Note that the invoices recorded in the purchases journal are for merchandise purchases only, i.e., for goods bought to be sold at a profit.

The purchases journal is usually a bound book with numbered pages, all the pages being ruled alike. A journal has one or more columns for entering sums of money. Illustration No. 8 is called a two-column journal because there are two money columns.

The arrangement of the journal should be carefully noted.

(1) The first column, which is for the date, has two divisions. The first division is for the month and the second is for the day. The year is written in small figures at the top of the column. Note that the month is not repeated though the day of the month is repeated if there are two or more successive invoices with the same date. The date column shows the date of the invoice, since the terms of the invoice apply to this date and not to the date the goods are received.

(2) The second and third columns are for the name and address of the firm from whom the goods were bought, i.e., the creditor.

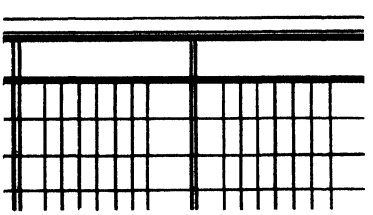
(3) In the fourth column are entered the terms which appear on the invoice.

(4) The fifth column, "F", is for the insertion of a reference number when the items in the journal are transferred to another account. This column is called the Folio column. The use of this column will be explained in Step 7.

(5) The total amount of each invoice is entered in the first money column. The cash discount is *not* deducted at this time.

(6) In the second money column is entered the total of all the entries in the amount column.

The ruling of the money columns provides for an orderly arrangement of the figures. Cents are entered in the wide space at the right of each money column; where there are no cents in an amount, put a small dash in this column. The heavy line to the left of this space takes the place of the decimal point. Vertical lines are ruled for the dollars so that units are entered in the units division, tens are entered in the tens division, etc. A heavier line, or one of a different color, separates thousands from hundreds of dollars.



Closing the Journal. The totaling of the purchases journal is done at the end of the month, at which time a single line is drawn across the amount column. Underneath this line put the total in small pencil figures—this is called "pencil footing". Always verify your addition; if the first time you added down, the second time add up. Correctness is more essential than speed. On the next line, put the last day of the month in the day column; on this line write the summary entry "Pur-

chases, Debit (Total)", and enter the total, as found by the pencil footing, in the total column.

Single lines are drawn across a money column that is to be added; double lines are drawn to show the closing of the journal, and are drawn across the date column, the folio column, and the two money columns. The single line is drawn along the ruled line of the paper; the first line of a double line is drawn along the ruled line of the paper and the second line is then drawn underneath and close to the first line.

Except for the pencil footing, all writing in a journal is done in ink. Correct form is very essential in all record keeping. The student should aim for correctness in detail and arrangement.

Apprentice Experiences

Recording Invoices in a Purchases Journal

No. 7

Using a sheet of two-column journal paper, make an exact copy of Illustration No. 8. If necessary, rule vertical lines to form Account Credit, Address, and Terms columns.

No. 8

On the back of the journal paper used in Experience No. 7, prepare a purchases journal for the CENTRAL DRY GOODS STORE. Record the invoices used in Experience No. 4 in the order in which they were received. Place on the rubber stamp imprint on the invoices the page number of the journal, which is to be numbered page 21. In addition to the eight invoices used in Experience No. 4, the invoices listed below were received during the same month. Continue with the recording of these invoices:

Mar. 11 Queen Hosiery Co., 10 days, 65¢.
13 Grand Knitwear Corp., 10 days, $73.50.
18 Regal Robes, Inc., net 10, $45.
20 The Williams Co., net 60, $39.86.
24 Trench Boys' Suit Co., 15 days, $51.98.
24 Queen Hosiery Co., 10 days, $66.43.
27 Manne & Williams, 10 days, $24.70.
30 Princess Slip Co., 2/10 N/30, $1.83.

Remember that on invoices that offer a cash discount, the discount is *not* deducted at the time the invoice is entered in the purchases journal. Pencil-foot the purchases journal and make the summary entry closing the journal for the month, ruling all necessary lines in ink.

SUNDAY, FEB. 7	SUNDAY, FEB. 14	SUNDAY, FEB. 21	SUNDAY, FEB. 28	SUNDAY, MAR. 7
MONDAY, FEB. 8	MONDAY, FEB. 15 Williams Co. 95	MONDAY, FEB. 22 HOLIDAY	MONDAY, MAR. 1	MONDAY, MAR. 8
TUESDAY, FEB. 9	TUESDAY, FEB. 16	TUESDAY, FEB. 23 Martin Mfg Co. 377.75	TUESDAY, MAR. 2 Princess Slip Co. 80.00	TUESDAY, MAR. 9
WEDNESDAY, FEB. 10	WEDNESDAY, FEB. 17	WEDNESDAY, FEB. 24 Wm. Barnes 87.63	WEDNESDAY, MAR. 3	WEDNESDAY, MAR. 10 N. Leeman & Sons 492.78 N. Leeman & Sons 152.12
THURSDAY, FEB. 11	THURSDAY, FEB. 18	THURSDAY, FEB. 25	THURSDAY, MAR. 4	THURSDAY, MAR. 11 Regal Robes Inc. 70.00
FRIDAY, FEB. 12 HOLIDAY	FRIDAY, FEB. 19 Wm. Barnes 43.80	FRIDAY, FEB. 26	FRIDAY, MAR. 5 Williams Co. 31.24 Regal Robes Inc 45.00	FRIDAY, MAR. 12
SATURDAY, FEB. 13 Grand Knitwear 120.00 Princess Slip Co. 426.50 Princess Slip Co 22.38	SATURDAY, FEB. 20	SATURDAY, FEB. 27	SATURDAY, MAR. 6	SATURDAY, MAR. 13

Illustration No. 9 — Part of a DAILY MEMORANDUM RECORD Showing Due Dates of Invoices of Illustration No. 8. (Each rectangle represents a page of a calendar pad.)

Recording Due Dates. It is very important for every business concern to pay its invoices when they fall due in order to maintain a good business reputation. Accordingly, a record should be kept of the due date of every purchase invoice. The due date should be entered on a calendar which has a page for each day of the year. This calendar should be kept for the purpose of entering due dates, and is called a "Daily Memorandum Record". On the page for the date on which the invoice falls due, write the name of the wholesaler and the amount of the invoice, as shown in Illustration No. 9. To show that this record has been made, put a check mark or the letter "E" (meaning "entered") in front of the words "Date Paid" on the rubber stamp imprint on the invoice.

Apprentice Experience No. 9
Recording Due Dates

Use Form 12 in the Workbook, or prepare a Daily Memorandum Record of your own. Record under the due date the name of the wholesaler and the amount of the invoice, for all invoices recorded in Experience No. 8. On the actual invoices that you have (Forms 4 to 11) place the letter "E" before the words "Date Paid" to show that the due date has been entered on the calendar record. If you prepare your own daily memorandum record, your calendar should start with Sunday, March 7.

Trade Discounts. The discounts considered so far have been cash discounts, that is, discounts allowed for the payment of an invoice within the time specified in the terms.

Another type of discount, known as a *trade discount,* is granted by wholesalers to those engaged in selling merchandise at retail or to others who use goods in large quantities. A trade discount is a reduction in the catalogue or list price of merchandise. The discount, which is the difference between the net price which the retailer pays for the goods and the price at which he sells them to his customers, must be sufficient to enable him to cover his selling expenses and to obtain a net profit.

The trade discount is deducted on the invoice in calculating the net amount, and only the net amount is entered in the purchases journal. In addition to the trade discount, the invoice may offer a cash discount if payment is made within the time specified in the terms. As stated before, the cash discount is *not* deducted from the amount of the invoice to be entered in the purchases journal.

Frequently the catalogue or price list issued by the wholesaler or manufacturer contains only the list price or the retail price of the items offered, that is, the price at which the retailer should supply the items

to his customers. A separate discount sheet is issued to the retailer on which is indicated the amount of discount from the list price to which the retailer is entitled. When the wholesaler follows the practice of making price quotations to the retailer by means of a separate discount sheet, it is unnecessary for him to issue a new catalogue when he wishes to change the wholesale price of his merchandise. The wholesale price quotation is changed by means of a new trade discount sheet.

Some wholesalers allow more than one trade discount from the list price, such as 30% and 5% (written as 30-5%), or, 25%, 10% and 5% (written as 25-10-5%). Two or more discounts are known as a discount series. The discount allowed frequently depends upon the quantity of goods ordered. One well-known manufacturer of electrical goods, for example, quotes these figures on its price list:

1 to 5 appliances	Discount of 35%
6 to 11 appliances	Discount of 35-5%
12 or more appliances	Discount of 40%

Note that 35-5% does not mean 40%, but that the second discount of 5% is to be deducted from the remainder after the first discount has been taken. If there were three discounts, the third one would be taken from the amount remaining after the first and second discounts had been deducted.

Example. An invoice of 10 Westchester 8-cup coffee makers @ $10.95 (retail selling list or catalogue price) totals $109.50. Discounts to the dealer of 35-5% are applied as follows:

Step 1
$109.50
x.35 First discount
5 47 50
32 85 0
$38.32 50

Step 2
$109.50
−38.325
$ 71.175 Amount after the first discount

Step 3
$71.175
x.05 Second discount
$3.55875

Step 4
$ 71.175
−3.559
$67.616 Amount after the first and second discount

The net price to the dealer would be $67.62.

It is immaterial which discount is deducted first; the same result would have been obtained if the 5% discount were deducted first and then the 35%. The net amount would still be $67.62 and this amount would be recorded in the purchases journal.

Telephone Circle 7-6695-6

AL ROSEN, INC.
700 Fifth Ave.
NEW YORK, N. Y.

Cable "Alrosic" New York

Date Oct. 25, 19--
Your order No 1977
Department
Our order No 6504
Shipped via P.P.Ins.
Terms 2/10 net 30
F O B New York

Nancy Cosmetic Shop
200 Main St.

Lande

VIGNY

415	36	pcs. Ext. "POLLIWOG"	- Intro	1 00	36 00
94	3	" " "	- Fur Head-Midget	4 50	13 50
92	2	" " "	- " " -Jr.	7 50	15 00
5510	6	" " "	- D/P	1 50	9 00
					73 50
			Less 33 1/3%		24 50
					49 00
			Less 15%		7 35
				NET	41 65

Illustration No. 10 — Invoice with Trade Discounts.

THE BARBEROFF COMPANY
Indianapolis, Indiana, U S A.

For Customer's Use Only

Cust Order or Req No. 6711
Invoice Date 8-13-
Vendor's No 9589

Sold To Nancy Cosmetic Shop
200 Main St.

Shipped To Same

Shipped From N. Y. C.
via Warehouse Delivery

Terms 2% for cash in 10 days, 30 days net
Freight paid only on orders for 2 or more full cases

No cases	Dozens	Description of Merchandise	Per Doz	Discount	Net Amount
1	12	Barberoff - 50¢ size	4.20	10-5%	43.09
2	8	Barberoff - jar size	6.00	10-5%	41.04
					84.13

Illustration No. 10a — Invoice with Trade Discounts.

Remember that in all arithmetical calculations, five mills or more (½ cent or more) in the *final* result is to be charged as an additional cent, though it is necessary to keep three decimal places during the calculation.

Illustrations No. 10 and No. 10a show two methods of deducting the trade discount on an invoice. The amounts to be recorded in the purchases journal for each of these invoices would be $41.65 and $84.13 respectively. (To the student: Check the extensions and totals on both these invoices.)

Apprentice Experience
No. 10
Calculating Trade Discounts

The following information was taken from invoices received by the Empire Stationery Store. Find the net amount of each invoice, that is, the amount that would be entered in a purchases journal. Follow the arrangement of Illustration No. 10 in making the extensions and in deducting the trade discount.

Oct. 2 — Art Steel Co., Inc., New York, N. Y. Terms, 2% 10 days net 30.
3 #3462 Card Cabinets @ $7.50, less 50%.

Oct. 4 — L. E. Warren Co., New York, N. Y. Terms, net cash 30 days.

6	#32 Jet W Clip Pens	List price	each	$2.75
10	#32 Jet VW Clip	"	"	2.75
8	#3 Steel Quartz W Clip	"	"	3.00
8	#3 Blk Pearl W Clip	"	"	3.00

Less 40-5%

Oct. 5 — American Machine Co., Chicago, Ill. Terms, net cash 30 days.
3 Model 111—6 wheel machine to print 1-111 @ $11.00
Less 30-10%

Oct. 8 — Art Steel Co., Inc., New York, N. Y. Terms, as had.

12	#55 Cash Boxes	@ 8.10	doz.
6	#66 " "	9.75	"
6	#77 " "	10.80	"
8	#10 Office Boxes	21.50	"
6	#19 " "	27.00	"
4	#2 Bond Boxes	10.80	"
3	#3 " "	14.50	"

Less 50-5%

The above quantities represent units and not dozens.

Oct. 10—Burns Purchasing Co., New York, N. Y. Terms, net cash.

6 doz.	Films 120 Plain	@ $3.00
12 doz.	Films 120/v	3.60
12 doz.	Films 116 Plain	3.60
24 doz.	Films 116/v	4.20
½ doz.	Films 118 Plain	4.80
1 doz.	Films 118/v	5.40
	Less 33⅓-15-2%	

Filing. As a result of the work completed in the preceding experiences, all the required notations on the purchase invoices should have been made, with the exceptions of the date of payment, the check number, and the returns. These invoices should next be filed so that they can be easily and quickly located when payment of them falls due, or when they are needed for any other purpose.

Correspondence, invoices, bills, receipts, catalogues, price lists, statements, etc., should be filed systematically so that they may be readily located when they are needed. Each type of business paper should be kept in a separate file. Thus, all correspondence with customers may be in one file labeled "Customers' Correspondence", while correspondence with wholesalers may be in another file labeled "Creditors' Correspondence". So, also, there is usually a "Paid Invoices" file as well as an "Unpaid Invoices" file.

The simplest method of arranging papers in a file is to place them in alphabetical order, according to the firm name. If there are a number of letters or invoices from the same firm in a file, they should be arranged according to the date, with the earliest date in front. In the "Unpaid Invoices" file, the invoices are arranged according to the dates when the invoices fall due, with the earliest due date in front. Two or more invoices under any one date are arranged in alphabetical order.

Apprentice Experiences

Filing

No. 11

Under what letter of the alphabet would each of the invoices used in Experience No. 8 be filed? Each of those listed in Illustration No. 8?

No. 12

Obtain a large envelope and write or print on it in large letters "UNPAID INVOICES". Keep in it the invoices used in Experience No. 4, arranging them according to the order in which they fall due, with the earliest due date in front.

Retail Grocery Business

In order to give the student a varied experience, the records of three different types of business are introduced in this unit. These three businesses are:

1. A retail dry goods business—the CENTRAL DRY GOODS STORE—the records of which the student has been keeping.
2. A retail grocery store—FRANK CRANE, GROCER—which will now be introduced.
3. A retail jewelry store — the FAIR DEAL JEWELRY CO. — which will be introduced later.

The student will record the transactions of as many of these businesses as he may have assigned to him by the teacher. The records prepared in the experiences in each business should be kept in a separate folder.

No. 13

In this experience you will record the purchases for the month of July made by FRANK CRANE, GROCER, a retailer in business at 135 Main Street, your town. The body of each invoice is given below and the amount of each is to be recorded on a page of a purchases journal, to be numbered as page 10. Check the extensions and additions of each invoice before recording it.

Note: The unit price of each item in the invoice always applies to the unit of measure that appears nearest to the price. The sign # placed *after* a figure means "pounds". N/C means "no charge". CS is the abbreviation for "case". 6/10 means 6 cans size 10; 48/1 means 48 cans size 1, etc.; 6/2# means 6 packages (or cans) of 2 pounds each.

July 2 — R. C. Wills & Co., 10th Ave. & 25th St., New York, N. Y.
Terms, 1% in 10 days.

1 CS 2 doz. #2½ Sliced Pineapple	@ $ 2.20	$ 4.40
1 CS 11# Pitted Dates 11 lb.	.09	.99
1 CS 6/10 Cherry Preserves ½ doz.	14.00	7.00
		12.39

June 30 — Francis Lane & Co., 13th Ave. & 27th St., New York, N. Y.
Terms, net 10 days.

3 CS #2½ Brownie Medium Asparagus 6 doz.	@ $ 2.95	$17.70
3 CS 6/10 Brownie Y. C. Peaches 1½ doz.	6.25	9.38
1 CS 6/10 Oregon #205 Prunes ½ doz.	4.70	2.35
		29.43

July 5 — Stern Bros., 121 Hudson St., New York, N. Y.
Terms, 1% in 10 days.

1 CS 20# Spaghetti 1 CS	@ $	1.35	$ 1.35
1 CS 20# Macaroni 1 CS		1.35	1.35
1 CS 12# Fine Noodles 12 lb.		.11	1.32
1 Bag 100# Salt 1 Bag		1.00	1.00
1 CS 2# Square Worc. Salt 1 CS		1.10	1.10
			6.12

July 8 — A. Krane, Inc., 845 E. 136th St., New York, N. Y.
Terms, 1% in 10 days.

6 Pkgs. 6/2# Soda Crackers 3 doz.	@ $	2.40	$ 7.20
3 Pkgs. 6/2# Graham Crackers 1½ doz.		2.40	3.60
2 CS 10# Cornflakes 20 lb.		.09½	1.90
1 CS 12/18 oz. K. A. Bran #1412 1 CS		2.10	2.10
			14.80

July 11 — S. & R. Fine Foods, Inc., 33-34th St., Brooklyn, N. Y.
Terms, net 10 days.

1 CS 48/1 Tall Salmon 4 doz.	@ $	2.50	$10.00
1 Tin 29½ Filet Anchovies #250 1 Tin		1.35	1.35
5 Bags 98# X Flour 2½ bbl.		7.50	18.75
5 Bags 100# Fine Granulated Sugar 5 cwt.		5.10	25.50
			55.60

July 15 — R. C. Wills & Co., 10th Ave. & 25th St., New York, N. Y.
Terms, 10 days less 1%.

1 CTN 25/1# Bags Prize Blend Coffee 25 lb.	$	.21	$ 5.25
2 14" Urn Bags N/C			
			5.25

July 19 — S. & R. Fine Foods, Inc., 33-34th St., Brooklyn, N. Y.
Terms, net 10 days.

1 Bag 100# Yellow Cornmeal 100 lb.	$	.03½	$ 3.50
1 Bag 98# Farina 1 Bag		4.75	4.75
50 lb. Medium Barley 50 lb.		.04½	2.25
10 lb. Medium Grits #3 10 lb.		.07½	.75
			11.25

July 24 — Meyer & Lewis, 434 Greenwich St., New York, N. Y.
Terms, net 10 days.

1 CS 25# Cracker Meal 25 lb.	$	.05½	$ 1.38
1 CS 10# Rice Flakes 10 lb. @ $1.50 a CS			1.50
1 Bag 100# Rice #30 100 lb.		.04½	4.50
1 ½ bbl. Distilled Vinegar 22 gal.		.22	4.84
Plus Deposit for bbl.			2.00
1 CS 12# Egg Barley 12 lb.		.11	1.32
			15.54

July 24 — Francis Lane & Co., 13th Ave. & 27th St., New York, N. Y.
Terms, net 10 days as Aug. 1.

3 CS 25# Red Fox Prunes 30/40 75 lb.	$ .07½	$ 5.63
1 CS 25# Black Mission Figs #685 25 lb.	.11½	2.88
1 CS 6/1 Economy Pancake Syrup 6 gal.	.65	3.90
		12.41

July 26 — R. C. Wills & Co., 10th Ave. & 25th St., New York, N. Y.
Terms, 10 days less 1%, as Aug. 1.

2 CS 24/2 R/S Natural Asparagus 4 doz.	$2.60	$10.40
3 CS 6/10 R/S G. B. Corn 1½ doz.	7.00	10.50
6 CS 6/10 R/S Nat. Garden Peas 3 doz.	7.25	21.75
		42.65

July 26 — Stern Bros., 121 Hudson St., New York, N. Y.
Terms, as had.

1 CS 48/1 Tall Red Salmon 4 doz.	$2.50	$10.00
75 Tins ½ Reine Boneless Sardines 75 Tins	.15	11.25
1 CS 48/1 Light Meat Tuna Fish 4 doz.	3.25	13.00
12 doz. Qts. Ammonia 12 doz.	1.40	16.80
1 doz. Qts. Ammonia 1 doz. Free		
		51.05

July 29 — R. C. Wills & Co., 10th Ave. & 25th St., New York, N. Y.
Terms, 10 days less 1%, as Aug. 1.

3 CS 25# Evap. Apricots #128 75 lb.	$ .13½	$10.13
1 CS 25/1# Seedless Raisins 25 lb.	.07	1.75
1 Box 11# Pitted Dates #164 11 lb.	.09	.99
1 Box 25# Black Mission Figs #685 25 lb.	.11½	2.88
		15.75

Close the purchases journal at the end of the month and make the summary entry. Find the due dates of the invoices listed in this journal and record them on a calendar which starts with Sunday, July 7, and ends with September 15.

No. 13a

The following is a list of the invoices received by FRANK CRANE, GROCER, during August. Record them on a page of the purchases journal to be numbered page 11. The reverse side of the sheet used in Experience No. 13 may be used.

Aug. 2—Francis Lane & Co., net 10 days	$35.72
7/30—Stern Bros., 1% in 10 days	51.24
5—R. C. Wills & Co., 1% in 10 days	26.50
8—A. Krane, Inc., 1% in 10 days	63.37
8—Francis Lane & Co., net 10 days	45.25

12—R. C. Wills & Co., 1% in 10 days	.96
16—Meyer & Lewis, net 10 days	5.58
19—Stern Bros., 1% in 10 days	34.91
20—R. C. Wills & Co., as had	117.18
22—S. & R. Fine Foods, Inc., net 10 days	92.83
23—A. Krane, Inc., as had	50.06
26—Francis Lane & Co., net 10 days	88.40
26—R. C. Wills & Co., 1% in 10 days as Sept. 1	32.17
29—R. C. Wills & Co., 1% in 10 days as Sept. 1	9.05
30—Stern Bros., as had	29.44

Proceed as for July to close the journal at the end of August and make the summary entry. Record the due dates on the calendar used in Experience No. 13.

Step 7

Posting from the Purchases Journal to the Ledger

We have learned that all purchase invoices are entered in a purchases journal in the order in which they are received; in later experiences we will learn that payments of invoices, and returns and allowances, are entered in other journals. The information concerning transactions with each wholesaler (or creditor) is therefore scattered in various journals. To avoid searching through the different journals in order to obtain a record of the amount due to each creditor, all the information with respect to any one creditor is brought together in a separate account. These individual accounts are kept in a book called a *Ledger*. A ledger is, therefore, a book of accounts.

Thus, all items appearing in the journals which relate to the Grand Knitwear Corp. are brought together in an account in the ledger under the title "Grand Knitwear Corp., Account", or simply, "Grand Knitwear Corp." A separate account is kept for each creditor and a separate page is used for each title or account.

The ruling of a ledger page is shown in Illustration No. 11. On the line marked "A" in the illustration is entered the title of the account. If the account relates to transactions with a wholesaler, write the name and address of the wholesaler on this line.

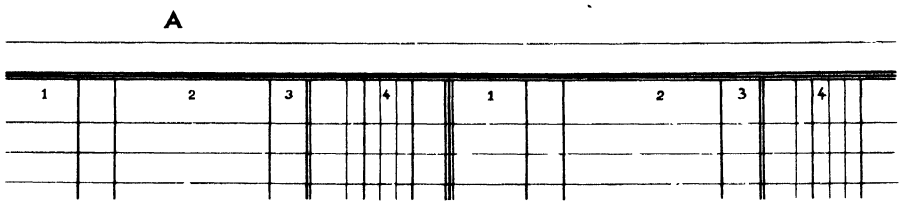


Illustration No. 11 — Ledger Ruling.

You will notice that the ruled page underneath the heading is divided into two similar sets of columns. The two columns numbered "1" are for the insertion of the date. The two columns numbered "2" provide space for particulars or an explanation of the entry. The columns numbered "3" are for page (folio) references. The ruling of the two money columns numbered "4" is similar to that of the money columns in the journals. The left side of the ledger page or account is referred to as the *debit* side, and the right side is referred to as the *credit* side. The abbreviation commonly used for *debit* is *dr.*, and for *credit*, *cr.* The ledger account is often referred to as "T" account because of its form.

Posting. As stated before, the ledger is the book in which are grouped, in individual accounts, all entries which appear in the journals relating to each account. Transferring these entries from the journals to the ledger is called *posting*.

Procedure for Posting from the Purchases Journal. The words "Account Credit" in the heading "Wholesaler—Account Credit" in the purchases journal, Illustration No. 8, refer to the procedure of transferring information from the purchases journal to the ledger. The procedure is as follows:

1. If there is no account in the ledger for a creditor whose name appears in the purchases journal, open an account by recording the creditor's name and address at the top of a page in the ledger.

2. On the credit (right) side of the wholesaler's account, record the following:

   a. The date—the same as that which appears in the journal, which is the date of the purchase invoice.
   b. In the explanation column, enter the terms as indicated in the journal.
   c. In the next column (the folio column), record the number of the journal page from which the item has been transferred. The letter P is written in front of the number to indicate that the entry has been transferred from the purchases journal, since there are other journals.
   d. In the money column enter the amount recorded in the journal (see Illustration No. 12).

3. In the folio column in the purchases journal record the page number of the ledger account to which the item has been posted. Thus, the number 12 in the folio column of the purchases journal would indicate that the entry on this line in the journal has been posted to an account on page 12 of the ledger. Making these notations in the folio column is called *post-marking*.

4. As indicated in Step 6, at the end of the month the purchases journal is closed, that is, the amounts of the purchases entered during the month are totaled. The total amount of purchases for the month is posted to an account in the ledger called "Merchandise Purchases". The total is entered on the debit side of the account, as indicated by the notation "Purchases, Debit (Total)" which appears as the final entry in the purchases journal (see Illustration No. 8).

Grand Knitwear Corp. 102 Madison Ave. City Page 1

					19 Feb.	2	n/10	P	8	120	—

Princess Slip Co. 98 Madison Ave. City Page 2

					19 Feb.	2	7/10 n/30	P	8	426	50
						2	7/10 n/30	P	8	22	38
						20	7/10 n/30	P	8	80	—

William Barnes, Honesdale, Pa. Page 3

					19 Feb.	1/30	n/20	P	8	43	80
						4	n/20	P	8	87	63

The Williams Co. Boston, Mass. Page 4

					19 Feb.	5	n/10	P	8		95
						23	n/10	P	8	31	24

H. Leeman Inc. Jersey City, N.J. Page 5

					19 Feb.	8	7/10 E.O.M.	P	8	492	78
						16	7/10 E.O.M.	P	8	152	12

Martin Mfg Co. Albany, N.Y. Page 6

					19 Feb.	11	7/10 n/30	P	8	377	75

Regal Robes Inc. Norwalk, Conn Page 7

					19 Feb.	23	n/10	P	8	45	—
						25	n/10 as 31, P		8	70	—

Merchandise Purchases Page 8

19 Feb.	28			P	8	1950	15				

Illustration No. 12 — Ledger Accounts after Posting from the Purchases Journal of Illustration No. 8.

Purchases Journal February 19- Page 8

Date		Wholesaler Account Credited	Address	Terms	F	Amount		Total	
Feb.	2	Grand Knitwear Co.	140 Madison Ave.	m/o	1	120	-		
	2	Princess Slip Co.	98 Madison Ave.	1/10 m/30	2	426	50		
	1/30	William Barnes	Honesdale, Pa.	m/20	3	43	80		
	2	Princess Slip Co.	98 Madison Ave.	1/10 m/30	2	22	38		
	4	William Barnes	Honesdale, Pa.	m/20	3	87	63		
	5	The Williams Co.	Boston, Mass.	m/10	4		95		
	8	H. Leeman Inc.	Jersey City, N.J.	1/10 E.O.M.	5	492	78		
	11	Martin Mfg. Co.	Albany, N.Y.	1/10 m/30	6	377	75		
	16	H. Leeman Inc.	Jersey City, N.J.	1/10 E.O.M.	5	152	12		
	20	Princess Slip Co.	98 Madison Ave.	1/10 m/30	2	80	-		
	23	The Williams Co.	Boston, Mass.	m/10	4	31	24		
	23	Regal Robes Inc.	Norwalk, Conn.	m/10	7	45	-		
	25	Regal Robes Inc.	Norwalk, Conn.	m/10 & 1/11	7	70	-		
	28	Purchases Debit (Total)			8	1950	15	1950	15

Illustration No. 12a — Purchases Journal of Illustration No. 8 after Posting to the Ledger of Illustration No. 12.

In recording the month's total purchases, be sure to use post-marks in both the ledger and the journal. Entering post-marks as you post is very important. If you are interrupted in your work of posting, the post-marks will tell you what has been posted and what has not. In addition, the post-marks will enable you to trace entries from the journal to the ledger, or from the ledger to the journal.

Illustration No. 12 shows the creditors' accounts and the Merchandise Purchases account after the completion of the posting from the purchases journal of Illustration No. 8. Illustration No. 12a shows the purchases journal of Illustration No. 8 complete with post-marks after the posting of the items to the ledger.

Apprentice Experiences
Posting
No. 14

For the sake of economy in the use of paper, the student will arrange as many accounts on a ledger page as are required in the instructions for each experience. Each account will be numbered as though it were on a separate page. Place the name and address of the account on one line; place the page number at the extreme right of the same line.

Using ledger paper, open the necessary accounts and post to them the transactions recorded in the purchases journal of the CENTRAL DRY GOODS STORE in Experience No. 8. Allow eight lines for each account. The page numbers are to start with number 1. Complete the posting of one transaction, including the post-marks in both the ledger and the journal, before proceeding to the posting of the next item.

No. 15

Using ledger paper, open the necessary accounts and post to them the transactions recorded in the purchases journal of FRANK CRANE, GROCER, for the month of July, prepared in Experience No. 13. Do not post the August purchases now. Allow 10 lines for each creditor's account and five lines for the Merchandise Purchases account. Place a page number on each account, starting with number 21. Follow the procedure outlined in Experience No. 14.

Step 8

Recording Credit Memoranda in the Purchases Returns and Allowances Journal; Posting

Most of the invoices received from the wholesalers in Experience No. 4 bore the statement, "No claims allowed after five days". Merchandise should, therefore, be examined immediately upon its receipt, and if any goods are to be returned or if an allowance is to be requested, the wholesaler should be notified without delay.

Note that an allowance is different from a return. An allowance may be requested because inferior merchandise has been received, or because there has been an overcharge, or for some similar reason, but no goods are returned. If an allowance is made, the buyer is really obtaining at a reduced price the quantity of goods ordered. Either an allowance or a return serves to reduce the amount owed to a creditor and, therefore, in the accounts of the retailer, they are generally entered in the same manner.

In Step 3 we learned that shortages or damages in a shipment are recorded in the receiving record, on the purchase order and on the invoice, and that errors in calculation are corrected on the invoice.

The shipment received from the Grand Knitwear Corp., as recorded in the receiving record of Illustration No. 4, was short four dresses of

CREDIT MEMORANDUM

GRAND KNITWEAR CORPORATION

KNITTED GARMENTS

No. 580

On Invoice No 12786 New York Feb. 5, 19--

Dept No 2 CENTRAL DRY GOODS STORE

Terms: NET 10 days 214 East 42nd Street, New York, N. Y.

5590	1/3	Doz. Dresses		@ 8.00	2	67		
5580	1/6	Doz. Dresses	Damaged	18.75	3	13		
					5	80		
			PP INS			20	6	00

All claims must be made within 5 days after receipt of goods

Illustration No. 13 — A Credit Memorandum.

Style #5590, and two dresses of Style 5580 were damaged. Notations of the shortage and of the damage were also made on the purchase order (Illustration No. 5) and on the invoice. According to the records made on these forms, the claim for the shortage and the return of the damaged dresses was made on February 2. If the wholesaler allows the claim and accepts the return of the damaged garments, he sends to the retailer a *Credit Memorandum* (Illustration No. 13).

A credit memorandum is usually similar in form to an invoice, except that it is headed with the words "Credit Memorandum", or "Credit Bill", or some similar term. Frequently, a credit memorandum is printed on pink or red paper, or is printed in red ink in order to distinguish it from an invoice. Credit memoranda are used for returns and for allowances. To correct errors in extension and in addition, most firms usually forward another invoice marked "Corrected Invoice".

Returns and allowances are recorded in a journal, just as purchases are. The ruling and arrangement of a *Purchases Returns and Allowances Journal* (Illustration No. 14) are similar to that of a purchases journal, except for the following:

1. Instead of the heading "Wholesaler—Account Credit", the heading "Wholesaler—Account Debit" is used.

2. In place of the address and terms, indicate the invoice to which the credit memorandum applies and whether the entry represents a return or an allowance. Sometimes, a credit memorandum may be issued by a wholesaler covering returns and allowances on more than one invoice.

3. The closing summary entry is "Purchase Returns and Allowances, Credit (Total)".

Purchases Returns and Allowances Journal

Date		Wholesaler Account Debit	Explanation	F	Amount		Total	
Feb.	5	Grand Knitwear Corp.	Ret. on inv. 2/2		6	-		
	6	Princess Slip Co.	Allow. on inv. 2/2		17	75		
	5	William Barnes	Ret. on inv. 1/30		6	20		
	7	William Barnes	Allow. on inv. 2/4		3	35		
	21	Princess Slip Co.	Ret. of inv. 2/20		80	-		
	27	Regal Robes, Inc.	Ret. on inv. 2/25		5	50		
	27	The Williams Co.	Ret. on inv. 2/23		10	40		
	28	Pur. Ret. and Allow. Credit (Total)			129	20	129	20

Illustration No. 14 — A Purchases Returns and Allowances Journal.

The ruling to close this journal is the same as that used for the purchases journal.

When a credit memorandum is received, attach it to the invoice and the purchase order to which it applies, both of which were placed in the "Unpaid Invoices" file at the time of entry in the purchases journal. This practice of attaching both purchase order and credit memorandum to the invoice to which they apply reduces the possibility of paying twice for the same merchandise, or of paying for goods that have been returned, or, where an allowance has been made, of paying an incorrect amount on an invoice. If a duplicate copy of an invoice is received from a wholesaler, reference to the purchase order to which it applies would show that an invoice has already been received, and, therefore, the duplicate copy would be discarded. Retailers lacking system frequently make the error of paying twice for the same goods.

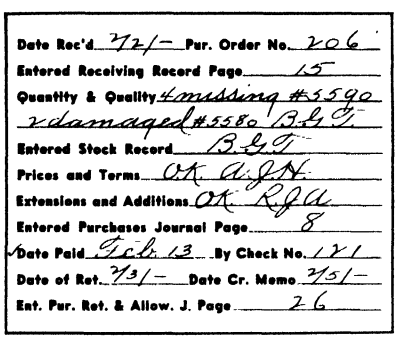

Date Rec'd 2/2/— Pur. Order No. 206
Entered Receiving Record Page 15
Quantity & Quality 4 missing #3590
2 damaged #3580 B.G.T.
Entered Stock Record B.G.T.
Prices and Terms OK A.J.N.
Extensions and Additions OK R.J.A.
Entered Purchases Journal Page 8
Date Paid Feb 13 By Check No. 171
Date of Ret. 2/3/— Date Cr. Memo 2/5/—
Ent. Pur. Ret. & Allow. J. Page 26

Illustration No. 15 — Rubber Stamp Imprint on Invoice Completed for Invoice of Illustration No. 6, the Credit Memorandum of Illustration No. 13, and the Payment by Check of Illustration No. 17.

If an original invoice with an incorrect amount has already been corrected, then, on receipt of a "corrected invoice", do not again enter this invoice in the purchases journal but attach it to the original invoice and write on the duplicate copy "already corrected".

Indicate on the bottom of the rubber stamp imprint placed on all invoices the information regarding the date of the return, the date of the credit memo, and its entry in the purchases returns and allowances journal, as shown in Illustration No. 15.

Apprentice Experience No. 16

Credit Memoranda—Checking and Recording

Forms 13, 14 and 16 in the Workbook* represent the credit memoranda received by the CENTRAL DRY GOODS STORE from the wholesalers as a result of the damages and the overshipment found in Experiences No. 3 and No. 4. (Is a credit memorandum needed from Mitchell & Werner? Why?) Form 15 is a corrected invoice. Detach these forms

**Note:* Those students not using workbooks will find Forms 13 to 16 on pages 46-48. Do not write on these forms.

one at a time, compare and check each one with the purchase order and the invoice to which it applies which are to be taken from the "Unpaid Invoices" file. Place on each rubber stamp imprint the necessary notation regarding the credit, then record each memo in a purchases returns and allowances journal, using the lower part of the journal paper used in Experience No. 8. Attach each credit memorandum to its corresponding invoice and replace in the "Unpaid Invoices" file. In addition to these credit memoranda, three others, listed below, were also received during March and are to be entered in this journal—

March 20—Grand Knitwear Corp.—Allowance on invoice of March 13, $7.50.

24—The Williams Co.—Return on invoice of March 20, $14.68.

30—Manne & Williams—Return of entire invoice of March 27, $24.70.

Number the journal page 100. Close and summarize the journal. (What is to be done with the corrected invoice, Form 15?)

Form 13

MANNE & WILLIAMS

Gloves Exclusively

Tel BOgardus 4-2770

470-478 FOURTH AVENUE
NEW YORK

DATE Mar. 5, 19--

Credit to

Central Dry Goods Store
214 East 42nd Street
New York, N. Y.

Credit No 1896 | Terms N/10 | Salesman Daniels

STYLE	DOZEN	DESCRIPTION	PRICE	AMOUNT	TOTAL
402	1/2	White	4 50	2 25	2 25
		On Invoice of MAR. 1, 19--			

Form 14

MEADOW BLEACH LINENS

HANDKERCHIEFS

BELFAST FLAX CO.

107-113 FRANKLIN STREET, NEW YORK, N. Y.

CENTRAL DRY GOODS STORE
214 East 42ND STREET
NEW YORK, N. Y.

Date 3/7/--
Number 5212
Your Order No. 289
Terms N/10
Salesman 16

Style	Quantity	DESCRIPTION	Yards	Price	Amount	Total
404/6	1/2	MENS CORDED HDKFS		4 00	2 00	
		Postage			10	
						2 10
		RETURNED ON INVOICE OF 3/3/--				
		CREDIT NOTE				

Form 15

REGAL ROBES, INC.

General Office and Plant
116 Main Street
NORWALK, CONN.

SOLD TO
Central Dry Goods Store
214 East 42nd Street
New York, N. Y.

Mar. 4, 19--

Remittances to be made direct to the general office at Norwalk, Conn

Our Order No	Your Order No	Dept No	Pkge No	Shipped via	Salesman	Terms
8548	284	6	8548	EXP	Colin	N/10

Style	Quantity	DESCRIPTION	Price	Amount	Total
415	6	Ladies' Solid AW DB Robes	5 00	30 00	30 00

CORRECTED INVOICE

IMPORTANT

RETURNS OR CREDITS WILL NOT BE ALLOWED ON THIS BILL
unless notice of claim is made within 5 days after receipt of goods and the same consented to by the general office.
Goods shipped at purchaser's risk.— No discount allowed on bills past due.

Form 16

CREDIT MEMORANDUM

QUEEN HOSIERY COMPANY

22nd Street & Lehigh Avenue, PHILADELPHIA, PA.

NAME Central Dry Goods Store — Date 3-10--

ADDRESS 214 E. 42nd Street — Terms. N/10

New York, N. Y. — Salesman McArdle

AS PER YOUR LETTER 3-5-- / MEMO

DEPT — DEBIT NO 298 — ROUTE PP

MILL NO	CUSTOMER'S NO	TOTAL DOZ	PRICE	AMOUNT	TOTAL PRICE
70		-6	4 50	2 25	2 25

IMPORTANT

Make all returns direct to mill at Philadelphia
Debit Memos showing amount of credit requested must accompany package
Declare value of only 50 cents per pound on all express shipments
Reason for return must be furnished in all cases before credit will be issued
Damaged stockings must contain mill imperfections, otherwise not subject to credit

Experience No. 17

The following credit memoranda were received by FRANK CRANE, GROCER, during the month of July, relating to Experience No. 13. The forms are not given, but the necessary information with respect to the date, items, and the amount of each return or allowance is given below. Make a record of these credit memoranda in a purchases returns and allowances journal, using the lower part of the journal paper of Experience No. 13. Number this journal page 76. Close and summarize the journal at the end of the month.

July 2 — Francis Lane & Co.
Return on invoice of June 30
1 CS #2½ Brownie Medium Asparagus 2 doz. @ $2.95 $5.90

July 5 — R. C. Wills & Co.
Return on invoice of July 2
1 CS 11# Pitted Dates 11 lb. @ .09 .99

July 11 — A. Krane, Inc.
Return of the entire invoice of July 8 14.80

July 19 — R. C. Wills & Co.
Allowance on invoice of July 15
1¢ a lb. on 25 lb. of Prize Blend Coffee .25

July 24 — S. & R. Fine Foods, Inc.				
Return on invoice of July 19				
1 Bag 98# Farina	@	4.75	4.75	
10 lb. Medium Grits #3 10 lb.		.07½	.75	5.50
July 29 — Francis Lane & Co.				
On invoice of July 24				
½¢ a lb. allowance on 3 CS Red Fox Prunes 75 lb.			.38	
2¢ a gal. allowance on 6 gal. Economy Pancake Syrup			.12	.50
July 31 — Meyer & Lewis				
On invoice of July 24				
1 Vinegar barrel returned				2.00

Posting from the Purchases Returns and Allowances Journal. The heading, "Wholesaler—Account Debit", in the Purchases Returns and Allowances Journal, Illustration No. 14, indicates that each amount listed in this journal is to be transferred to the *debit* (left) side of the account named.

Post the items to the ledger in this order:

a. *Date.* The date to be posted to the ledger is the date in the journal. This date should be the date found on the credit memorandum.
b. *Explanation.* Enter the same explanation as given in the journal.
c. *Folio.* To indicate that the entry has been posted from the purchases returns and allowances journal, use the letters "PR" followed by the page number of the journal from which the item has been taken.
d. *Amount.* Enter the amount as given in the journal.
e. *Folio of ledger.* In the folio column of the journal, record the page number of the ledger to which this particular item is posted.

At the end of the month, when the posting to the debit side of the creditors' accounts has been completed for that period, it will be necessary to open an account named "Purchases Returns and Allowances" on a page in the ledger. Post the total for the month to the *credit* side of this account. Be sure to enter the post-mark in the journal immediately the transfer to the ledger has been completed.

There are two things to be noted about this journal:

1. Since purchases returns and allowances are the opposite of purchases, the postings to accounts from this journal are entered on the side opposite to the postings from the purchases journal.

2. The total of the debit postings from this journal should always equal the total of the credit postings. This is true of all journals.

Illustration No. 16 shows the creditors' accounts after posting from the purchases journal of Illustration No. 8 and 12a and also after

the postings from the purchases returns and allowances journal, Illustration No. 14. Illustration No. 16a shows the purchases returns and allowances journal of Illustration No. 14 after the posting to Illustration No. 16 has been completed.

Grand Knitwear Corp. 102 Madison Ave. City. Page 1

19							19						
Feb.	5	Ret on inv 7/5 PR 26		6	-		Feb.	2	7/10	P	8	120	-

Princess Slip Co. 98 Madison Ave. City Page 2

19							19						
Feb.	6	Allow on inv 7/5 PR 26		17	75		Feb.	2	7/10 n/30	P	8	426	50
	21	Ret entire inv PR 26		80	-			2	7/10 n/30	P	8	22	38
								20	7/10 n/30	P	8	80	-

William Barnes Honesdale Pa. Page 3

19							19						
Feb.	5	Ret on inv 1/30 PR 26		6	20		Feb.	1/30	n/20	P	8	43	80
	7	Allow on inv 7/6 PR 26		3	35			4	n/20	P	8	87	63

The Williams Co. Boston, Mass. Page 4

19							19						
Feb.	27	Ret on inv 7/5 PR 26		10	40		Feb.	5	7/10	P	8		95
								23	7/10	P	8	31	74

H. Leeman Inc. Jersey City, N.J. Page 5

							19						
							Feb.	8	7/10 E.O.M.	P	8	492	78
								16	7/10 E.O.M.	P	8	152	12

Martin Mfg Co. Albany, N.Y. Page 6

							19						
							Feb.	11	7/10 n/30	P	8	377	75

Regal Robes Inc. Norwalk, Conn. Page 7

19							19						
Feb.	27	Ret on inv 7/5 PR 26		5	50		Feb.	23	n/10	P	8	45	-
								25	n/10 as 3/1	P	8	70	-

Merchandise Purchases Page 8

19																	
Feb.	28			P	8	1950	15										

Purchases Returns and Allowances Page 9

								19 Feb.	28			PR	26		129	20	

Illustration No. 16 — Ledger Accounts of Illustration No. 12 after Posting from the Purchases Returns and Allowances Journal of Illustration No. 16a.

26

Purchases Returns and Allowances Journal

Date		Wholesaler Account Debited	Explanation	F	Amount		Total	
19 Feb.	5	Grand Knitwear Corp.	Ret. on inv. 2/2	1	6	-		
	6	Princess Slip Co.	Allow. on inv. 2/2	2	17	75		
	5	William Barnes	Ret. on inv. 1/30	3	6	20		
	7	William Barnes	Allow. on inv. 2/4	3	3	35		
	21	Princess Slip Co.	Ret. of inv. 2/20	2	80	-		
	27	Regal Robes, Inc.	Ret. on inv. 2/25	7	5	50		
	27	The Williams Co.	Ret. on inv. 2/23	4	10	40		
	28	Pur. Ret. and Allow. Credit Total		9	129	20	129	20

Illustration No. 16a — Purchases Returns and Allowances Journal of Illustration No. 14 after Posting to the Ledger of Illustration No. 16.

Apprentice Experiences

Posting from the Purchases Returns and Allowances Journal

No. 18

Use the ledger of Experience No. 14. Post to it the entries from the purchases returns and allowances journal of the CENTRAL DRY GOODS STORE prepared in Experience No. 16.

No. 19

Use the ledger of Experience No. 15. Post to it the entries from the purchases returns and allowances journal of FRANK CRANE, GROCER, prepared in Experience No. 17.

Step 9

Writing Checks

In order to be sure that invoices are paid when due, a record of the due dates is made on a calendar or daily memorandum record. This record was made in Experience No. 9 for the CENTRAL DRY GOODS STORE and in Experience No. 13 for FRANK CRANE, GROCER. It is necessary for the bookkeeper to examine this record daily to determine which invoices are due and to remove them from the "Unpaid Invoices" file for payment.

Business concerns make payments, wherever possible, by check. Payment by check makes it unnecessary to keep large sums of money on hand. A check also serves as evidence of payment, after it has been returned by the bank marked "Paid"

Before the check is made out, it is advisable to refer to the ledger account of the creditor and to the invoice and the forms attached to it in order to be certain of the correct amount of the remittance. The bookkeeper will have the following questions in mind:

a. Is the invoice due today? (Of course, an invoice may be paid before its due date.)

b. Has the invoice already been paid and by error kept in the "Unpaid Invoices" file?

c. Has any merchandise on this invoice been returned? If so, has the amount of the return been deducted from the invoice?

d. What is the cash discount to be deducted, if any?

The Checkbook. The checks used by a business house are usually issued by the bank in the form of a bound book. Generally, there are three checks to a page, and alongside each check is a stub. The checks are separated from each other and from the stubs by a perforation, so that they may be easily detached. The name and address of the firm issuing the check as well as that of the bank on which the check is drawn are printed on the face of the check. The checks are numbered in consecutive order, and each stub bears the same number as the check to which it is attached. Illustration No. 17 shows a page of a checkbook.

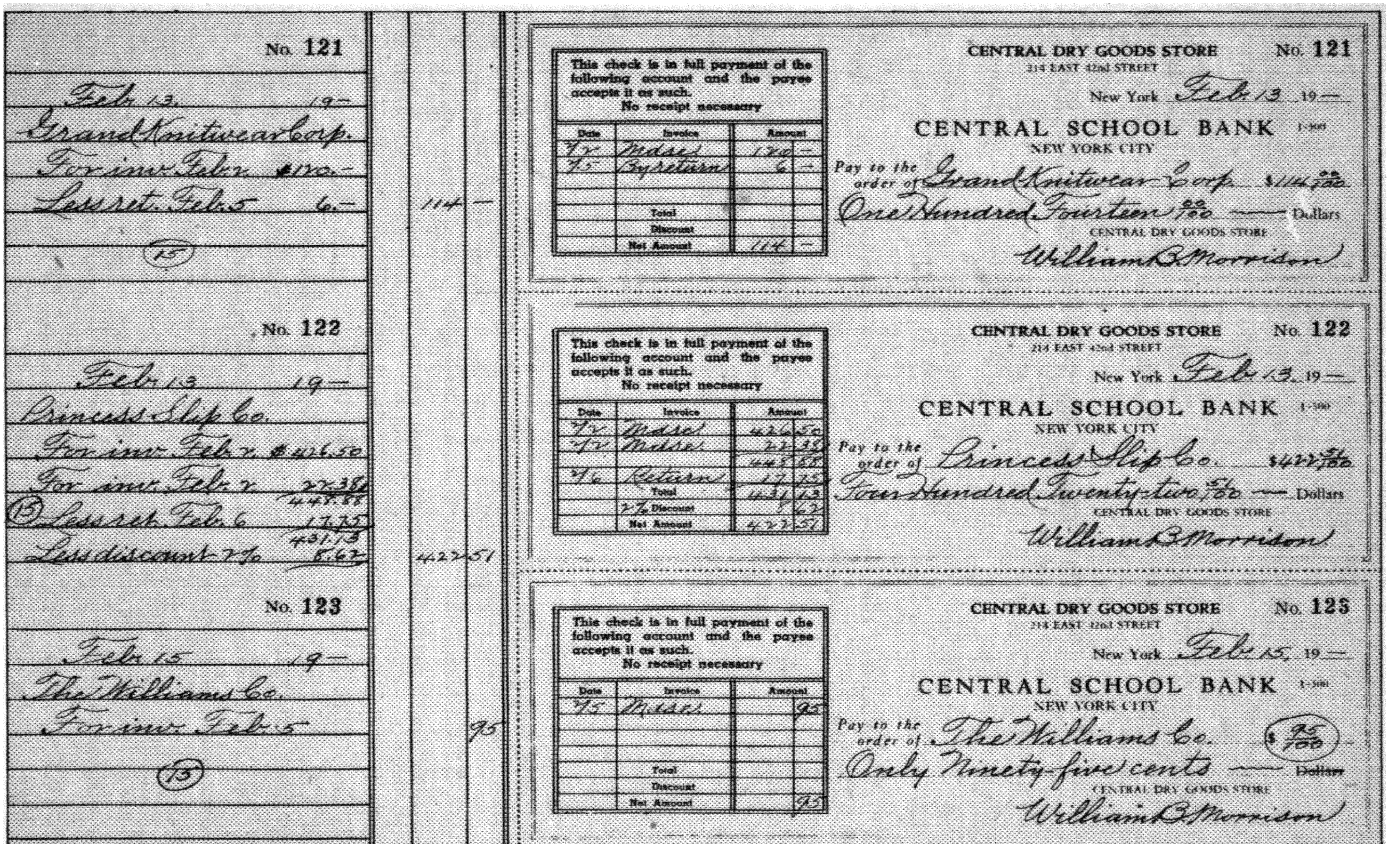
How to Write Checks.

1. Use ink.

2. Fill in the stub first (see Illustration No. 17). On the stub write the following information:

a. The date of issue of the check.

b. The name of the person or firm to whom the check is being issued.



No. 121
Feb. 13. 19—
Grand Knitwear Corp.
For inv. Feb. 1 $120.—
Less ret. Feb. 5 6.—
(15)
114—

No. 122
Feb. 13 19—
Princess Slip Co.
For inv. Feb. 1 $426.50
For inv. Feb. 7 22.50
449.00
(13) Less ret. Feb. 6 17.25
431.75
Less discount 2% 8.67
442.51

No. 123
Feb. 15 19—
The Williams Co.
For inv. Feb. 5
(13)
95

This check is in full payment of the following account and the payee accepts it as such. No receipt necessary

Date	Invoice	Amount
2/1	Misses	120 —
2/5	Ret. Returns	6 —
	Total	
	Discount	
	Net Amount	114 —

CENTRAL DRY GOODS STORE
214 EAST 42nd STREET
No. 121
New York Feb. 13 19—
CENTRAL SCHOOL BANK
NEW YORK CITY
Pay to the order of Grand Knitwear Corp. $114 00/100
One Hundred Fourteen 00/100 Dollars
CENTRAL DRY GOODS STORE
William B. Morrison

This check is in full payment of the following account and the payee accepts it as such. No receipt necessary

Date	Invoice	Amount
2/1	Misses	426 50
2/7	Misses	22 50
		449 00
2/6	Returns	17 25
	Total	431 75
	2% Discount	8 67
	Net Amount	422 51

CENTRAL DRY GOODS STORE
214 EAST 42nd STREET
No. 122
New York Feb. 13 19—
CENTRAL SCHOOL BANK
NEW YORK CITY
Pay to the order of Princess Slip Co. $422 51/100
Four Hundred Twenty-two 51/100 Dollars
CENTRAL DRY GOODS STORE
William B. Morrison

This check is in full payment of the following account and the payee accepts it as such. No receipt necessary

Date	Invoice	Amount
2/5	Misses	95
	Total	
	Discount	
	Net Amount	95

CENTRAL DRY GOODS STORE
214 EAST 42nd STREET
No. 123
New York Feb. 15 19—
CENTRAL SCHOOL BANK
NEW YORK CITY
Pay to the order of The Williams Co. $ 95/100
Only Ninety-five cents Dollars
CENTRAL DRY GOODS STORE
William B. Morrison

Illustration No. 17 — Page of a Checkbook Showing Stubs and Voucher Checks. Compare with the first three items on the Daily Memorandum Record of Illustration No. 9.

c. The purpose for which the check is issued. It is important to indicate on the stub the date and the amount of the invoice to be paid, the amount of any return or allowance, and the amount of the cash discount which is deducted if one is permitted by the terms of the invoice. Note that if there is a return or an allowance, the amount of this is to be deducted first from the invoice amount. Then, if a discount is allowed, it is deducted, and the remainder is the net amount to be paid.

d. Extend the amount for which the check is to be made out into the money column at the right side of the stub.

3. When the required information has been entered on the stub, and the net amount of the check has been determined, the check is then filled in. Each of the items listed below must be correctly inserted on the face of the check in the space provided for it.

a. The date of issue, i.e., the same date as on the stub.

b. The name of the person or firm to whom the check is being issued. Be sure to spell the name correctly.

c. The amount of the check in figures. Start close to the dollar sign and write the number of dollars in the amount. Cents in the amount are written as a fraction of a dollar, close to the number of dollars, with the number of cents as the numerator and 100 as the denominator. If there are no cents, put two 00's in the numerator.

d. The amount in words. Start at the beginning of the line which ends in "Dollars" and spell out the number of dollars in the amount. Write the number of cents, however, in figures as a fraction of a dollar. If the amount thus written out does not fill this space, draw a wavy line up to the word "Dollars".

If the amount of a check is less than one dollar, e.g., 95¢, write the amount in words, starting with the word "Only", as shown in check No. 123 of Illustration No. 17. Draw a wavy line from the amount up to the word "Dollars", and then firmly cross out the word "Dollars". Write the amount in figures as a fraction of a dollar, close to the dollar sign. Sometimes, a circle is drawn around this amount, as shown in the illustration.

e. The signature of the person authorized to sign the check. His signature is on file at the bank.

No changes or erasures on a check are permitted. If an error in making out a check is made, mark both the stub and the check "VOID", and use the next stub and check. Do not destroy "void" checks, but keep

them on file in numerical order with the issued checks when these are later returned by the bank.

The form of check shown in Illustration No. 17 is known as a "Voucher Check" because there is a space at the left in which is indicated the purpose for which the check is being issued. A *voucher* is any written record showing the receipt or the payment of money. In the voucher space should be entered the date and the amount of the invoice or invoices that are being paid, the amount of any credits or cash discount, and the net amount of the payment. Some firms use a voucher check that is made up of two parts, one part being the check itself, and the other part the voucher record separated from the check by perforations so that it can be detached before depositing the check. Other firms use a voucher check without such perforations, in which case the voucher is not detached.

Illustration No. 17 shows the stubs and checks made out in payment of the first three invoices listed on the daily memorandum record of Illustration No. 9.

Apprentice Experiences
Writing Checks
No. 20

Use Form 17 (a check page containing three voucher checks) from the Workbook. Copy the three checks of Illustration No. 17, being careful to fill out the stub of each check before the check itself is made out. If no voucher checks are available, record the information regarding the invoices and discount on the back of an ordinary check.

No. 21

Use Form 17 from the Workbook (three pages of voucher checks with three checks to a page). Make out checks, starting with number 355, in payment of the invoices received by the CENTRAL DRY GOODS STORE in the order in which they appear on the daily memorandum record (Form 12) for the month of March only. This due date record was made out in Experience No. 9. Remove each invoice from the "Unpaid Invoices" file and be sure to compare it with its ledger record that was prepared in Experience No. 14. Be sure to take into consideration the returns or allowances indicated in the ledger account. The date of the check is to correspond with the date indicated on the daily memorandum record. On the rubber stamp imprint on each invoice record the date of payment and also the number of the check issued in payment, thus completing this form. Checks are also to be made out for those invoices for which there are no forms but which, according to

the daily memorandum record, fall due during March. Obtain a large envelope, on it write or print in large letters, "PAID INVOICES", and file in it the paid invoices of this experience. Checks may be left attached to the stubs or they may be detached and placed in another envelope labeled "Bank". If the checks are detached and placed in the "Bank" envelope, assume that they are mailed to the creditors and so eventually are presented to the bank for payment. The name of the proprietor of the Central Dry Goods Store is William B. Morrison.

Suggestions to the teacher: Appoint one or more members of the class to act as proprietor of the business to whom the checks are to be presented by the bookkeeper (student) for signature. Or, if the teacher prefers, each student may sign the checks he draws, signing either as proprietor or as an authorized agent by putting "Att'y" under or alongside his own signature on the check, to show that power of attorney to sign checks for the firm has been granted by the owner and filed with the bank. In the case of a partnership, one or more signatures may be necessary, depending upon the terms of the partnership agreement.

No. 22

Use Form 18 from the Workbook (three pages of checks). Make out checks in payment of those invoices received by FRANK CRANE, GROCER, which should be paid in July and which appear on the daily memorandum record prepared in Experience No. 13. Number the checks starting with number 38. Be sure to take into consideration the returns or allowances as indicated in the ledger account. The cash discount, if any, is calculated on the amount of the invoice less the return or allowance. Frank Crane is the proprietor.

Step 10

Recording in the Cash Payments Journal; Posting

The Cash Payments Journal. It is now necessary to record in a special journal the payments made to the creditors. This journal is called a *Cash Payments Journal.* The payments to creditors recorded in this journal are posted to the creditor's account in the ledger.

Cash payments are of two kinds—those made by check and those made in currency. Only those payments made by check are recorded in the cash payments journal. The method of recording payments of actual cash will be taken up in a later unit.

The cash payments journal is usually arranged with four money columns. In the first money column is recorded the amount of the invoice for merchandise bought on account, i.e., on credit. This column is headed "Accounts Payable". In the second money column is recorded the amount of any cash discount deducted because the invoice is paid within the time specified in the terms. This column is headed "Discount on Purchases". The third column, headed "General Payments", is provided for the recording of payments by check for other purposes than for payments to merchandise creditors, and the use of this column will be taken up in a later unit. The fourth column, headed "Amount of Check", in which is entered the amount of the check, is sometimes called the "Net Cash" column.

Cash Payments Journal. February 19-

Check No	Date	Paid to Account Debited	Explanation	F	Accounts Payable		Discount Purchases		General Payments		Amount of Check	
121	13	Grand Rapids Varnish Co.	Inv. 2, less ret.		114	-					114	-
122	13	Princess Slip Co.	Inv. 7, less ret. 2%		431	13	8	62			422	51
123	15	The Williams Co.	Inv. 5			95						95
124	19	Nusbaum & Barnes	Inv. 6, less ret.		37	60					37	60
125	23	Martin Mfg. Co.	Inv. 11, less 2%		377	75	7	56			370	19
126	24	William Barnes	Inv. 7, less allow.		84	28					84	28
	28	Totals			1045	71	16	18			1029	53
	28	Summary										
		Accounts Payable, Debit			1045	71						
		General Payments, Debit			--							
		Cash, Credit					1029	53				
		Discount on Purchases, Credit					16	18				
					1045	71	1045	71				

Illustration No. 18 — A Cash Payments Journal.

The use of these columns for recording payments to merchandise creditors is shown in Illustration No. 18. In this illustration of a cash payments journal are recorded the payments falling due in February that were made by check to the creditors listed on the daily memorandum record of Illustration No. 9. The first three entries are taken from the check stubs of Illustration No. 17.

The check stubs are the source of entry for the items recorded in the cash payments journal. In making these entries the following points should be noted.

1. At the top is written the name of the journal, followed by the month and year in which payments are made.

2. The number of the check stub, which is the same as the number of the check, is entered in the column headed "Check No.".

3. In the date column is placed the date of the check that is being recorded.

4. In the column headed "Paid to—Account Debit" is written the name of the firm to whom the payment has been made.

5. In the explanation column, the particulars of the transaction as found on the check stub are briefly indicated.

6. The amount entered in the Accounts Payable column is the amount of the invoice (less returns or allowances) and before the deduction of any cash discount that may be permitted. This information will appear on the check stub. If the stub shows that a discount has been deducted, the amount of this deduction is inserted in the Discount on Purchases column, and the net amount of the check is placed in the column headed "Amount of Check". Note that the name of the firm, the amount of the invoice, the amount of the discount, and the amount of the net payment are all entered on the same line.

7. Remember that the check stub is your source of entry for the items in the cash payments journal. For this reason, as each payment is recorded in this journal, write on the check stub the number of the journal page on which the item is entered. Enclose the journal page number in a circle, as shown in Illustration No. 17.

It is customary to total the cash payments journal, as well as the other journals, *at the end of the month.* The last business day of the month is indicated in the date column on the same line as the totals, a single line is drawn across the money columns, the totals of the columns placed underneath, and then double lines are drawn across all columns except the Account Debit and the explanation columns (see Illustration No. 18).

The summary entry is made next. The summary indicates the method

of posting the summary entries. Thus, the word "Debit" written after "Accounts Payable" and "General Payments" indicates that the items making up these totals are to be posted to the debit side of accounts in the ledger. Similarly, the word "Credit" written after "Cash" and "Discount on Purchases" indicates that the items comprising these totals are to be posted to the credit side of ledger accounts.

In making the summary, write the last business day of the month in the date column, and on the same line write the word "Summary". Next, write the names of the accounts that are to be debited, then indent about one inch and write the names of the accounts that are to be credited. The amounts to be debited are placed in the first money column, and those to be credited are placed in the second money column. The headings at the top of the columns do not apply to the summary entries. The summary is totaled, and single and double lines are drawn. Note that the totals in the summary must always be equal. The summary thus serves as a check on the accuracy of your additions of the money columns.

Apprentice Experiences

Recording in the Cash Payments Journal

No. 23

On a sheet of four-column journal paper, make a copy of the Cash Payments Journal, Illustration No. 18. If three-column paper is preferred, omit the General Payments column. Prove the correctness of the entries in this journal by tracing them to their source in Illustrations No. 9, No. 16, and No. 17.

No. 24

On the reverse side of the journal paper used in Experience No. 23, record in a cash payments journal the payments for purchases which the CENTRAL DRY GOODS STORE made by check during the month of March. Number the journal page 17. The information for these entries will be secured from the check stubs made out in Experience No. 21. Be sure to indicate on each check stub the number of the page in the journal on which the payment is recorded. Close the journal after recording the checks issued during March, and make the summary entry.

No. 25

Use a sheet of three-column or four-column paper for a cash payments journal. Proceed as in the previous experience to record the checks issued by FRANK CRANE, GROCER, during the month of July, in Experience No. 22. Number the journal page 21. Close and make the summary entry.

Posting from the Cash Payments Journal. The heading "Paid to—Account Debit" in the cash payments journal indicates that each creditor's account listed below is to be debited for the amount entered in the Accounts Payable column. In posting from this journal, the postmark to be entered in the folio column in the ledger account is the letter "C" followed by the page number of the cash journal. In the cash payments journal, the folio to be used is the ledger page number of the creditor's account to which the item is posted. It is advisable to write in the explanation column of the ledger the same information that appears in the cash journal.

It is not necessary to post individual items during the month to the Discount on Purchases account, or to the Cash (amount of checks) account. It is more convenient and involves less work to post to these accounts, from the summary entry, the total at the end of the month.

The following is the procedure of posting from the summary entry:

Since all the amounts in the Accounts Payable column have already been posted to the debit side of their respective accounts, a check mark is placed in the folio column of the "Accounts Payable, Debit" line, to indicate that this step in posting has been already completed. It is necessary, however, to post the two credit items, Cash and Discount on Purchases. To do this, it is necessary to open two new accounts in the ledger, headed respectively "Cash" and "Discount on Purchases", each on a separate page.

Grand Knitwear Corp. 102 Madison Ave. City. Page 1

Feb.	5	Ret. on inv. 7/2 P.R.	26	a	6	-	Feb.	2	7/10 n/30	P	8	a	120	-
	13	Form. 7/less ret. &	15	a	114	-									

Princess Slip Co. 98 Madison Ave. City Page 2

Feb.	6	Allow. on inv. 7/2 P.R.	26	a	17	75	Feb.	2	7/10 n/30	P	8	a	426	50
	21	Ret. entire inv. P.R.	26	a	80	-		2	7/10 n/30	P	8	a	22	38
	13	Inv. 7/less ret. &	15	a	431	13		20	7/10 n/30	P	8	a	80	-

William Barnes Honesdale, Pa. Page 3

Feb.	5	Ret. on inv. 7/20 P.R.	26	a	6	20	Feb.	7/20	n/20	P	8	a	43	80
	7	Allow. on inv. 7/2 P.R.	26	a	3	35		4	n/20	P	8	a	87	63
	19	Inv. 7/20 less ret. &	15	a	37	60								
	24	Inv. 7/ less allow. &	15	a	84	28								

The Williams Co., Boston, Mass. Page 14

19- Feb.	27	Returns inv. 7/5 P.R.	26		10	40	19- Feb.	5	n/10	P	8	a		95
	15	For inv. 7/5	G	15	a	95		23	n/10	P	8		31	24

H. Leeman Inc., Jersey City, N.J. Page 15

							19- Feb.	8	7/10 E.O.M.	P	8		492	78
								16	7/10 E.O.M.	P	8		152	12

Martin Mfg. Co., Albany, N.Y. Page 16

19- Feb.	23	Inv. 7/6 less disc.	G	15	a	377	75	19- Feb.	11	7/10 n/30	P	8	a	377	75

Regal Robes Inc., Norwalk, Conn. Page 17

19- Feb.	27	Ret. on inv. 7/5 P.R.	26			5	50	19- Feb.	23	n/10	P	8		45	-
									25	n/10 as 3%	P	8		4.5	-

Merchandise Purchases Page 18

19- Feb.	28		P	8		1950	15								

Purchases Returns and Allowances Page 19

								19- Feb.	28		P.R.	26		129	20

Discounts on Purchases Page 20

								19- Feb.	28		G	15		16	18

Cash Page 11

								19- Feb.	25		G	15		1029	53

Illustration No. 19 — Ledger Accounts of Illustration No. 16 after Posting from the Cash Payments Journal of Illustration No. 19a.

Cash Payments Journal: February 19--

Check No	Date	Paid to Account Debit	Explanation	F	Accounts Payable		Discount Purchases		General Payments		Amount of Check	
121	13	Grand Knitwear Corp.	Inv. 7/6 less ret.	1	114	-					114	-
122	13	Princess Slip Co.	Inv. 7/6 less ret. 2%	2	431	13	8	62			422	51
123	15	The Williams Co.	Inv. 7/5	4		95						95
124	19	William Barnes	Inv. 7/10 less ret.	3	37	60					37	60
125	23	Marvin Mfg. Co.	Inv. 7/16 less 2%	6	377	75	7	56			370	19
126	24	William Barnes	Inv. 7/16 less allow.	3	84	28					84	28
	28	Totals			1043	71	16	18			1027	53
	28	Summary										
		Accounts Payable, Debit		✓	1043	71						
		General Payments, Debit		✓								
		Cash, Credit		11			1027	53				
		Discount on Purchases, Credit		10			16	18				
					1043	71	1043	71				

Illustration No. 19a — Cash Payments Journal of Illustration No. 18 after Posting to the Ledger of Illustration No. 19.

On the credit side of the Cash account is posted the amount given in the summary entry on the line "Cash, Credit". On the credit side of the Discount on Purchases account is posted the amount given in the summary entry on the line "Discount on Purchases, Credit". Illustrations No. 19 and No. 19a show the ledger of Illustration No. 16 and the cash payments journal of Illustration No. 18 with postings completed.

With the exception of the monthly summary entries, it is customary in business to do the posting from all journals daily, and not, as was done in these illustrative experiences, at the end of the month. There are two reasons for posting daily:

1. It is necessary to keep the information in the creditors' accounts up to date, so that the proprietor may know at any time the condition of an account, e.g., how much is due the wholesaler.

2. There is a large amount of recording to be done throughout the month. It is better, therefore, to record and post each day's transactions on the day that they occur or on the following day, instead of allowing this work to accumulate. The totals, of course, can be posted only at the end of the month. Hereafter, the posting in all experiences is to be done daily, unless otherwise directed.

Apprentice Experiences
Posting from the Cash Payments Journal
No. 26

Post to the ledger used previously in Experiences No. 14 and No. 18 the entries in the cash payments journal of the CENTRAL DRY GOODS STORE which were made in Experience No. 24. Open the two necessary accounts for Cash and for Discount on Purchases.

No. 27

Post to the ledger used previously in Experiences No. 15 and No. 19 the entries in the cash payments journal of FRANK CRANE, GROCER, which were made in Experience No. 25. Open the necessary additional accounts.

Step 11

Preparing Trial Balances

The journals brought into use so far have been the following:

1. The Purchases Journal
2. The Purchases Returns and Allowances Journal
3. The Cash Payments Journal

Each journal records debits and credits which are equal in amount and which are posted to the ledger, thus—

1. From the purchases journal, the *total* amount *debited* to the Merchandise Purchases account *should equal* the *total* of the *individual credits* posted to the wholesalers' (creditors') accounts.

2. From the purchases returns and allowances journal, the *total* amount *credited* to the Purchases Returns and Allowances account *should equal* the total of the *individual debits* posted to the wholesalers' (creditors') accounts.

3. From the cash payments journal, the *total* amount *credited* to the Cash account and to the Discount on Purchases account *should equal* the *total* of the *individual debits* posted to the wholesalers' (creditors') accounts.

It will be noted that each transaction is posted twice to the ledger, once as part of a total amount, and once as an individual item. It is posted to one account as a debit, and posted to the other account as a credit. This system of posting equal debits and credits is called *double entry bookkeeping*. The method is in general use in business because it provides a check on the accuracy of the bookkeeping records.

Central Dry Goods Store.
Trial Balance. February 28, 19—

	4	The Williams Co.					20	84
	5	N. Leeman, Inc.					644	90
	7	Regal Robes, Inc.					109	50
	8	Merchandise Purchases.		1950	15			
	9	Purchases Returns and Allowances					129	70
	10	Discount on Purchases					16	18
	11	Cash					1029	53
							1950	15
				1950	15			

Illustration No. 20 — Trial Balance taken from the Ledger of Illustration No. 19.

If the posting to the ledger has been done correctly, the total of all the debits in the ledger accounts should equal the total of all the credits. To prove whether the posting has been done correctly, what is known as a *Trial Balance* is prepared. The trial balance may consist of the total of all the debits and the total of all the credits in the ledger accounts. In business, however, it is the practice to prepare the trial balance by obtaining the debit or credit balance of each account in the ledger, and summarizing these as shown in Illustration No. 20. This summary is a trial balance of balances.

The trial balance shown in Illustration No. 20 was taken from the ledger shown in Illustration No. 19.

Taking a Trial Balance. The procedure in taking a trial balance is as follows:

1. Pencil-foot the debit side and the credit side of each account in the ledger. Use small pencil figures and write the total of the column just under the line on which the last amount in the column is written. For pencil footing, always use a pencil with a sharp point. If there is only one entry on either side of an account, pencil footing of that side is not necessary.

Illustration No. 19 shows examples of pencil footing to obtain the balance.

2. On a piece of scrap paper, find the difference between the debit and the credit totals of each account. If the debit side is larger, the account is said to have a *debit balance;* if the credit side is larger, the account has a *credit balance.* Write the balance in small pencil figures in the explanation column of the larger side, on the same line as the last entry.

3. Accounts which have entries on only one side require no subtracting, and no amount need be placed in the explanation column, since the balance of the account is the total of the entries appearing on the one side of that account.

4. As shown in Illustration No. 20, head a sheet of two-column journal paper with the name of the proprietor or the firm name, the name of the statement—Trial Balance—and the date of the trial balance. It is customary to check postings monthly by means of a trial balance, and the date is usually the last day of the month for which the particular trial balance is being taken.

5. Under the heading, list the following information taken from the ledger accounts:

a. The page on which the account appears.
b. The name of the account.

c. The balance of the account. If the account has a debit balance, place the amount in the left or debit money column; if the account has a credit balance, place the balance in the right or credit column. Accounts which show an equal amount on both sides may be omitted.

6. After all accounts which show a balance have been listed, pencil-foot both the debit and the credit column of the trial balance. If the posting to the accounts has been done correctly, and the balances have been taken correctly, the totals should be equal.

7. Draw a single line across both money columns under the last item in the trial balance. Write the totals in ink on the line below, and then draw double lines across all columns except that which contains the names of the accounts.

Marking Off Amounts. It is advisable to mark off amounts on each side of a creditor's account that are equal and correspond, that is, offset each other. This is generally done by using letters of the alphabet, which are placed close to the right of the double line of the money columns. Thus, in the account of the Princess Slip Co., in Illustration No. 19, the debit items lettered *a* balance the items on the credit side marked with the same lettering. So also, the item lettered *b* on the debit side equals the one on the credit side with the letter *b*. The next set of debits and credits that balance would be marked *c*, and so on. This lettering accomplishes two things: (1) It aids in readily determining the amount due any creditor, since only the open (unmarked) items on each side of the account need be taken into consideration to find the balance of the account; (2) it will also serve as a check on the balance of the account found by pencil footing when preparing for the trial balance. Thus, in Illustration No. 19, the open items and the balance in the account of The Williams Co. are as follows:

Open items credit side	$31.24
Open items debit side	10.40
Balance	20.84

This balance of $20.84 must agree with the balance found by pencil footing. If a balance obtained from the open items does not agree with the balance found by pencil footing, it will be necessary to check the work to discover the error. Be certain that the total of the debits equals the total of the credits having the same letter. (Methods of locating errors in a trial balance are given in Step 10 of Unit 2.)

Apprentice Experiences
Preparing Trial Balances
No. 28

On a sheet of two-column journal paper, prepare a trial balance of the ledger given in Illustration No. 19. For this trial balance, include the totals of both the debit side and the credit side of every account. When finished, compare the trial balance with that shown in Illustration No. 20. Which would the proprietor prefer? Why?

No. 29

On the reverse side of the journal paper used in the previous experience, prepare a trial balance from the ledger of the CENTRAL DRY GOODS STORE used in Experience No. 26. Follow the procedure for the taking of a trial balance outlined on page 65, that is to say, prepare a trial balance of balances.

No. 30

On a sheet of two-column journal paper, prepare a trial balance from the ledger of FRANK CRANE, GROCER, used in Experience No. 27. Follow the customary business procedure of preparing a trial balance of balances.

Step 12

Checking Statements Received from Creditors

It is customary for business concerns, both wholesalers and retailers, to send periodically to each of their customers whose account shows a balance a statement of his account. Most firms mail these statements on the first of the month, but some retailers, such as grocers and butchers, furnish weekly statements to their customers. The statement shows the amount due the creditor and serves two purposes:

1. It furnishes the customer, or debtor, with a memorandum which he can compare with his own records.

2. The statement also serves as a reminder that the payment of certain bills or invoices is due, or, perhaps, past due.

The monthly statement mailed to the retailer is prepared from the retailer's account in the ledger of the wholesaler. Two forms of statement are commonly used by business houses. One form shows only the "open" items in the account, i.e., the unpaid items, as shown in Illustration No. 21.

STATEMENT OF ACCOUNT

FREDERICK BROWN & CO.

Haverhill Mass.

1 - 31 - 19--

Terms 2/10 N/30

To William Summers
Yonkers, N. Y.

Jan.	24	To Mdse.	240	--		
	27	"	179	28		
					419	28
		Credits				
Jan.	27	By Return			12	50
	31	Balance			406	78

Illustration No. 21 — A Statement of Account.
This statement shows only unpaid items. Compare it with the account of Frederick Brown & Co. in Illustration No. 23.

STATEMENT

CHARLES R. SMITH CO., Inc.

Gloversville, N. Y.

Jan. 31, 19--

William Summers
Yonkers, N. Y.

Terms: 3/10 E.O.M.

DATE		REFERENCE	CHARGES		CREDITS		BALANCE	
Jan.	1	Acct. Rend.					353	35
	12	Cash			353	35	0	00
	17	Mdse. 2408	62	75			62	75
	19	Mdse. Ret. 159			22	50	40	25
	26	Mdse. 3166	1039	82			1080	07

Illustration No. 22 — A Statement of Account.

This form of statement shows all transactions that took place during the month. Compare with the account of Charles R. Smith Co., Inc., in Illustration No. 23.

The other form of statement, shown in Illustration No. 22, gives the following information:

a. The *balance* at the *beginning* of the month.

b. *All charges* (debits) entered during the month.

c. *All items credited* in the account during the month.

d. The *balance* at the *end* of the month.

Compare the statements shown in Illustrations No. 21 and No. 22 with the creditors' accounts in the ledger of William Summers shown in Illustration No. 23. The credits in the ledger appear as debits on the statement, while the debits in the ledger are called credits on the statement. This is because on our records the wholesaler is a creditor, while on the wholesaler's records we are customers, or debtors. Note that the date of the receipt of cash which appears on the statement need not necessarily be the same as the date of payment which appears in the creditors' accounts.

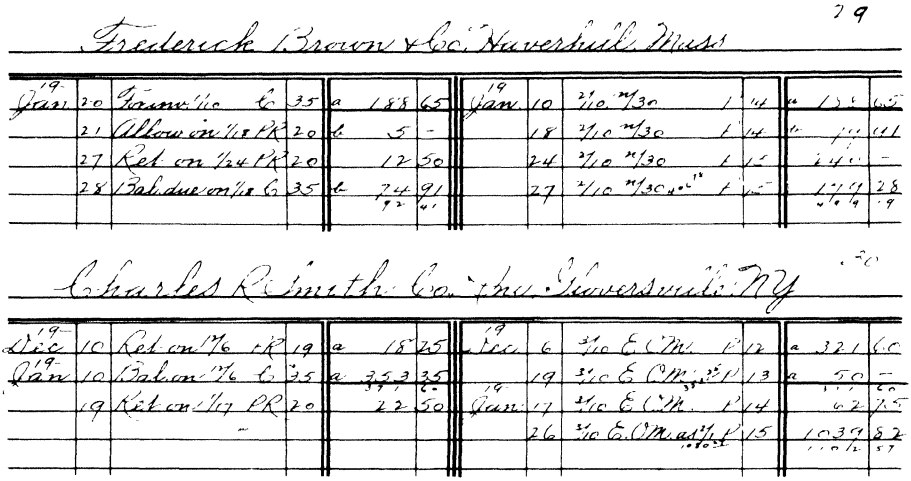


Illustration No. 23 — Creditors' Accounts in the Ledger of William Summers. Compare with the Statements in Illustrations No. 21 and No. 22.

Apprentice Experiences
Checking Statements from Creditors
No. 31

Forms 19 and 20 in the Workbook are two of the statements sent by the wholesalers to the CENTRAL DRY GOODS STORE. The statements are also shown on page 71. Compare the statements with the accounts of the creditors in the ledger of Experience No. 26. (If there are any differences, it would be necessary to communicate with the creditor in order to obtain an explanation of the differences. This is not required of you. The difference may be due to errors on the part of the wholesaler or on the part of the CENTRAL DRY GOODS STORE.)

No. 32

Forms 21 and 22 in the Workbook are two of the statements sent by creditors to FRANK CRANE, GROCER, on August 1. These forms are also shown on page 72. Compare them with the respective accounts in the ledger of Experience No. 27.

Form 19

STATEMENT

TRENCH BOYS' SUIT CO., INC.

1380 Broadway

NEW YORK CITY

Mar. 31, 19--

Central Dry Goods Store
214 East 42nd Street
New York, N. Y.

TERMS Net 15 days

Mar.	24	To Mdse.	51	98	51	98

Form 20

STATEMENT OF ACCOUNT

QUEEN HOSIERY CO.
22nd St. & Lehigh Ave.
PHILADELPHIA, PA

Central Dry Goods Store
214 E. 42nd Street
New York, N. Y.

APR. 1, 19--

TERMS Net 10 days

			DEP'TS		CREDITS		BALANCE	
Mar.	3	55/663	29	25			29	25
	10	Return			2	25	27	00
	11	57/414		65			27	65
	12	Cash			27	00		65
	24	Cash				65		00
	24	58/736	66	43			66	43

Form 21

STATEMENT OF ACCOUNT

R. C. WILLS & CO., INC.
10th Ave. & 25th St.
NEW YORK, N. Y.

July 31, 19--

Frank Crane, Grocer
135 Main St.

July	2	To Mdse.	12	39		
	15	" "	5	25		
	26	" "	42	65		
	29	" " As Aug. 1	15	75		
					76	04
		Credits				
July	5	By Ret. on 7/2		99		
	14	By Cash	11	40		
	19	By Allow. on 7/15		25		
	28	By Cash	5	00		
					17	64
	31	Balance			58	40

Form 22

STATEMENT OF ACCOUNT

FRANCIS LANE & CO.
13th Ave. & 27th St.
NEW YORK, N. Y.

July 31, 19--

Frank Crane, Grocer
135 Main St.

July	24	To Mdse - As Aug. 1	12	41		
	29	By Allowance		50		
					11	91

Apprentice Experience

FRANK CRANE, GROCER

No. 33

In Experiences No. 13, No. 15, No. 17, No. 19, No. 25 and No. 27 for FRANK CRANE, GROCER, you have already recorded and posted the purchases, credit memoranda, and payments by check for the month of July. You have also prepared a trial balance as of July 31. The purchases for August were recorded in Experience No. 13a. A calendar record was prepared showing the due dates of the invoices entered in the purchase journals for both July and August.

The credit memos received during August are given below. Record them in a purchases returns and allowances journal (numbered page 77), using the last ten lines underneath the purchases journal for August.

Aug. 3 R. C. Wills & Co., allowance on invoice of July 29, 35¢.
8 R. C. Wills & Co., return on invoice of Aug. 5, $1.75.
10 Francis Lane & Co., return on invoice of August 8, $5.40.
18 Meyer & Lewis, allowance on invoice of August 16, 29¢.
24 S. & R. Fine Foods, Inc., return on invoice of August 22, $12.67.

Close the journal and make the summary entry.

Start a cash payments journal for August, using the reverse side of the July cash journal; number it page 23. Checks are to be made out for all invoices due in August. Before a check is made out, be sure to take into consideration any return that may apply to the invoice being paid. Record the checks in the cash payments journal. At the end of August, close the cash journal and make the summary entry.

Post to the same ledger that was used for the July transactions. Do not skip any lines in the ledger. Post the August transactions from the three journals in chronological order. Do not omit any post-marks.

Upon completing the posting from all journals, pencil-foot the ledger preparatory for a trial balance. The addition must include all previous figures. If your trial balance for July 31 was correct, you need only start with your previous addition to obtain the totals at the end of August. Put the trial balance for August 31 on the reverse side of the one prepared for July 31.

The two statements given on page 74 (Forms 23 and 24 in the Workbook) were received by Frank Crane early in September. Compare them with your ledger records of these accounts.

Form 23

STATEMENT OF ACCOUNT

R. C. WILLS & CO., INC.
10th Ave. & 25th St.
NEW YORK, N. Y.

Frank Crane, Grocer
135 Main St.

Sept. 1, 19--

Aug.	1	Balance			58	40
	5	To Mdse.	26	50		
	12	" "		96		
	20	" "	117	18		
	26	" " as Sept. 1	32	17		
	29	" " as Sept. 1	9	05		
					185	86
					244	26
		Credits				
Aug.	3	By Allow. on 7/29		35		
	6	By Cash	42	65		
	8	By Ret. on 8/5	1	75		
	12	By Cash	15	40		
	16	" "	24	75		
	23	" "		96		
	31	" "	117	18		
					203	04
	31	Balance			41	22

Form 24

STATEMENT OF ACCOUNT

FRANCIS LANE & CO.
13th Ave. & 27th St.
NEW YORK, N Y.

Aug. 31, 19--

Frank Crane, Grocer
135 Main St.

Aug.	26	To Mdse.	88	40		
					88	40

Apprentice Experience

FAIR DEAL JEWELRY CO.

No. 34

Henry B. Strong, a retail jeweler doing business under the trade name of the FAIR DEAL JEWELRY CO., of 305 Wayne Ave., Scranton, Pa., bought merchandise which was received during the months of October, November, and December. Assume that the goods have arrived and have been checked by both the receiving clerk and the buyer.

Prepare journals and ledger for this experience as indicated below. Using three sheets of two-column journal paper, insert the following headings:

On the first page: Purchases Journal, October. Page 1.

On the second page: Purchases Journal, November. Page 2.

On the third page: Purchases Journal, December. Page 3.

On the fourth page—upper half: Purchases Returns and Allowances Journal, October. Page 51.

On the fourth page—lower half: Purchases Returns and Allowances Journal, November. Page 52.

On the fifth page: Purchases Returns and Allowances Journal, December. Page 53.

On the sixth page: Rule two additional money columns so that you may enter the trial balance for October 31 in the first two money columns, and that for November 30 in the last two columns.

The trial balance for December 31 may be placed on the fifth page underneath the purchases returns and allowances journal for December. If six-column paper is available, all three trial balances may be placed on one side of the paper.

Using two sheets of three-column journal paper, insert the following headings:

On the first page: Cash Payments Journal, October. Page 3.

On the second page: Cash Payments Journal, November. Page 5.

On the third page: Cash Payments Journal, December. Page 7.

Three sheets of ledger paper will be required:

Allow four accounts to a page. Start numbering the accounts with page 1. Use the last four accounts (those numbered 21 to 24) for these accounts: Purchases, Purchases Returns and Allowances, Cash, and Discount on Purchases.

Checkbook:

A checkbook containing at least six pages of voucher checks* (18 checks in all) will be necessary as checks are to be made out for all payments due in October, November, and December. Stubs and checks are to be numbered, starting with 155.

*Form No. 70 in the Workbook.

October Transactions

a. The invoices and credit memoranda received during October are provided as Forms 25 to 44 in the Workbook. Detach these forms one at a time. Enter each of the invoices and credit memoranda in the proper journal. Provide yourself with three large envelopes in which to keep unpaid invoices, paid invoices and checks issued. Label these envelopes respectively, "Unpaid Invoices", "Paid Invoices" and "Bank". Set up a calendar for October, November, and December, starting with Sunday, October 11, on which you are to record the due dates. Look at your calendar each day and make out a check whenever a payment is due.

Record the check stubs in the cash payments journal. When an entry is made in any journal, post at once to the ledger. On completing the transactions for October, total and summarize all journals. Complete the posting and prepare the ledger for a trial balance. Record the trial balance on the paper provided for that purpose. Forms 45 and 46 are statements received from two creditors. Check them with the proper accounts.

Note: Forms 25 to 46 are shown on pages 78-88. Do not write on these forms.

Suggested Procedure

1. For an invoice:
   a. Check the extensions and the addition. Make the necessary correction if an error is found. Record your initials on the rubber stamp imprint on the invoice. (The student is advised to study all items on these forms.)
   b. Enter in the purchases journal, and note on the imprint that the entry has been made.
   c. Record the due date on the calendar, always taking advantage of the discount terms. Place a check mark in front of the words "Date Paid" on the imprint to indicate that the date on which the invoice is to be paid has been recorded.
   d. File the invoice in the "Unpaid Invoices" file.
   e. Post to the ledger. Do not overlook entering post-marks.
2. For a credit memorandum:
   a. Check the information on the credit memorandum.
   b. Remove the invoice to which this credit applies from the file and make on the invoice a note of the date and amount of the credit. Deduct from the invoice total the amount of the credit to find the balance due the creditor.
   c. Enter in the purchases returns and allowances journal and record the entry on the imprint.
   d. Attach to the invoice and file both papers.
   e. Post to the ledger.

3. For a corrected invoice:

   The original invoice should have been corrected. Attach the corrected invoice to the original invoice to which it applies.

4. For making payment:
   a. Remove the invoice and attached papers from the file.
   b. Examine the ledger account of the creditor to be sure that no return or allowance has been overlooked. Check the terms on the invoice to obtain the rate of discount.
   c. Make out the stub of the check. Indicate the date and amount of the invoice being paid, the date and amount of the return or allowance (if any), the balance due the creditor; then write the rate and amount of discount if one is allowed in the terms, followed by the net amount of the check. Go over your calculations to be sure they are correct.
   d. Make out the check. Fill in the voucher with the same information appearing on the stub. If a voucher check is not used, write this information on the back of the check.
   e. Fill in the rubber stamp imprint on the invoice with the date and the number of the check.
   f. File the paid invoice. Cross out the name of the creditor on the calendar to indicate that payment has been made.
   g. File the check in the envelope marked "Bank".
   h. Enter in the cash payments journal. The amount to be entered in the Accounts Payable column is the net amount due the creditor before deducting the discount. Record on the check stub the page number of the cash payments journal.
   i. Post to the ledger.

November Transactions

b. The incoming papers received during November are provided as Forms 47 to 67 in the Workbook. Proceed as for October. At the end of the month, close and summarize all journals, and prepare a trial balance. Forms 68 and 69 are statements received from creditors.

Note: Forms 47 to 69 are shown on pages 89-95. Do not write on these forms.

Form 25

JOSEPH H. MENKE BROS.
220 Twenty-Fifth St.
BROOKLYN, N. Y.

Invoice No 14240

PLASTIC NOVELTIES

Sales Offices
389 Fifth Ave.
NEW YORK, N Y
29 E Madison St
CHICAGO, ILL
704 Market St
SAN FRANCISCO, CALIF

Date 10-1-19--

FAIR DEAL JEWELRY CO.
305 WAYNE AVE.
SCRANTON, PA.

Our Order No. 479 Your Order No. 903 Salesman Terms 3% 10 days net 30

Quantity	Quality	Style No	Size	Length	Clasp	Box No	Description	Unit Price	Amount	Total
1 PC		3330		8 STR			NECKLACE	7 50 EA	7 50	
1 PC		3330X		8 STR			BRACELET	4 00 "	4 00	
						PP			11	
						INS			10	11 71

Extensions and Additions
Entered Purchases Journal Page
Date Paid By Check No
Date of Ret Date Cr Memo
Ent Pur Ret & Allow J Page

Form 26

Factories
Meriden, Wallingford
Waterbury, Norwich
Northampton

INTERSTATE SILVER CO.
General Offices
MERIDEN, CONN.

Shipped from
Factory D
Meriden, Conn

Our order	Order date	Cust Order	Salesman	Terms
6348	9/28/--	901	117 CWZ	2% 30 DAYS NET 90

Extensions and Additions
Entered Purchases Journal Page
Date Paid By Check No
Date of Ret Date Cr Memo
Ent Pur Ret & Allow J Page

Sold to FAIR DEAL JEWELRY CO.
305 WAYNE AVE.
SCRANTON, PA.

Container No	Weight	Via	Invoice date
79934/35/36/37	344	DL&W PAID	SEPT 28 19--

Address correspondence to factory or store making shipment and refer to D9435

DESCRIPTION	Quantity	Price	Amount	Discount	Net Amount
ALADDIN					
34PC DESS SETS 2PC STLN MIRROR FINISH KNVS	100 SETS	2 10	210 00		210 00

Make all remittances to Meriden, Conn
Prices effective at time of shipment and subject to change without notice

Form 27

All claims must be made within 5 days after receipt of goods

HARRIS WATCH CO.

Importers and Exporters of
Watches and Movements

2 West 46th Street

D 3875

Order #902

New York October 3, 19--

Fair Deal Jewelry Co.

Sold by L

305 Wayne Ave., Scranton, Pa.

TERMS NET 30 DAYS

No credits allowed after FIVE DAYS

1123 asst.	12	RGP/SB	11½L 21J1 S.W.		8.25	100 00
4230 4231	2	RGP/SB	4 2/3L 7L Brac		7.95	15 90
						115 90

Extensions and additions
Entered Purchases Journal Page
By Check No
Date Paid
Date Cr Memo
Date of Ret
Ent Pur Ret & Allow J Page

Form 28

CREDIT MEMORANDUM

INTERSTATE SILVER CO.

General Offices

MERIDEN, CONN.

FAIR DEAL JEWELRY CO. October 1, 19___

305 WAYNE AVE.

SCRANTON, PA.

Return on invoice of Sept. 28

5 Aladdin Dess Sets 2PC STLN Mirror Finish Knvs	@	2.10	10.50

Form 29

Oct. 5, 19—

CHROME

FARMER & SHERMAN, INC.
Office — Showroom — Factory
375 Kent Ave., Brooklyn, N. Y.

Invoice No 693
Order No 359
Salesman SHERMAN

Sold to Fair Deal Jewelry Co.
305 Wayne Ave.
Scranton, Pa.

Entered
Your No 904
Ship
Via EXPRESS Dept.

TERMS
2% 10 days or 30 days net
from date of shipment
F.O.B. Brooklyn
Payable in N. Y. Funds

	Qty.	Stock Number	DESCRIPTION	Price	Amount	Total
1 CASE						
	*1	489	BREAD TRAY		2 00	
	*1	480	BREAD TRAY		1 50	
	*1	501	WATER PITCHER		2 25	
	*1	507	BREAD TRAY		1 25	
	*1	482	RELISH SERVICE		2 50	
	*1	475	BREAD/BUTTER		1 50	
	1 PR	387	CANDLESTICK		2 50	
	2	388	CANDELABRA	EACH 1 75	3 50	
	1	500	URN SET		12 50	
	1	42)				
	1	46)				
	1	40)	ELECTRIC CLOCK	3 00	15 00	
	1	41)				
	1	44)				
	1	26	SHIPWHEEL ELEC CLOCK		3 00	
	1	43	ELECTRIC CLOCK		4 50	
						52 00

Extensions and Additions
Entered Purchases Journal Page
By Check No
Date Paid
Date Cr Memo
Amt Pur Ret & Allow. J Page

Unpack goods with care check with invoice immediately positively no goods will be accepted if returned without permission from our office.

* NOTE PRESENT CORRECT PRICES ON ABOVE NUMBERS ARE AS FOLLOWS:

489 - 2.25 507 - 1.35
480 - 1.75 482 - 2.75
501 - 2.50 475- -1.75

KINDLY MARK YOUR RECORDS ACCORDINGLY.

Form 30

Factories
Meriden, Wallingford
Waterbury, Norwich
Northampton

INTERSTATE SILVER CO.
General Offices
MERIDEN, CONN

Shipped from
Factory D
Meriden, Conn.

Our order	Order date	Cust Order	Sales-man	Terms
6349	9/29/--	902	117 CWZ	2% 30 DAYS NET 90

Sold FAIR DEAL JEWELRY CO.
to 305 WAYNE AVE.
SCRANTON, PA.

Extensions and Additions
Entered Purchases Journal Page
By Check No.
Date Paid
Date Cr. Memo
Date of Ltr
Allow. - Page

Container no.	Weight	Via	Invoice date
76763/64/65/66	344	DL&W PAID	SEPT 30 19--

Address correspondence to factory or store making shipment and refer to D12192

Description	Quantity	Price	Amount Ext. Per	Ret. & Allow. Discount	Net Amount
ALADDIN					
34PC DESS SETS 2PC STLN MIRROR KNVS	100 SETS	2 10	210 00		210 00

Make all remittances to Meriden, Conn.
Prices effective at time of shipment and subject to change without notice.

Form 31

CREDIT MEMO

HARRIS WATCH CO.
Importers and Exporters of
Watches and Movements
2 West 46th Street

New York October 7, 19___

Fair Deal Jewelry Co.

305 Wayne Ave., Scranton, Pa.

Return on invoice of Oct. 3.

4231 - 2 RGP/SB 4 2/3L 71 Brac	@ 7.95	15.90

Form 32

ALL claims to be made immediately on receipt of goods

Wholesale
Exclusively

FREED BROTHERS
Incorporated
Distributors of
AMERICAN WATCHES
2 Maiden Lane

18041

American Watches

Order No. 907.
Shipped by EXP prepaid
Salesman M F
Terms 2% JAN 10th

New York Oct. 8 19--

Sold to Fair Deal Jewelry Co.
305 Wayne Ave., Scranton, Pa.

4	Elwin #2063	@ 21 85	87 40	
		10%	8 74	
				79 66

Extensions and Additions
Entered Purchases Journal Page
Date Paid By Check No
Date of Ret Date Cr Memo
Ent Pur Ret & Allow J Page

Form 33

All claims must be made within 5 days after receipt of goods

HARRIS WATCH CO.
Importers and Exporters of
Watches and Movements
2 West 46th Street

D 3875

Order #902

New York October 3, 19--

Fair Deal Jewelry Co.
305 Wayne Ave., Scranton, Pa.

Sold by L

TERMS NET 30 DAYS

No credits allowed after FIVE DAYS

1123 asst.	12	RGP/SB	11½L 21J1 S.W.	8 25	99 00
4230 4231	2	RGP/SB	4 2/L 7L Brac	7 95	15 90
					114 90

CORRECTED INVOICE

Form 34

YOUNG BROTHERS, INC.
640 Wythe Avenue, Brooklyn, N. Y.

Sold to Fair Deal Jewelry Co.
305 Wayne Ave.
Scranton, Pa.

10/10/__ Invoice date
as of Nov. 1st

Terms: 1% 10 days
or 30 days net. 6% thereafter F.O.B. Brooklyn

Revisions and Additions
Entered Purchases Journal Page
By Check No
Date Paid
Date Cr. Memo
Shipped By
Date of Rct
Ent Purchases & Allow. Page
1 case 767 D.L.&W.

Dept. No.	Your Order No.	Order No.	Salesman	Invoice No.
	906	4193	B. I.	4311

Quan.	Stock No.	DESCRIPTION	Price	Amount	Total
		URN S & C TRAY			
3-	214	set- urn sug.&cr. tray	6.00	18.00	
3-	209	" " " "	6.00	18.00	
1-	219	" shaker tray sug.& cr.		6.00	
1-	205	" shaker tray 6- gl.		6.00	
1-	204	" shaker tray 6- goblets		6.00	
2-	3252	decanter set comp.	2.50	5.00	
2-	3253	decanter set	3.00	6.00	
					70.00

All claims must be made within five days after receipt of goods.

Form 35

CREDIT

FARMER & SHERMAN, INC.
Office — Showroom — Factory
375 Kent Ave., Brooklyn, N. Y.

Fair Deal Jewelry Co.
305 Wayne Ave.
Scranton, Pa.

October 7, 19___

Return on invoice of Oct. 5

1 - 500 Urn Set	@	12.50	12.50
1 - 46 Electric Clock		3.00	3.00
			15.50

Form 36

All claims to be made immediately on receipt of goods

Wholesale
Exclusively

American Watches

Order No. 907
Shipped by EXP prepaid
Salesman M F
Terms 2% JAN 10th

FREED BROTHERS 18041
Incorporated
Distributors of
AMERICAN WATCHES
2 Maiden Lane

New York Oct. 8, 19--

Sold to Fair Deal Jewelry Co.
305 Wayne Ave., Scranton, Pa.

4	Elwin #2063	@ 21 85	87 40
		10%	8 74
			78 66

CORRECTED INVOICE

Form 37

YOUNG BROTHERS Oct. 10, 19--

Error on invoice of Oct. 10th.

Charged as	$70.00
Should be	65.00
Credit due	$5.00

Form 38

All claims to be made immediately on receipt of goods

Wholesale
Exclusively

American Watches

Order No. 908
Shipped by PP Ins
Salesman House
Terms 2% Jan 10th

FREED BROTHERS 18379
Incorporated
Distributors of
AMERICAN WATCHES
2 Maiden Lane

New York Oct. 14 19--

Sold to Fair Deal Jewelry Co.
305 Wayne Ave., Scranton, Pa.

1	Grade 161 21J Spec.		32 50

Direct by
ALEXANDER WATCH CO.

Extensions and Additions
Entered Purchases Journal Page
Date Paid By Check No.
Date of Ret Date Cr Memo
Ent. Pur. Ret. & Allow J Page

Form 39

FAMOUS PENS

THE FAMOUS PEN COMPANY

Janesville, Wisconsin, U. S. A.

Shipped and billed from the New York branch.
Make all remittances to the main office

FAMOUS INKS

Date 10/17/--

Salesman
34 LANSILL

Shipped via
EXPRESS

Invoice No.
11672 Your #905

Terms XMAS DATING NET JAN. 1

Sold to FAIR DEAL JEWELRY CO.
305 WAYNE AVE.
SCRANTON, PENNA.

Extensions and Additions
Entered Purchases Journal Page
Date Paid — By Check No
Date of Ret — Date Cr Memo
Ent Pur. Ret & Allow J Page

Quantity	DESCRIPTION		Retail Price	Extension	Price Total	Discount	Total
1	#37	PENS		7 50			
1	#47			7 50			
1	#45			7 50	No Deductions for Cash		
1	#133			5 00	Discount (2%) will be		
1	#449			3 50	allowed under our Xmas		
3	#29/529	SETS	15 00	45 00	Dating after Dec. 10th.		
1	#59/559	"		15 00			
6	#27/527	"	11 00	66 00			
3	#37/537	"	11 00	66 00			
3	#57/557	"	11 00	66 00			
6	#133/631	"	7 50	45 00			
6	#143/641	"	7 50	45 00			
6	#123/621	"	7 50	45 00			
3	#17/517	"	11 00	33 00	391 00		
		40%				156 40	
							234 60

Form 40

Telephone
WAlker 5-5000

TELUS WATCH CO.

Executive Offices
200 HUDSON STREET, NEW YORK

No. B 02028

To Fair Deal Jewelry Co.
305 Wayne Ave.
Scranton, Pa.

Date Oct. 22, 19--

Refer to above invoice number when corresponding regarding this charge.

Order No. 910 Ship Via Exp Salesman Kolbe Terms 4/10 EOM Net 60 days

Style No.	Quan.	Ligne Size	Jewels		Price	Amount
Y17206B	10	10	17	Gents yell brac watches	11.45	114.50
Y17424B	10	10	17	" " " "	11.45	114.50
						229.00

Boxed

Extensions and Additions
Entered Purchases Journal Page
Date Paid — By Check No.
Date of Ret — Date Cr Memo
Ent Pur. Ret. & Allow J Page

Form 41

HALL BROTHERS

SILVER *Manufacturers* CHROME

13-17 Crosby Street

NEW YORK, N. Y.

Invoice No. 23715

Sold to FAIR DEAL JEWELRY CO.
305 WAYNE AVE.
SCRANTON, PA.

Unpack goods with care.
Check with invoice immediately. Merchandise returned without our written permission will be refused.

TERMS
2% ten days—net thirty days
F.O.B. New York

Date	Our order No.	Salesman	Customer's Order No.	Department	Shipped via
10-24-	7572	BUTT	909		FRIEDMAN'S EXP.

Quantity	Cat. No.	DESCRIPTION	Price	Amount	Total
1	5477	SUGAR & CREAMER & TRAY		2 50	
1	5726	SUGAR & CREAMER & TRAY		2 25	
1	5455½	SUGAR & CREAMER & TRAY		2 25	
1	5704	SUGAR & CREAMER & TRAY		2 25	
1	505	SPECIAL URN SET		8 00	
1	515	URN SET WITH 5798 TRAY		10 00	
1	5796	RUBY COCKTAIL SET		12 50	
6	5807	COCKTAIL SETS WITH 5213	5 00	30 00	
4	5437	WINE SETS	6 00	24 00	
1	5099	COCKTAIL SET		6 00	
1	5432	COCKTAIL SET WITH 5213 TRAY		7 50	
1	5775	RAINBOW SET WITH 5213 TRAY		6 00	
1	1102	COMPOTE RUBY		1 75	
1	1104	BON BON RUBY		2 00	
1	1116	BON BON		1 75	
1	1117	BON BON		1 75	
1	1118	BON BON		1 75	
1	1119	BON BON		1 75	
1	5210/11	CONSOLE SET		4 50	
					128 50

Extensions and Additions
Entered Purchases Journal Page
Date Paid — By Check No
Date of Ret — Date Cr Memo
Ent Pur Ret & Allow J Page

ONE CASE 17551

Form 42

Scranton, Pa., OCT. 27 --

M Fair Deal Jewelry Co.

305 Wayne Ave., City

Jobbers of Watches, Jewelry Silverware Materials, Tools and Clocks

Bought of GEO. METZ & CO.
Wholesale Jewelers
Times Building

Extensions and Additions
Entered Purchases Journal Page
Date Paid — By Check No
Date of Ret — Date Cr Memo
Ent Pur Ret & Allow J Page

Terms: Wholesale Jeweler's Code
2%-15th of following month, net 60 days

All claims must be made within three days after receipt of goods.

Order 912

08912	1 Knife		1 00	
08934	1 G.E. 2F04		3 22	
08946	½ Sautoir	13 50	6 75	
08954	1 Clock Greenwich		4 52	
0920	1 3 pc CL Deauville		1 80	17 29

Form 43

CREDIT MEMORANDUM

HALL BROTHERS

Manufacturers

13-17 Crosby Street

NEW YORK, N. Y.

FAIR DEAL JEWELRY CO.
305 WAYNE AVE.
SCRANTON, PA.

October 26, 19___

Short Delivery on invoice of Oct. 24th.

1 - 5726 Sugar & Creamer & Tray @ 2.25

2.25

Form 44

FAMOUS PEN COMPANY Oct. 17, 19--

Error in extension

- 3 #37/537 SETS	@ 11.00	33.00
- 3 #57/557 "	11.00	33.00

No change in total or in net amount.

Form 45

STATEMENT

TELUS WATCH CO.

Executive Offices

200 HUDSON STREET, NEW YORK

To Fair Deal Jewelry Co.
305 Wayne Ave.
Scranton, Pa.

Nov. 1, 19--

Terms- 4 10 EOM Net 60 days

			CHARGES		CREDITS		BALANCE	
Oct.	22	B 02028	229	00			229	00
	31	B 03146	203	10			432	10

Form 46

STATEMENT OF ACCOUNT

GEO. METZ & CO.
Times Building
SCRANTON, PA.

Nov. 1, 19--

Fair Deal Jewelry Co.
305 Wayne Ave.
Scranton, Pa.

TERMS 2% — 15th of following month, net 60 days.

Oct.	27	To Mdse.	17	29		
	31	By Credit	1	--		
					16	29

Form 47

NOTE: In order to save space, only the body of the following invoices and credit memos is given.

Oct. 30, 19--

EMPIRE STATE RING CO., 102 Fulton St., NEW YORK, N Y — Terms—net 90 days

1292	1	Dia. Ring 14 K	29.50	
1757	1	" " "	23.00	
1776	1	" " "	27.25	
1715	1	" " "	35.75	
1793	1	" " "	27.25	
1775	1	" " "	27.25	
1765	1	" " "	34.00	204.00

Extensions and Additions
Entered Purchases Journal Page 18 37
Date Paid By Check No
Date of Ret Date Cr Memo
Ent Pur. Ret & Allow J Page

Form 48

Oct. 29, 19--

HALL BROTHERS, 13-17 Crosby St., NEW YORK, N Y — Terms 2/10 N/30

1	5662	COMPOTE	2.50	
1	5646	COMPOTE	1.50	
1	5658	TID BIT	3.00	
1	5565	COMPOTE	1.50	
1	5568	BON BON	2.75	
1	5566	COMPOTE	1.75	
1	5567	BON BON	1.75	14.75

Extensions and Additions
Entered Purchases Journal Page
Date Paid By Check No.
Date of Ret Date Cr Memo
Ent Pur Ret & Allow J Page

Form 49

Oct. 31, 19--

TELUS WATCH COMPANY, 200 Hudson St., NEW YORK, N Y — Terms 4 10 EOM Net 60 days

T67214B	6	Gents yell top brac watches @	11.95	71.70	
T67124B	6	" " " strap "	10.95	65.70	
T67215S	6	" " "	10.95	65.70	203.10

Extensions and Additions
Entered Purchases Journal Page
Date Paid By Check No.
Date of Ret Date Cr Memo
Ent Pur. Ret & Allow J. Page

Form 50

Oct. 31, 19--

GEO. METZ & CO.

Return on invoice of Oct. 27th

1 Knife 08912 @ 1.00
Not as ordered

Form 51

Nov. 2, 19--

GEO METZ & CO, Times Building, SCRANTON, PA — Terms 2%-15th prox, N/60

2	Compacts	2942-3302	@	1.50	3.00	
1	"	34/137A			1.85	
1	"	2730			2.00	
1	"	3073			2.50	
2	"	34/67A-34/47A		2.63	5.26	
3	"	34/117A-127A-9056		3.75	11.25	
1	"	34/111			2.70	
1	"	34/2910			2.35	30.91

Extensions and Additions
Entered Purchases Journal Page
Date Paid — By Check No
Date of Ret — Date Cr. Memo
Ent Pur. Ret & Allow J. Page

Form 52

Nov. 1, 19--

HALL BROTHERS

Return of entire invoice of Oct. 29th 14.75

Not as ordered

Form 53

Nov. 5, 19--

ELWIN AMERICAN CO, ELGIN, ILL — Terms— 1% 10th prox or 60 days net

1/3 DZ	#416/1-7	Compacts	7.20	2.40	
1/6 DZ	415	"	7.20	1.20	
1/6 DZ	552/15	"	12.00	2.00	
1/12 DZ	309	"	16.50	1.38	
2/3 DZ	601/90	"	24.00	16.00	
				22.98	
		PP & INS		.30	23.28

Extensions and Additions
Entered Purchases Journal Page
Date Paid — By Check No
Date of Ret — Date Cr. Memo
Ent Pur. Ret & Allow J. Page

Form 54

Nov. 7, 19--

EVERYMAN'S, 810 Arch St, PHILADELPHIA, PA — Terms Cash 30 days from date

1	R530 Revere Clock		14.35	
1	R574 " "		19.25	33.60

Extensions and Additions
Entered Purchases Journal Page
Date Paid — By Check No.
Date of Ret — Date Cr. Memo
Ent Pur Ret. & Allow J Page

Form 55

Nov. 11, 19--

ELWIN AMERICAN CO., ELGIN, ILL Terms—1% 10th prox or 60 days net

#1189/PLN ENA	3 DZ	COMPACTS 12/BLK, 12/WHT, 6/G.GRN, 3/C.RED, 3/C BLUE	7.80	23.40
#1189/PLN ENA	1/4 DZ	COMPACTS BLK, WHT, G.GRN	7.50	GRATIS
~~1197/W/CL.INS.~~	3 DZ	COMPACTS 10 BLK/STR, 8 BLK/WHT 6 BLK/GRN, 4 WHT/WHT, 8 WHT/GRN	7.50	22.50
				45.90
			PP & INS	.90 46.80

Extensions and Additions
Entered Purchases Journal Page
Date Paid By Check No
Date of Ret Date Cr Memo
Ent Pur Ret & Allow J. Page

Form 56

Nov. 14, 19--

SAMSON ELECTRIC RAZOR CORP., Merchandise Mart CHICAGO, ILL Terms 1 10

12 Samson Razors	@	7.50	90.00
	Less 40%		36.00
			54.00
50 Envelope Stuffers			
2 Manuals			
2 Streamers			
2 Counter Cards			
1 Each-mat- 4801-02-03			

Extensions and Additions
Entered Purchases Journal Page
Date Paid By Check No.
Date of Ret Date Cr Memo
Ent Pur Ret & Allow J Page

Form 57

Nov. 18, 19--

REVERE UMBRELLA MFG CO., 119 Summer St., BOSTON, MASS Terms- 2/10

326	24	LADIES UMBRELLAS	1.50	36.00 36.00

Extensions and Additions
Entered Purchases Journal Page
Date Paid By Check No
Date of Ret Date Cr Memo
Ent Pur Ret & Allow J Page

Form 58

Nov. 20, 19--

THE HART GLASS COMPANY, LANCASTER, OHIO Terms—30 days net 1% discount 15 days

Extensions and Additions
Entered Purchases Journal Page
Date Paid By Check No.
Date of Ret Date Cr Memo
Ent Pur. Ret & Allow J Page

PART 1				Weight	Tot. Doz.			
3 CTN	2	478	SALAD BOWL	177-A	6	1.60	9.60	
3 CTN	2	450	SANDWICH TRAY	135-A	6	1.60	9.60	
4 CTN	1	R2085	SANDWICH TRAY ROSE	140-A	4	1.75	7.00	
6 CTN	1	R2167	RELISH DISH ROSE	144-A	6	.82	4.92	
6 CTN	1	R2168	CONSOLE BOWL ROSE	198-A	6	1.55	9.30	40.42

PART 2 OF THIS ORDER WILL BE SHIPPED 11/30

Form 59

Nov. 23, 19--

TELUS WATCH CO., 200 Hudson St., NEW YORK, N. Y. Terms—4 10 EOM Net 60 days

Extensions and Additions
Entered Purchases Journal Page
" " " " "
Date Paid By Check No
Date of Ret Date Cr Memo
Ent Pur. Ret & Allow J Page

G31310	3	Lad. 10 kt. gold brac. watches	"	10.95	32.85	
G31311	5		"	10.95	32.85	65.70

Form 60

Nov. 24, 19--

THE FRENCH CHINA CO., SEBRING, OHIO Terms N 30

	HERMOSA SHAPE - DECOR #1003		
18	55 PC DINNER SETS	5.63	101.34
1	PLATE		
1	CUP		
1	SAUCER N.C.		
	HERMOSA SHAPE - DECOR #1004		
18	55 PC DINNER SETS	5.63	101.34
1	PLATE		
1	CUP		
1	SAUCER N.C.		202.68

COMPOSITION
8-8" PLATES
8-4" "
8-FRUITS
8-COUPE SOUPS
8-TEAS
1-8" DISH
1-10" DISH
1-7" BAKER
1-SAUCE BOAT
1-CREAMER
1-COVD SUGAR

Extensions and Additions
Entered Purchases Journal Page
Date Paid By Check No
Date of Ret Date Cr. Memo
Ent Pur. Ret & Allow J. Page

Form 61

Nov. 24, 19--

THE HART GLASS COMPANY

Return on invoice of Nov. 20

2	- 478 Salad Bowl	1.60	3.20	
1	- 450 Sandwich Tray	1.60	1.60	4.80
	Bowl and Tray cracked			

Form 62

Nov. 25, 19--

THE FORESTER PLATING & MFG CO., 9607 Quincy Ave CLEVELAND O

Terms 2/10 E.O.M

144	Forester Grill Chrome #997 CHXWUL @	1.25	180.00	
144	Heater Cords	.14	20.16	200.16

Extensions and Additions
Entered Purchases Journal Page
Date Paid By Check No
Date of Ret Date Cr Memo
Ent Pur Ret & Allow J Page

Form 63

Nov. 27, 19--

THE FRENCH CHINA CO

Return on invoice of Nov. 24th

Allowance for imperfections	15.00

Form 64

Nov. 27, 19--

TELUS WATCH CO., 200 Hudson St., NEW YORK, N. Y. Terms 4/10 EOM Net 60 days

T85326S	6	Gents yell top strap watches	10.95	65.70	
T85327B	6	" " " Brac	11.95	71.70	
T85329B	6	" " "	11.95	71.70	
					209.10

Extensions and Additions
Entered Purchases Journal Page
Date Paid By Check No
Date of Ret Date Cr Memo
Ent Pur Ret & Allow J. Page

Form 65

Nov. 28. 19--

FRANK, KLEIN & LEE, 242 West 55th St, NEW YORK, N Y
Terms--5% 10 days or net 3 mos

86	1	18K WG MTG	1247¼ W/DIAS	12.45	
			1371¼ W/DIAS	10.70	
			1367¼ W/DIAS	12.30	
			1433¼ W/DIAS	10.85	
			1366¼ W/DIAS	12.30	
			1517¼ W/DIAS	13.40	
			1558¼ W/DIAS	12.65	
			1522¼ W/DIAS	18.70	103.35

Extensions and Additions
Entered Purchases Journal Page
Date Paid By Check No
Date of Ret Date Cr Memo
Ent Pur Ret. & Allow J Page

Form 66

Nov. 28, 19--

EMMONS CASE COMPANY, NORTH ATTLEBORO, MASS Terms--2% E O M

1/12 dz.	Compact	White	36.00	3.00	
1/12 dz.	"	Straw	36.00	3.00	
1/12 dz.	"	Blue	36.00	3.00	
1/12 dz.	"	White	36.00	3.00	
1/12 dz.	"	Straw	36.00	3.00	
1/12 dz.	"	Green	36.00	3.00	
1/4 dz.	"		30.00	7.50	
1/12 dz.	"	White	36.00	3.00	
1/12 dz.	"	Straw	36.00	3.00	
1/12 dz.	"	Blue	36.00	3.00	
1 only	Catalogue		n/c	n/c	34.50

Extensions and Additions
Entered Purchases Journal Page
Date Paid By Check No
Date of Ret Date Cr Memo
Ent Pur Ret & Allow J Page

Form 67

Nov. 29, 19--

THE FORESTER PLATING & MFG CO

Return on invoice of Nov. 25th

12 Forester Grill Chrome #997 CHXWUL	@	1.25	15.00	
12 Heater Cords		.14	1.68	16.68

Not up to standard

Form 68

STATEMENT OF ACCOUNT

GEO. METZ & CO.
Times Building
SCRANTON, PA.

Dec. 1, 19--

Fair Deal Jewelry Co.
305 Wayne Ave.
Scranton, Pa.

TERMS 2% — 15th of following month, net 60 days.

Nov.	1	Balance			16	29
	2	To Mdse.	30	91	30	91
					47	20

Form 69

STATEMENT

TELUS WATCH CO.
Executive Offices
200 HUDSON STREET, NEW YORK

FAIR DEAL JEWELRY CO.
305 WAYNE AVE.
SCRANTON, PA.

Dec. 1,19--

Terms. 4 10 EOM Net 60 days

			CHARGES		CREDITS		BALANCE	
Nov.	1	Balance					432	10
	12	Cash			229	00	203	10
	23	B 04517	65	70			268	80
	27	B 04989	209	10			477	90

December Transactions

c. The incoming papers for December are not provided. Instead, a list of the invoices and the credit memoranda received is given below. Continue recording the due dates on the calendar. Enter the transactions in the proper journals and post as in previous months.

1. Received the merchandise and the invoice dated Nov. 30, for $28.54, from Joseph H. Menke Bros., Brooklyn, N. Y., terms, 3/10 N/30.
2. Received the merchandise and the invoice dated Dec. 5, for $69.70, from the Harris Watch Co., New York, N. Y., terms N/30.
3. Received a credit memorandum dated Dec. 1, for $93.50, from Frank, Klein & Lee for merchandise returned on invoice of Nov. 28.
4. Received the merchandise and the invoice dated Dec. 7, for $81, from the Samson Electric Razor Corp., Chicago, Ill., terms 1/10.

Be sure that checks have been made out for all invoices falling due up to Dec. 11.

5. Received the merchandise and the invoice dated Dec. 12, for $86.55, from The Hart Glass Company, Lancaster, O., terms 1/15 N/30.
6. Received a credit memorandum for $7.60, dated Dec. 10, from the Harris Watch Co., for a return on the invoice of Dec. 5.
7. Received the merchandise and the invoice dated Dec. 17, for $104, from Farmer & Sherman, Inc., Brooklyn, N. Y., terms 2/10 N/30.
8. Received the merchandise and the invoice dated Dec. 20, for 97¢, from Joseph H. Menke Bros., Brooklyn, N. Y., terms 3/10 N/30.

Be sure that checks have been made out for all invoices falling due up to Dec. 21.

9. Received the merchandise and the invoice dated Dec. 21, for $130, from Young Brothers, Inc., Brooklyn, N. Y., terms 1/10 N/30 as Jan. 1.
10. Received the merchandise and the invoice dated Dec. 22, for $76.50, from the Famous Pen Co., Janesville, Wis., terms 2/10 E.O.M.
11. Received a credit memorandum dated Dec. 22, for $5.25, from Young Brothers, for the return on the invoice of Dec. 21.
12. Received the merchandise and the invoice dated Dec. 23, for $57.25, from the Telus Watch Co., New York, N. Y., terms 4/10 E. O. M. N/60.
13. Received the merchandise and the invoice dated Dec. 26, for $54.40, from the Elwin American Co., Elgin, Ill., terms 1/10 prox. N/60.
14. Received the merchandise and the invoice dated Dec. 28, for $65, from Freed Brothers, New York, N. Y., terms 2% Jan. 10.
15. Received a credit memorandum dated Dec. 27, for $57.25, from the Telus Watch Co., for the return of all the merchandise listed on the invoice of Dec. 23.

Be sure that all payments through Dec. 31 have been made.

Follow the same procedure as for October and November with regard to posting, closing the journals, and making the summary entries. Prepare a trial balance as of December 31.

UNIT 2

Sales Recording Cycle

In Unit 1, the system of making and recording purchases was studied. In this unit, the business routine connected with selling will be considered. Here, again, the records may be kept by one or more persons. In a small store, one person may be required to price merchandise, record customers' orders, record sales tickets, etc. In a large store, a number of clerks may be assigned to only one kind of work, such as posting. The division of tasks depends upon the volume of business done.

The business routine that will be studied in connection with selling is as follows:

Step 1. Pricing Merchandise for Sale
2. Recording Customers' Orders
3. Preparing Sales Tickets
4. Preparing Delivery Receipts
5. Recording Sales in the Sales Journal; Posting
6. Preparing Credit Memoranda
7. Recording Sales Returns and Allowances; Posting
8. Recording in the Cash Receipts Journal; Posting
9. Recording Cash Sales and C.O.D. Sales
10. Preparing Trial Balances
11. Preparing Customers' Monthly Statements

In addition to the steps listed above, this unit includes

Set A—An Illustrative Set of Records

Set B—An Apprentice Experience Set

Step 1

Pricing Merchandise for Sale

After the merchandise purchased is unpacked, inspected, and counted, where it is possible to do so a marking ticket is usually attached to each article before it is placed on sale. All or some of the following information is recorded on this ticket: the source of the merchandise, the size, the cost, and the selling price. In the case of fashion merchandise, the season in which the goods were bought is also indicated. On small articles, the selling price only is usually placed on the marking ticket.

The source of the goods is indicated on the marking ticket to facilitate re-ordering when the stock of an item runs low. The cost price is often included on the ticket for the purpose of saving time when the value of the stock on hand is being calculated—placing the cost price on the marking ticket avoids the necessity of referring to other records to find this information. Since the marking ticket is attached to the goods, it is advisable to place this information on the ticket in code.

The code used is a simple system of notation in which letters or numbers are substituted for names or other information. On the marking tickets of the CENTRAL DRY GOODS STORE a number in a circle will be used to indicate the source of the merchandise, the numbers listed below being assigned to the wholesalers from whom purchases are made:

①—Manne & Williams
②—Regal Robes, Inc.
③—Mitchell & Werner
④—The Highgrade Boys' Pants Co.
⑤—The Williams Co.
⑥—Grand Knitwear Corp.
⑦—Belfast Flax Co.
⑧—Trench Boys' Suit Co., Inc.
⑨—Queen Hosiery Co.

Illustration No. 24 shows the marking ticket for a union suit bought from The Williams Co.

The number 5 in a circle in the illustration indicates that the wholesaler is The Williams Co. The number 24 is the size of the garment.

NI is the code for the cost price of the garment. The key to the code consists of the following letters which, in this case, make up the name of a city—Richmond, Va. A number is

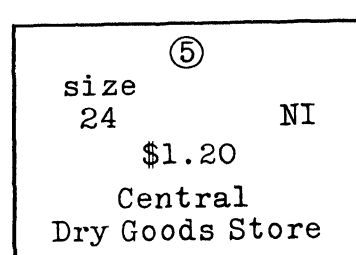


Illustration No. 24
A Marking Ticket.

assigned to each letter in the code, thus,

R I C H M O N D V A
1 2 3 4 5 6 7 8 9 0

The letters NI in this example indicate that the cost is 72 cents.

The code may consist of any combination of letters, as long as no letter is repeated. "Pay me quick", "W. Gladstone", "Republican", are other examples. Sometimes, some other letter not in the code, as X or Z, is used to indicate the repetition of a number. Thus, $2.99 would be shown as IVX, or $100 as RAX, instead of IVV or RAA, respectively.

The selling price on the ticket shown above is $1.20. Most retailers now follow the practice of plainly marking the selling price in ordinary figures.

The difference between the cost price and the selling price is the gross profit, or markup. In order to determine the selling price, the accepted rule of business is to calculate the amount of gross profit as a percentage of the selling price.

In order to find the selling price when the cost price and the rate of markup, based on the selling price, are given, it is necessary to convert the required percentage on the selling price to a percentage on the cost that will result in the same amount for the markup.

If an article costing $1.50 is to be sold at a profit of 50% on the selling price, it will be offered at $3. The markup of $1.50 is 50% of the $3 selling price and is also 100% of the $1.50 cost.

In other words, a markup of 50% on the selling price is the same in amount as a markup of 100% on the cost. The chart below has been prepared to show the relationship between the percentage on the selling price and the percentage on the cost.

Per Cent Profit on Selling Price	*Per Cent Profit on Cost Price*
20%	25%
25%	33 1/3%
33 1/3%	50%
37½%	60%
40%	66 2/3%
50%	100%
60%	150%

Illustration No. 25—Chart Showing Percentage Increase on the Cost Necessary to Obtain a Desired Margin of Profit on the Selling Price.

The following is an example of the procedure in using this chart:

If a gross profit of 40% on the selling price is desired, refer to the line on which 40% appears in the selling price column; on the same line in the cost column, 66⅔% is given as the comparative percentage on the cost that will give the required amount of gross profit. If the cost price is 72¢, 66⅔% of the cost (66⅔% of 72¢) is 48¢, the amount of the desired gross profit. Add the amount of profit to the cost (48¢+72¢) to obtain the selling price, which is $1.20. Note that 48¢ is 66⅔% of the cost and 40% of the selling price.

The cost of the union suit mentioned above was obtained from the invoice of The Williams Co., in which the suits were invoiced at $8.65 per dozen. (Note that in finding the cost of one suit, 72 cents, a fraction of less than half a cent is disregarded.) The selling price of $1.20 was obtained by calculating a markup of 40 per cent based on sales, according to the procedure outlined above.

The markup rates in the chart in Illustration No. 25 are those most frequently used. The table is by no means complete. Charts giving all percentages are obtainable from commercial stationers.

Note that the sum obtained by adding the amount of the markup to the cost is not always the actual selling price. Thus, if the sum obtained in figuring the required rate of gross profit amounts to $1.02, the proprietor may choose as his selling price $1, or perhaps 99¢, or even 95¢. The price chosen will depend upon the policy of the store.

Apprentice Experiences
Preparing Marking Tickets
No. 35

Prepare marking tickets for the articles listed below, using the code numbers assigned on page 98 to the wholesalers from whom purchases are made by the CENTRAL DRY GOODS STORE, and the price code, RICHMONDVA. Use the upper half of Form 1 in the Workbook for Unit 2, or a sheet of paper divided by lines into 8 rectangles.

a. A play suit bought from the Trench Boys' Suit Co., Inc., size 16. Cost $7.75 per dozen. The markup is 40% on the selling price.

b. Dress, size 8, #5590, bought from the Grand Knitwear Corp. Cost $8. The markup is 50% on the selling price.

c. Robe, size A (small) bought from the Regal Robes, Inc. Cost $5 each. The markup is 33 1/3% on the selling price.

d. Blouse, size 36, bought from Mitchell & Werner. Cost $16.50 per dozen. The markup is 40% on the selling price.

e. A man's handkerchief bought from the Belfast Flax Co. Cost $3.25 per dozen. The markup is 40%.

f. Knee pants, size 8, bought from the Highgrade Boys' Pants Co. Cost $18 per dozen. The markup is 33 1/3%.

g. A pair of hosiery bought from the Queen Hosiery Co., size 9½, at a cost of $4.50 per dozen. The markup is 40%.

h. A pair of gloves, size 7¼, bought from Manne & Williams, at $4.50 per dozen. The markup is 33 1/3%.

No. 36

For the FAIR DEAL JEWELRY CO., prepare marking tickets for the articles listed below. Use the lower half of Form 1 in the Workbook or a sheet of paper divided by lines into 8 rectangles.

The code numbers for the wholesalers are:

101 —Joseph H. Menke Bros.	105 —Telus Watch Co.
102 —Farmer & Sherman, Inc.	106 —Hall Brothers
103 —Young Bros., Inc.	107 —Elwin American Co.
104 —The Hart Glass Co.	108 —Empire State Ring Co.

The following letters are to be used for the price code:

B	L	A	C	K	S	T	O	N	E	Z (repeat)
1	2	3	4	5	6	7	8	9	0	

a. Electric clock, No. 42, bought from Farmer & Sherman, Inc. Cost $3. The markup is 50% on the selling price.

b. Elwin compact, #415, bought from the Elwin American Co. Cost $7.20 per dozen. The markup is 50% on the selling price.

c. Bracelet, #3330x, bought from Joseph H. Menke Bros. Cost $4 each. The markup is 40% on the selling price.

d. Young Bros., Inc. Decanter set, #3253. Cost $3. Markup 33 1/3% on the selling price.

e. Telus Watch Co. Watch #Y17206B. Cost $11.45. Markup, 50%.

f. Salad bowl, #478, bought from the Hart Glass Co. at $1.60 a dozen. The markup is 33 1/3%.

g. Empire State Ring Co. Diamond ring #1292. Cost $29.50. Markup, 60%.

h. Hall Bros. Sugar, Cream & Tray set #5477. Cost $2.25. Markup, 40%.

Step 2

Preparing Customers' Orders

We will now consider the business routine connected with the selling of the merchandise. Sales are classified in two groups:

a. Cash sales, including C.O.D. sales

b. Charge sales, sometimes called Credit Sales

The first group, cash sales, includes all sales for which payment is made either at the time of the sale or upon delivery of the goods. The second group, charge sales, includes sales for which payment will be made at some future date. Cash sales, which form the bulk of the retail business, will be considered in Step 9 of this unit. Charge sales will now be considered.

Customers' Telephone and Mail Orders. Customers' orders are received over the counter, by mail, or over the telephone. When orders are received by mail or by telephone, the order clerk fills in an order blank (see Illustration No. 26). The order blank is usually made out in duplicate. On this form the following information is generally included: the order number, the date and time of receipt of the order, the customer's name and address, the quantity and description of each item (frequently catalogue numbers are used), the unit price, the total amount, the time of delivery promised, whether the order is to be charged or to

Order No. 45

CUSTOMER'S ORDER

CENTRAL DRY GOODS STORE

210 E. 42nd Street

NEW YORK, N. Y.

Date Feb. 1, 19--

Send to Mrs. Harry Stone

Time Rec'd 10:00 A.M. ____ P.M.

Address 330 Riverside Drive, City

Received by ☑ Telephone ☐ Mail ☑ Charge ☐ C.O.D.

QUANTITY	DESCRIPTION	PRICE	TOTAL
✓ 1	Ladies' Robes - 808, #40 D.B.	7 50	7 50
✓ 5	Pr. Ladies' Stockings #65 size 9½, Beige	1 09	5 45
✓ 2	Silk Slips - 507, Flesh, size 40	2 75	5 50

DATE FILLED	DEPT. NO.	ORDER TAKEN BY	SALES BOOK CHECK NO.	AMOUNT
Feb. 2	3-5-6	Stark	15-05	18 45

Promised For 4 P.M.

Signature of Credit Manager J.R.

Illustration No. 26 — A Customer's Order Blank.

be sent C.O.D., the signature of the order clerk, and in some stores, the signature of the credit manager. In some cases, orders received by mail are not rewritten on an order blank. In order to avoid errors in taking telephone orders, it is necessary for the order clerk to repeat each item to the customer.

Credit. How does the retailer know whether a customer who desires to purchase goods on credit will meet his obligation when payment becomes due? To reduce the possibility of financial loss caused by nonpayment or delayed payment for goods supplied to charge customers, the retailer must extend credit only to those customers who are considered good credit risks.

The proprietor of a local store may extend the privilege of a charge account to a customer who is personally known to him or who has a reputation for meeting his obligations among the merchants of the community. In some communities, there may be a credit bureau established for the purpose of collecting information relative to the credit standing of people in that neighborhood, and the retailer can secure the credit rating of a customer from this source. The credit bureau collects information concerning an individual's ability to pay, and, what is more important, his record in promptly meeting financial obligations.

In a large store, particulars of the credit standing of its customers are collected by the credit department. This department may secure from a local credit bureau information about a customer who requests credit, or it may obtain references from the customer. The department applies to these references for information concerning the customer's financial record. The references may include other stores, the applicant's bank, his place of business, or other reliable sources. Upon the basis of the information collected, the head of the department, who is known as the credit manager, determines the limit that is to be placed upon the amount of credit which the store may extend to the customer. A file is kept in which is placed information relating to the credit standing of each charge customer. The credit department is also responsible for collections from customers.

Organizations known as mercantile agencies collect data concerning the financial standing of business firms, and on the basis of this information the firms are given a credit rating.

In a large store, after the order has been approved by the credit department, a copy of the order blank is given to the order clerk, or order picker, who assembles the merchandise. The clerk checks the items assembled for delivery, and places a check mark on the order blank to indicate that the goods correspond with the order, as shown in Illustration No. 26.

Apprentice Experiences
Writing Orders
No. 37

The charge orders listed below were received by mail by A. R. Stark, the order clerk of the CENTRAL DRY GOODS STORE and approved by J. R. of the credit department. Prepare the order blanks, using Form 2 from the Workbook. The last order number was 680. Omit the "Date Filled" and the "Sales Check No." items for the present. See Unit 1, Step 1, for department numbers.

a. Received Mar. 1 at 10:30 A.M., from Mrs. Charles White, 111 East 41st Street, City: 1 Silk Gown, No. 557, size 36, blue, @ $2.98, and 2 Silk Slips, No. 467, size 36, white, @ $2.75. Delivery promised Mar. 2.

b. Received Mar. 2 at 4 P.M., from Mrs. Fred Wallace, 2 Sutton Pl., City: 1 Silk Gown, No. 558, size 38, peach @ $4.98. Delivery promised Mar. 4.

c. Received Mar. 4 at 9:30 A.M., from Mrs. Charles Stern, 500 Fifth Ave., City: 3 pairs Ladies' Silk Hosiery, No. 70, suntan, size 9½, at 59¢. Delivery promised Mar. 4.

d. Received Mar. 7, at 1 P.M., from Mrs. Samuel Berne, 160 East 40th St., City: 1 dozen No. 404/6 Men's Handkerchiefs at $6.00 and ½ dozen ½" HS Handkerchiefs at $2.75. Delivery promised Mar. 8.

No. 38

The charge orders listed below were received by telephone by Clerk #5 of FRANK CRANE, GROCER. The last order number was 980. Prepare the order blanks using Form 3 from the Workbook. No approval is necessary as the customers are regular charge patrons. There are no department numbers.

a. Received July 1 at 9 A.M., from Mrs. C. Gottlieb, 208 East 40th St., City, Apt. 4G: 1 can sliced pineapple @ 23¢, 1 can medium asparagus Brownie @ 30¢, 1 box macaroni @ 15¢, 1 pound Premium coffee @ 25¢ and 1 pound can salmon @ 27¢. Delivery promised before noon.

b. Received July 1 at 9:30 A.M., from Mrs. L. Stone, 205 East 41st St., City, Apt. 10D: 3 pounds Red Fox prunes at 3lb. for 29¢, 1 pint Economy Pancake syrup @ 15¢, 1 can R.S. peas @ 15¢, 1 can R.S. corn @ 10¢ and 1 pound Premium coffee @ 25¢. Delivery—1 P.M.

c. Received July 3 at 10 A.M., from Mrs. N. Ruby, 257 East 41st St., City, Apt. 2A: 5 lbs. granulated sugar @ 5¢, 1 box corn flakes @ 11¢, 1 box soda crackers @ 18¢, 1 can R.S. salmon @ 42¢ and ½ lb. R.S. tea @ 40¢. Delivery—before 2 P.M.

d. Received July 5 at 11 A.M., from Mrs. B. G. Goldrich, 206 East 40th St., City, Apt. 11: 1 pint vinegar @ 15¢, 1 lb. box barley @ 16¢, 1 box graham crackers @ 15¢, 1 small tin filet of anchovies @ 25¢, 1 lb. R.S. coffee @ 25¢ and 1 dozen fancy white eggs @ 45¢. Rush.

No. 39

The following charge orders were received by mail and were recorded by Clerk C of the FAIR DEAL JEWELRY CO. Prepare the order blanks, using Form 4 from the Workbook. The last order number was 786. All orders must be approved by Mr. Robert Mennen, manager of the credit department. There are no department numbers.

a. Received Oct. 1 from Frank Green, 155 Clay Ave., City: 1 electric clock, No. 43, @ $8.95, 2 candelabra, No. 388, @ $3.50, and 1 water pitcher, No. 501, @ $4.50. Delivery—Oct. 2.

b. Received Oct. 1 from Mrs. Henry Dillon, 101-22 Broadway, City: 1 Elwin wrist watch, No. 2063, @ $40. Delivery—Oct. 1.

c. Received Oct. 2 from Samuel Brown, 307 Elm St., City: 1 No. 214 set—urn, sugar and creamer tray @ $12, and 1 Alexander watch, No. 161-21, junior special, @ $65. Delivery—Oct. 5.

d. Received Oct. 5 from Miss Rita Swain, 444 Locust St., City: 1 Famous pen and pencil set, No. 29/529, @ $15 and 1 cocktail set, No. 5099, @ $12. Delivery—Oct. 7.

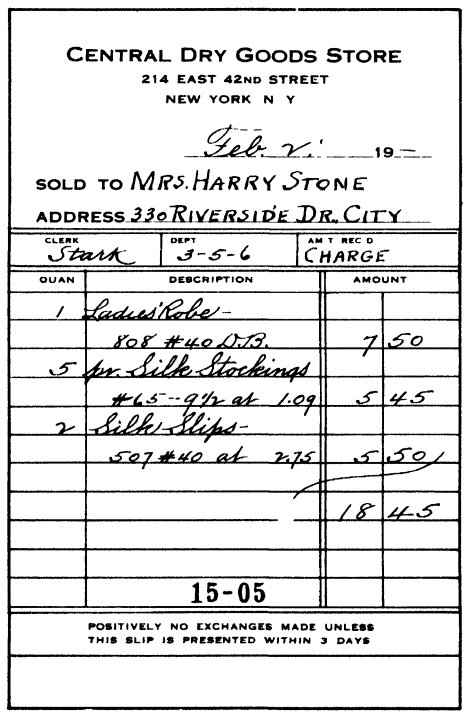
Note: Forms 2 to 4 are similar to Illustration No. 26.

Step 3

Preparing Sales Slips

It is necessary for the retailer to furnish his customer with a memorandum of each charge sale, and for him to have a copy of this memorandum for his own records. Details of the sale are therefore recorded on a sales slip (also called a sales check or a sales ticket). A sales slip serves the same purpose as the invoice prepared by the wholesaler when he ships goods to the retailer. In some kinds of retail business, a sales invoice instead of a sales slip is prepared and forwarded to the customer.

In a retail store, each salesperson is provided with a book of sales slips. The slips are numbered consecutively, and underneath each slip there are one or more duplicate copies, each bearing the same number



CENTRAL DRY GOODS STORE
214 EAST 42ND STREET
NEW YORK N Y

Feb. 1, 19—

SOLD TO MRS. HARRY STONE

ADDRESS 330 RIVERSIDE DR. CITY

CLERK	DEPT	AM'T REC'D
Stark	3-5-6	CHARGE

QUAN	DESCRIPTION	AMOUNT	
1	Ladies' Robe -		
	808 #40 D.B.	7	50
5	pr. Silk Stockings		
	#65 - 9½ at 1.09	5	45
2	Silk Slips -		
	507 #40 at 2.75	5	50
		18	45
	15-05		

POSITIVELY NO EXCHANGES MADE UNLESS THIS SLIP IS PRESENTED WITHIN 3 DAYS

Illustration No. 27 — A Sales Slip.

as the original copy. The original and duplicate copies are made out at the same time by using carbon paper. The book containing the sales slips is also numbered and this number appears on each sales slip in that book. Thus, the first sales slip and its duplicates in book No. 36 would be numbered 36-1. When a sales person is handed a book of sales slips, the number of the book and the number of the first sales slip in the book are recorded by the manager or department head.

The best practice in making out sales slips is to prepare them in triplicate.

1. The original copy is sent to the bookkeeping department.
2. The first carbon copy is either handed to the customer or else placed in the package of merchandise.
3. The second carbon copy remains in the sales book.

In some stores, where sales slips in book form are not used, the second copy is placed in a binder. Some stores give the original copy of the sales slip to the customer. Some retailers use different sales slips for cash sales, C.O.D. sales, and for charge sales.

The following information usually appears on a sales slip, an example of which is given in Illustration No. 27:

a. Retailer's name and address
b. Date of the sale
c. Customer's name and address
d. Sales clerk's name, initials, or number
e. Kind of sale—cash, C.O.D., or charge
f. Quantity and description of merchandise, price, extension, and total
g. Sales slip number

In addition to the above items, space may be provided on the sales slip for recording the amount of money received from the customer in the case of a cash sale, the department number, or other information. Some retailers do not use sales slips for recording cash sales—the record on the cash register tape and the cash register receipt are considered sufficient. Some stores record both charge sales and cash sales on the cash register, as will be explained in Unit 3.

At the front or at the back of each book of sales slips there is a form, called a tally sheet, on which the salesperson copies the total of each sales slip made out by him in that book. By means of the tally sheet, the total of the daily sales made by each clerk is readily available. Of course, this summary or tally of each clerk's sales may be arranged on a separate sheet of paper.

Apprentice Experiences
Preparing Sales Tickets

In Experiences No. 40, 41, and 42 the student is to make on the order blank a notation of the sales slip number to show that the order has been billed. If two or more copies of the sales slips are prepared, place the customer's copy in a folder labeled "Out-going Mail". Arrange the office copies in numerical order, with the last number on top, and file in a "Sales Slips" folder. If only one copy of the sales slip is prepared, it is to be the office copy. Arrange the order blanks in numerical order and place them in a folder or envelope marked "Filled Orders". The date of the sales slip is to correspond with the promised date of delivery.

No. 40

Prepare sales slips for the orders which were written in Experience No. 37 for the CENTRAL DRY GOODS STORE. The next sales slip number is 8-11. Use Form 5 from the Workbook. The date of delivery is the date to be placed on the sales slip.

No. 41

Prepare the sales slips for the orders which were written in Experience No. 38 for FRANK CRANE, GROCER. The next sales slip number is 5-22. Use Form 6 from the Workbook.

No. 42

Prepare the sales slips for the orders which were written in Experience No. 39 for the FAIR DEAL JEWELRY CO. The next sales slip number is 15-05. Use Form 7 from the Workbook.

Note: Forms 5 to 7 are sales slips similar to Illustration No. 27.

Step 4

Preparing Delivery Receipts

For local deliveries, the retailer frequently uses trucks or errand boys. It is sometimes necessary to obtain a receipt for goods delivered to a customer. This practice is sometimes followed (1) when the goods are to be left with a stranger or an agent, (2) when goods are not delivered to the customer but are sent as a gift to another person, (3) when the goods are shipped to a new customer. In wholesale practice, receipts are always required.

No. 361 Feb 7 19=

Received from the CENTRAL DRY GOODS STORE
in good order the following articles

one Packages

Signed Mary P. Stone

Addressed to: Mrs. Harry Stone.
330 Riverside Dr. City.

Illustration No. 28 — A Receipt.

Illustration No. 28 shows a form of receipt. A receipt should show the date of delivery, the name of the shipper, the number of packages in the shipment, and it should be signed by the person who receives the goods. Some firms use receipt blanks that are numbered consecutively and are either in loose-leaf form or in the form of a perforated bound book. When signed, the receipt is returned to the office to be filed.

Apprentice Experience
No. 43
Filling in Receipts

The goods for which orders were written in Experience No. 37 and the sales slips prepared in Experience No. 40 were delivered by the errand boy of the CENTRAL DRY GOODS STORE. Prepare the receipt blanks, using Form 8 from the Workbook.

Step 5

Recording in the Sales Journal; Posting

A systematic record of charge sales is kept by the bookkeeping department in a journal called the *Sales Journal*. The ruling of the sales journal is similar to that of the purchases journal. The headings used in the sales journal are indicated in Illustration No. 29. The information entered in this journal generally includes the following:

a. Invoice or sales slip number
b. Date of invoice or sales slip
c. Customer's name (account to be debited)
d. Customer's address
e. Folio
f. Amount of sale
g. Total of sales for the month

Sales Journal. February 19-

Invoice No.	Day	Account Debited	Address	Folio	Amount		Total	
15-05	2	Mrs. Harry Stone	330 Riverside Drive	21	12	45		
15-06	6	Mrs. I. Stein	725 Third Ave.	27	35	75		
15-07	8	Charles Groff	310 E. 42nd St.	23	12	15		
15-08	11	Mrs. Harry Barth	145 E. 41st St.	24	19	17		
15-09	13	Mrs. R. Friedman	220 E. 40th St.	25	42	85		
15-10	18	Mrs. George Asch	210 E. 43rd St.	26	63	75		
15-11	21	Miss T. Karnow	760 Second Ave.	27	28	42		
15-12	23	Mrs. R. Friedman	220 E. 40th St.	25	58	70		
15-13	24	Mrs. H. Barth	145 E. 41st St.	24	34	80		
15-14	24	Louis Minetta	214 E. 38th St.	28	15	45		
15-15	26	Mrs. J. McNamara	400 First Ave.	29	36	60		
	28	Sales Credit		36	366	09	366	09

Illustration No. 29 — A Sales Journal.

Every charge sale must be recorded in the sales journal. The office copy of the sales slip is the source of information for each entry. To indicate that the record has been made in the sales journal, on the lower part of the sales slip write the page number of the sales journal on which the entry is made, enclosing the figure in a circle, thus (32). At the end of the month, this journal is totaled and summarized, the total being placed in the second money column. When there are many charge sales each day, it is advisable to enter in the second money column the daily total of charge sales, as shown in Illustration No. 30.

Sales Journal. June 19— Page 22

Inv No	Date	Account Debit	Address	F	Amount		Total	
21-09	1	Mrs. F. Lieber	118 Clay Ave.		6	74		
-10	1	G. Mason	2125 Broadway		3	38		
-11	1	Mrs. Frances Parkman	178 Sherman St.		1	59		
-12	1	Mrs. Charles Ribeer	19 Academy St.		10	-		
-13	1	Mrs. C. B. Dawson	200 North Ave.		7	70		
-14	1	L. L. Olmstead	1960 Broadway		4	50	33	91
-15	2	Mrs. Philip Berger	155 University Ave.		5	75		
-16	2	Mrs. Pierre LaRue	361 Elm St.		12	80		
-17	2	Mrs. F. Lieber	118 Clay Ave.		9	95		
-18	2	Mrs. C. B. Dawson	200 North Ave.			88		
-19	2	Frank Manny	556 West St.		2	45		
-20	2	Mrs. B. Segal	423 Sherman St.		16	90		
-21	2	Mrs. K. Marinelli	580 Spruce St.		7	80	56	53
	30	Sales for					989	54

Illustration No. 30 — A Sales Journal Showing Daily Totals.

Note that the arrangement and the ruling of the sales journal are the same as that of the purchases journal. In closing any journal, remember that (a) single lines are drawn across money columns that are to be added, (b) double lines are drawn across the date, the folio, and the money columns, to indicate that the record is closed.

Apprentice Experiences
Recording Sales in the Sales Journal
No. 44

On a sheet of two-column journal paper, copy the sales journal given in Illustration No. 29.

No. 45

Record in a sales journal the sales slips prepared in Experience No. 40 for the CENTRAL DRY GOODS STORE. Use the reverse side of the journal sheet used in Experience No. 44. Number the page 33. Enter the sales check number in the first column on the left. When the above sales slips have been recorded, enter the charge sales listed below which were also made during March.

Sales Check No.			
8-15	Mar. 8	Louis Minetti, 214 E. 38 St., City	18.00
8-16	12	Mrs. Samuel Berne, 160 E. 40 St., City	7.75
8-17	12	Mrs. Charles White, 111 E. 41 St., City	9.18
8-18	15	Mrs. H. Barth, 145 E. 41 St., City	21.50
8-19	19	Mrs. Fred Wallace, 2 Sutton Pl., City	19.95
8-20	23	Mrs. J. McNamara, 400 First Ave., City	36.00
8-21	26	Charles Grof, 310 E. 42 St., City	10.25
8-22	29	Mrs. Charles White, 111 E. 41 St., City	8.00
8-23	30	Mrs. Charles Stern, 500 Fifth Ave., City	.75

Write the summary at the end of the month by entering the total sales and close the journal by ruling the necessary lines.

No. 46

Using a sheet of two-column journal paper, record the sales tickets prepared in Experience No. 41 for FRANK CRANE, GROCER. Number the page 56. The following charge sales made during July are also to be recorded:

Sales Check No.			
5-26	July 6	Mrs. N. Ruby, 257 E. 41 St., City	1.24
5-27	8	Mrs. F. R. Lewis, 440 W. 34 St., City	.92
5-28	11	Mrs. B. G. Goldrich, 206 E. 40 St., City	2.75
5-29	12	C. A. Kane, 510 First Ave., City	1.46
5-30	15	Mrs. C. Gottlieb, 208 E. 40 St., City	2.05
5-31	15	Mrs. N. Ruby, 257 E. 41 St., City	.87
5-32	18	Mrs. L. Stone, 205 E. 41 St., City	3.84
5-33	20	A. N. Coleman, Tudor City	2.70
5-34	23	Mrs. C. Gottlieb, 208 E. 40 St., City	1.12
5-35	26	Miss V. Kester, Forest Hills	3.55
5-36	29	Mrs. B. G. Goldrich, 206 E. 40 St., City	.83
5-37	31	C. A. Kane, 510 First Ave., City	2.44

Write the summary entry at end of the month. Close the journal.

No. 47

During August, the following charge sales were made by FRANK CRANE, GROCER. Record them in a sales journal (page number 57) using the reverse side of the sheet used in Experience No. 46.

5-38	Aug. 1	Mrs. L. Stone, 205 E. 41 St., City	3.10
5-39	2	Fred Astor, 218 York Ave., City	1.42
5-40	5	Mrs. Robert Morse, Astoria	4.19
5-41	5	Miss V. Kester, Forest Hills	3.76
5-42	7	C. A. Kane, 510 First Ave., City	1.10
5-43	10	Mrs. C. Gottlieb, 208 E. 40 St., City	2.28
5-44	12	Mrs. L. Stone, 205 E. 41 St., City	5.25
5-45	15	Mrs. S. S. Daniels, 375 First Ave., City	.77
5-46	16	Mrs. N. Ruby, 257 E. 41 St., City	3.25
5-47	19	Mrs. F. R. Lewis, 440 W. 34 St., City	1.41
5-48	19	C. A. Kane, 510 First Ave., City	1.98
5-49	22	Mrs. B. G. Goldrich, 206 E. 40 St., City	3.16
5-50	26	Mrs. Robert Morse, Astoria	3.88
6-1	26	Mrs. L. Stone, 205 E. 41 St., City	2.10
6-2	27	Mrs. N. Ruby, 257 E. 41 St., City	1.98
6-3	28	A. N. Coleman, Tudor City	3.17
6-4	30	Mrs. C. Gottlieb, 208 E. 40 St., City	2.44
6-5	30	Mrs. F. R. Lewis, 440 W. 34 St., City	2.19
6-6	30	C. A. Kane, 510 First Ave., City	.78
6-7	31	Mrs. B. G. Goldrich, 206 E. 40 St., City	1.73

Write the summary entry at the end of the month. Close the journal.

Posting from the Sales Journal. As the sales charged to each customer are entered in the sales journal in the order in which they occur, it is difficult to find out by reference to the journal the amount that is owed by any one customer. A separate account for each customer is therefore opened in the ledger. Usually, each customer's account is placed on a separate page, and indexed for reference purposes. Sales charged to the customer, and payments made by the customer, are posted to his ledger account, so that the balance is readily determined by reference to this account.

Included in the heading of a customer's ledger account are the following items:

a. Customer's name

b. Customer's address

c. Credit limit, i.e., the total amount of credit which the store may extend to the customer at any one time. The credit limit is set by the proprietor or the credit manager.

The routine of posting charge sales to the ledger will now be considered.

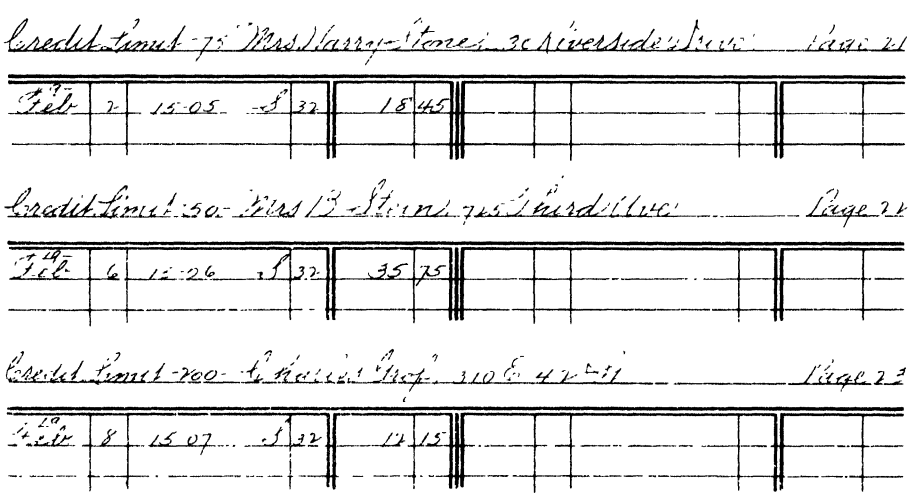
The items entered in the sales journal are charges to the customer which are posted to the *debit* side of the customer's account. The word *charge* means *debit*. In the date column on the debit side of the ledger account write the date of the sale as given in the journal; in the folio column write the letter "S" followed by the page number of the sales journal; in the money column write the amount of the sale. The number of the sales slip may be entered in the explanation column. After the entry in the ledger account has been completed, in the folio column of the journal write the page number of the customer's ledger account.

Check to be sure that there is a post-mark in the folio column for every entry in the journal. If a space in the folio column is left blank, it may indicate the omission of a posting. Failure to enter a post-mark in the ledger will make it difficult to trace the source of the entry.

It is necessary to open an account in the ledger, called the Sales account. At the end of the month, post the total sales to the credit side of this account. Use as a post-mark for the entry in the ledger the letter "S" followed by the page number of the sales journal from which the total has been posted. In the journal, enter the page number of the sales account.

It will be noted that the charges are recorded on the *debit* side of a customer's account, whereas the total amount of sales is posted on the *credit* side of the sales account. The total amount of debits, therefore, equals the total amount of credits.

Illustration No. 31 shows the accounts in the ledger after posting from the sales journal of Illustration No. 29.



Credit Limit-100 Mrs Harry Barth, 145 E. 41 St. Page 124

19—													
Feb.	11	15-08	S	32		19	17						
	24	15-13	S	32		34	80						

Credit Limit-500-Mrs R. Friedman, 220 E. 40 St. Page 125

19—													
Feb.	13	15-09	S	32		42	85						
	23	15-12	S	32		58	70						

Credit Limit-250-Mrs. George Arch, 210 E. 43 St. Page 126

19—													
Feb.	18	15 10	S	32		63	75						

Credit Limit-200-Miss F. Karnow, 760 Second Ave. Page 127

19—													
Feb.	21	15-11	S	32		28	42						

Credit Limit-100 Louis Minetta, 214 E 38 St. Page 128

19—													
Feb.	24	15-14	S	32		15	45						

Credit Limit-250-Mrs J. McNamara, 400 First Ave. Page 129

19—													
Feb.	26	15-15	S	32		36	60						

Sales Page 130

								19—						
								Feb.	28		S	32	366	09

Illustration No. 31 — Ledger Accounts Resulting from Posting the Sales Journal of Illustration No. 29.

Some stores which have many charge sales find it more convenient to do the posting to the customers' accounts directly from the sales slips, thus omitting one step—the sales journal record. In this case the daily total of sales may be posted to the sales account. The bookkeeper writes

the day's total sales on the bottom of the last slip for the day. In posting the total to the ledger, the number of this sales slip is used as the folio mark, thus S21-14. In other stores, instead of posting the daily totals, the total at the end of the month may be posted to the sales account.

Apprentice Experiences
Posting from the Sales Journal
No. 48

Post the charges and the total sales from the sales journal of the CENTRAL DRY GOODS STORE prepared in Experience No. 45. Open a ledger account for each customer and also a sales account. Use two sheets of ledger paper, and allow 10 lines for each account. Number the accounts, starting with page 21. The credit limit of each customer is to be $100.

No. 49

Post the charges and the total sales from the sales journal of FRANK CRANE, GROCER, prepared in Experience No. 46. Open the necessary accounts. Use three sheets of ledger paper, and allow 10 lines for each account. Number the accounts, starting with page 101. Place the Sales Account on page 112 of this ledger. (The sales for August will be posted in a later experience.) The credit limit of each customer is to be $35.

Step 6

Preparing Credit Memoranda

The success of a retail business is founded on the good will of its customers. For this reason, most retail stores follow a liberal policy in permitting customers to return merchandise within a reasonable time after the date shown on the sales slip. The approval of the manager, or some other person in authority, is necessary before a return may be accepted.

Following is the routine for handling returned merchandise:

1. The clerk who receives the merchandise directly from the customer fills in a *Credit Memorandum* in duplicate (see Illustration No. 32). The duplicate is handed to the customer, and the original is sent to the bookkeeping department where, after they are recorded, all credit memoranda are placed in numerical order in a binder. Illustration No. 32 shows a credit memorandum issued for a return of a pair of silk

CENTRAL DRY GOODS STORE
214 E 42ND ST NEW YORK N Y

☐ PAID **CREDIT** CHARGE ☑

Feb 4. 19 —

SOLD TO MRS. HARRY STONE

ADDRESS 330 RIVERSIDE DR., CITY

SOLD BY CLERK	DEPT	DATE SOLD	No A415
Stark	5	2/2/—	

QUAN	ITEM RETURNED	AMOUNT	
1	pr. Silk Stockings		
	#65 - 9½	1	09
	Damaged		

ISSUED BY G.B.S. COUNTERSIGNED BY

Illustration No. 32 — A Credit Memorandum.

stockings which was included on the sales slip shown in Illustration No. 27.

2. If the merchandise is not brought in by the customer but is called for by the store's delivery system, the receiving clerk records the receipt of the goods by making out a receiving ticket (see Illustration No. 33)

No. 18

RECEIVING TICKET

CENTRAL DRY GOODS STORE

Feb 4 19—

RECEIVED from Mrs. Harry Stone

330 Riverside Dr. City

Routed Via Store's Truck

Charges Paid none

QUANTITY	DESCRIPTION
1 pr.	Silk Stockings #65

C B F

Receiving Clerk

Illustration No. 33 — A Receiving Ticket.

which he forwards to the bookkeeping department. Receiving tickets are numbered consecutively and each one must be accounted for. A credit memorandum is made out from the information given on the receiving ticket and forwarded to the customer.

3. Refunds of cash are handled through the cash register, as will be shown in Unit 3.

Sometimes, when goods that are not in first-class condition are received by the customer, the store may make an allowance or a reduction in the selling price if the customer accepts the goods. This might be done in the case of foodstuffs that have spoiled, or in the case of soiled garments. As it is not customary to give discounts to retail customers, it is best to treat any such reduction in the selling price as an allowance for which a credit memorandum is issued.

Apprentice Experiences
Preparing Credit Memoranda
No. 50

Make out the following credit memoranda for the CENTRAL DRY GOODS STORE, using Form 9 from the Workbook. Start with number 515. They are to be issued by C.B.F., the receiving clerk, and countersigned by F.B.D., the manager.

a. Mar. 4. Mrs. Charles White, 111 E. 41st St., City. Returned one slip No. 467 @ $2.75. Reason: soiled.

b. Mar. 5 Mrs. Charles Stern, 500 Fifth Ave., City. Returned one pair silk stockings #70, suntan, size 9½, 59¢. Reason: slightly damaged.

No. 51

Make out the following credit memos for FRANK CRANE, GROCER, using Form 10 from the Workbook. Start with number 188. They are to be issued by clerk A, and countersigned by Mr. Crane.

a. July 2. Mrs. C. Gottlieb returned the can of salmon, 27¢, bought yesterday. She had opened the can and found the contents spoiled.

b. July 6. Mrs. B. G. Goldrich returned the anchovies, 25¢, bought on the 5th. Reason: not the brand she had ordered.

No. 52

Make out the following credits for the FAIR DEAL JEWELRY CO., using Form 11 from the Workbook. Start with number C89. They are to be issued by B.S. and countersigned by R.M.

a. Oct. 2. Frank Green returned one water pitcher, $4.50, bought on the first. Reason: damaged.

b. Oct. 7. Miss Rita Swain returned the pen and pencil set, $15, bought on the 5th. Reason: not in a satisfactory mechanical condition.

Note: Forms 9 to 11 are credit memo blanks similar to Illustration No. 32.

Step 7

Recording Sales Returns and Allowances; Posting

Recording Sales Returns and Allowances. The next step is to transfer the information from the credit memoranda to the *Sales Returns and Allowances Journal.* This journal (see Illustration No. 34) is arranged as follows:

a. Credit Memo number
b. Date
c. Account Credit
d. Explanation
e. Folio
f. Amount
g. Total (for the month)

To indicate that the record of the credit has been made in the journal, on the lower part of the credit memorandum write the page number of the journal in which the entry has been made, thus, (5).

At the end of the month, this journal is totaled and summarized, the total being placed in the second money column.

Sales Returns and Allowances Journal, February 19- Page 5

Cr. No.	Day	Account Credited	Explanation	F.	Amount		Total	
A415	4	Mrs Harry Stone	Ret on sale of 2/2	21	1	09		
A416	9	Mrs S Stein	Allow on sale of 2/6	22	3	25		
A417	14	Mrs R Friedman	Ret on sale of 2/13	25	5	32		
A418	23	Miss F Karnow	Ret of entire sale 2/21	27	28	42		
A419	27	Louis Minette	Allow on sale of 2/24	28	1	—		
	28	Sales Returns and Allowances Debit		31			39	08

Illustration No. 34 — A Sales Returns and Allowances Journal.

Apprentice Experiences

Recording Credit Memoranda in the Sales Returns and Allowances Journal

No. 53

For the CENTRAL DRY GOODS STORE, record in a sales returns and allowances journal the credit memoranda prepared in Experience No. 50. Use a sheet of two-column paper, and number the page 85.

Enter the credit memorandum number in the first column at the left. State in the explanation column whether the entry is for a return or for an allowance, and indicate the date of the charge to which the credit memorandum applies. The credits listed below are also to be recorded:

517	Mar. 12	Louis Minetti, return on sale of Mar. 8	1.50
518	19	Mrs. Charles White, return on sale of Mar. 12	2.36
519	23	Mrs. Fred Wallace, return of entire sale of Mar. 19	19.95
520	30	Mrs. Charles White, allowance on sale of Mar. 29	.50

Write the summary as of the end of the month by entering the total sales returns and ruling all necessary lines.

No. 54

For FRANK CRANE, GROCER, record in a sales returns and allowances journal the credit memoranda prepared in Experience No. 51. Use a sheet of two-column paper, and number the page 140. Then continue your recording in this journal by entering the credits listed below which were also issued in July.

190	July 8	Mrs. N. Ruby, return on sale of 7/6	.18
191	12	Mrs. B. G. Goldrich, return on sale of 7/11	.55
192	19	Mrs. L. Stone, allowance on sale of 7/18	.25
193	27	Miss V. Kester, return on sale of 7/26	.36

Posting from the Sales Returns and Allowances Journal. Returns and allowances, like other transactions with customers, must be recorded in the ledger. Each of the credits entered in the sales returns and allowances journal must, therefore, be posted to the ledger account of the customer. The amount is entered on the *credit* side of the customer's account. In the explanation column of the ledger account is entered the information that appears in the explanation column of the journal. The source of the entry is indicated by writing, in the folio column, the letters "SR" followed by the page number of the journal. In the folio column of the journal, enter the page number of the customer's ledger account, to indicate that the item has been posted.

The total amount of returns and allowances for the month is posted to the *debit* side of an account in the ledger. In order that the volume of customers' returns for one period may be readily compared with that of another period, usually the monthly totals are posted to the debit side of an account called the Sales Returns and Allowances account, instead of being debited to the Sales account. The post-mark in the ledger entry of the total is the letters "SR" followed by the page number of the journal. In the journal, the page number of the Sales Returns and Allowances account is entered in the folio column.

Credit Limit-75- Mrs. Harry Stone, 330 Riverside Drive Page 21

19-							19-					
Feb.	2	15-05	S	32	18	45	Feb.	4	Ret. on sale 7% St.	S	5	1 09

Credit Limit-50- Mrs B. Stern, 725 Third Ave. Page 22

19-							19-					
Feb.	6	15-06	S	32	35	75	Feb.	9	Allow on sale 7% St.	S	5	3 25

Credit Limit-200- Charles Graf, 310 E. 42 St. Page 23

19-						
Feb.	8	15-07	S	32	12	15

Credit Limit-100 Mrs. Harry Barth, 145 E. 41 St. Page 24

19-						
Feb.	11	15-08	S	32	19	17
	24	15-13	S	32	34	80

Credit Limit-500- Mrs R. Friedman, 220 E. 40 St. Page 25

19-							19-					
Feb.	13	15-09	S	32	42	85	Feb.	14	Ret. on sale 7% St.	S	5	5 32
	23	15-12	S	32	58	70						

Credit Limit-250- Mrs. George Asch, 210 E. 43 St. Page 26

19-						
Feb.	18	15-10	S	32	63	75

Credit Limit-200- Miss F. Karnow, 760 Second Ave. Page 27

19-							19-					
Feb.	21	15-11	S	32	28	42	Feb.	23	Ret. on entire sale	S	5	28 42

Credit Limit-100- Louis Minetti, 214 E. 38 St. Page 28

19-							19-					
Feb.	24	15-14	S	32	15	45	Feb.	27	Allow on sale 7% St.	S	5	1 —

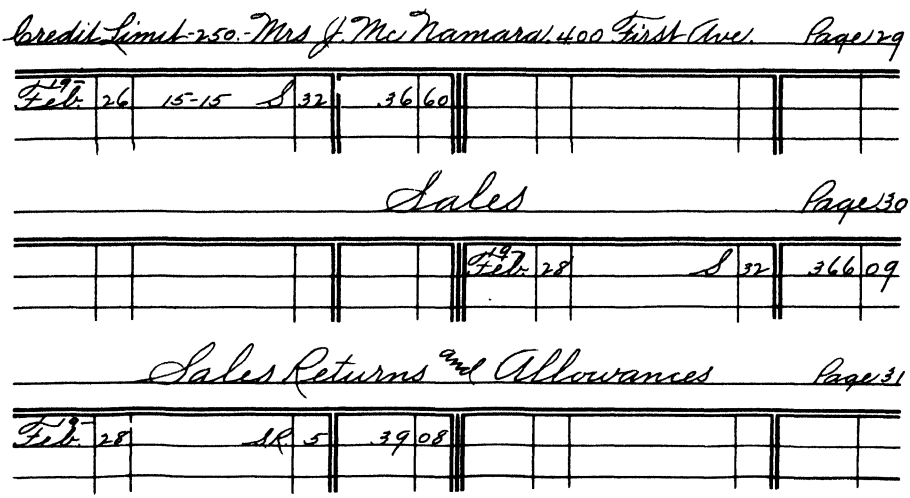


Illustration No. 35 — Ledger Accounts of Illustration No. 31 after Posting from the Sales Returns and Allowances Journal of Illustration No. 34.

In stores which follow the practice of posting directly from the sales slip to the customer's account, usually returns and allowances are posted directly from the duplicate copy of the credit memorandum. The totals may be posted to the Sales Returns and Allowances account either daily or in one amount at the end of the month, depending upon the volume of transactions.

Illustration No. 35 shows the ledger accounts, already given in Illustration No. 31, after the completion of posting from the sales returns and allowances journal of Illustration No. 34.

Apprentice Experiences

Posting from the Sales Returns and Allowances Journal

No. 55

For the CENTRAL DRY GOODS STORE, post the credits and the total sales returns from the sales returns and allowances journal used in Experience No. 53. Use the ledger prepared in Experience No. 48. Add to this ledger a Sales Returns and Allowances account and number this page 30.

No. 56

For FRANK CRANE, GROCER, post the credits and the total sales returns from the sales returns and allowances journal used in Experience No. 54. Use the ledger prepared in Experience No. 49. Open a Sales Returns and Allowances account and number this page 113.

Credit Limit-75-Mrs. Harry Stone, 330 Riverside Drive. Page 21

19-							19-				
Feb.	2	15-05	S	32	18	45	Feb.	4	Ret. on sale 7% SR 5		1 09

Credit Limit-50-Mrs B. Stern, 725 Third Ave. Page 22

19-							19-				
Feb.	6	15-06	S	32	35	75	Feb.	9	Allow on sale 7% SR 5		3 25

Credit Limit-200-Charles Graf, 310 E. 42 St. Page 23

19-						
Feb.	8	15-07	S	32	12	15

Credit Limit-100 Mrs. Harry Barth, 145 E 41 St Page 24

19-						
Feb.	11	15-08	S	32	19	17
	24	15-13	S	32	34	80

Credit Limit-500-Mrs R. Friedman, 220 E. 40 St. Page 25

19-							19-				
Feb.	13	15-09	S	32	42	85	Feb.	14	Ret. on sale 7% SR 5		5 32
	23	15-12	S	32	58	70					

Credit Limit-250-Mrs. George Asch, 210 E. 43 St. Page 26

19-						
Feb.	18	15-10	S	32	63	75

Credit Limit-200-Miss F. Karnow, 760 Second Ave. Page 27

19-							19-				
Feb.	21	15-11	S	32	28	42	Feb.	23	Ret. of entire sale SR 5		28 42

Credit Limit-100-Louis Minetti, 214 E. 38 St. Page 28

19-							19-				
Feb.	24	15-14	S	32	15	45	Feb.	27	Allow on sale 7% SR 5		1 —

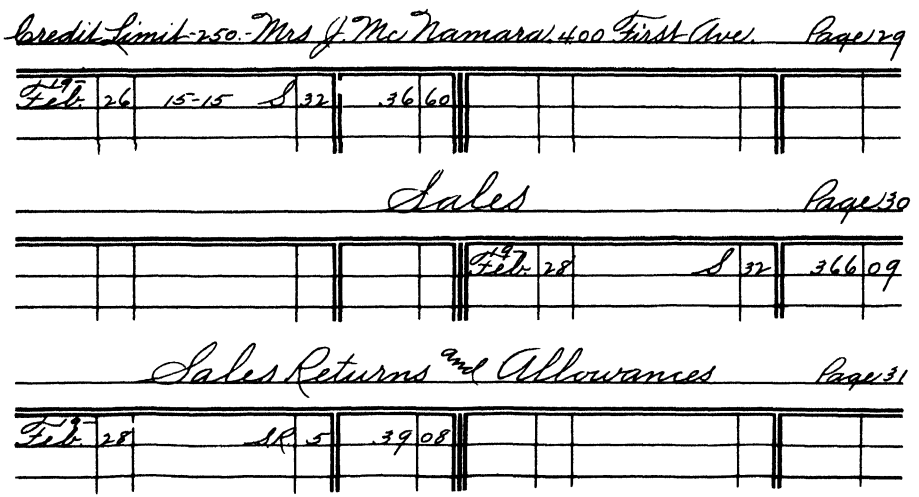


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Apprentice Experiences

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No. 56

For FRANK CRANE, GROCER, post the credits and the total sales returns from the sales returns and allowances journal used in Experience No. 54. Use the ledger prepared in Experience No. 49. Open a Sales Returns and Allowances account and number this page 113.

Step 8

Recording in the Cash Receipts Journal; Posting

Collections. Business operations are possible only because people scrupulously fulfill their obligations. Transactions could not be carried on without faith or trust in individuals. If his business is to be successful, the merchant must receive payments that are due to him for the goods he sells to his customers. While most people are anxious to pay their debts promptly when payment is due, some are inclined to neglect their responsibility.

The retailer must know whether or not his customers are paying their bills promptly. It is necessary, therefore, to inspect the customers' accounts at regular intervals in order to ascertain whether any payments are overdue. An account which is overdue may be indicated by a book mark, or by a colored tab which is attached to the edge of the page. Where the tab system is used, the length of time that an account is past due may be indicated by the color of the tab. Thus, a blue tab might indicate that an account is one month past due; a red tab might be used to mark an account that is two months overdue, etc. Through the use of these tabs, those accounts which require attention can be quickly located.

When payment of an account is past due, it is necessary to remind the customer of his obligation. Since the store wishes to retain the good will of the customer, the collection of money requires careful handling. Most firms call the attention of their customers to the fact that payment of an account is overdue by means of a series of form letters, called collection letters, or "dunning" letters. The series of letters usually starts with a mild form of request, and each succeeding letter becomes more insistent upon payment of the outstanding indebtedness. If the debtor makes no response to these letters, the account is turned over to a collection agency or to an attorney, who takes the necessary legal steps to collect the amount due. Other methods of collection include the use of the telephone, telegrams, or sending collectors to the customer's home. In a large store, the credit department, which approves the extension of credit to a customer, also handles the collection of overdue accounts.

The Cash Receipts Journal. The cash received from customers in payment of their accounts is recorded in a *Cash Receipts Journal.* The arrangement of this journal is shown in Illustration No. 36.

Cash Receipts Journal, February 19-- 16

Date		Account Credit	Explanation	✓	Accounts Receivable		Cash Sales		General Receipts		Net Cash	
Feb.	5	Miss Harry Stone	On account		5	-					5	-
	16	Miss J. Stone	Sale No. 655 ret.		32	50					32	50
	18	Mrs. Harry Barth	Sale No. 711		19	17					19	17
	23	Mrs. R. Friedman	On account		10	-					10	-
	23	Miss George Cisek	On account		20						20	-
	24	Mrs. R. Friedman	Bal. of Sale No. 713		27	53					27	53
		Totals			114	20					114	20
Feb.	28	Summary										
		Cash Debit			114	20						
		Accounts Receivable Credit		✓			114	20				
		Sales (for Cash) Credit										
		General Receipts Credit										
					114	20	114	20				

Illustration No. 36 — A Cash Receipts Journal.

The information entered in the respective columns of the cash receipts journal is as follows:

a. *Date.* In this column enter the date on which the cash is received.

b. *Account Credit.* The name of the customer is entered in this column.

c. *Explanation.* Indicate which bill or bills are being paid, or whether the amount received is a payment on account, i.e., a payment of part of the amount owed.

d. *Folio.* In this column is entered the page number of the ledger account to which the item is posted.

e. *Accounts Receivable.* In the first money column is entered the amount received from a charge customer.

f. *Cash Sales.* The use of the second column will be studied in Step 9 of this unit.

g. *General Receipts.* The use of the third money column will be explained in Unit 3.

h. *Net Cash.* In the last money column is entered the total cash received for the day.

At the end of the month, the cash receipts journal is totaled and summarized. Illustration No. 36 shows the form of the summary.

Apprentice Experience No. 57

Recording in the Cash Receipts Journal

The CENTRAL DRY GOODS STORE received during March from its charge customers the following cash payments. Record the pay-

ments in a cash receipts journal, using a sheet of three-column or four-column paper. Number this journal page 2. Close the journal and prepare the summary.

Mar. 10—From Mrs. Charles White, $3.00 on account.
11—From Mrs. Charles Stern, 1.18 for sale of Mar. 4.
14—From Mrs. Fred. Wallace, 2.00 on account.
15—From Mrs. Samuel Berne, 3.00 on account.
16—Mrs. Charles White, 2.73, the balance of the account of Mar. 2.
18—Louis Minetti, 10.00 on account.
22—Mrs. Samuel Berne, 4.38, the balance of the sale of Mar. 8.
25—Mrs. H. Barth, 21.50 for sale of Mar. 15.
27—Mrs. J. McNamara, 15.00 on account.
27—Louis Minetti, 4.00 on account.

Posting from the Cash Receipts Journal. Charges increase and payments decrease the customer's balance. Therefore, the charges and the collections must be entered on opposite sides of the customer's ledger account. Charges are recorded on the debit side of the account (remember that *charge* means *debit*), cash receipts from charge customers are recorded on the credit side of the account. Post-marks are entered in the folio columns in the usual manner, the letter "C" being used in the ledger to indicate that the entry has been posted from the cash journal. Some bookkeepers use the letters "CR" to indicate that an item has been posted from the cash receipts journal, and the letters "CP" to indicate a posting from the cash payments journal. But, as you will learn later, both cash receipts and cash payments are usually kept in one journal—the receipts on the left-hand (even numbered) pages, and the payments on the right-hand (odd numbered) pages.

Cash receipts are posted to the customers' accounts daily, in order that the balance may be readily available. The need for this information may arise where a credit limit on an account has been set. If the customer wishes to make further purchases on credit, it is necessary to know whether the amount of these purchases will extend the balance of the account beyond the credit limit. If the bookkeeper has not entered a cash payment, it will not be possible to tell from the customer's account whether additional purchases may be charged. Another reason for the daily posting of cash receipts is the need for being able quickly to determine the balance of an account when a customer wishes to know the amount he owes.

The summary is posted at the end of the month. The total amount of cash received is posted to the debit side of the Cash account. There is

no account called Accounts Receivable (Accounts Receivable is simply the name for all the customers' accounts), and since the postings to the individual customers' accounts have already been done, it is unnecessary to post this total from the summary. To indicate that the items comprising the total accounts receivable have already been credited to accounts in the ledger, a check mark (√) is placed in the folio column.

Cross Reference Marks in Customers' Accounts. We have seen that it is desirable to be able to tell readily the condition of a customer's account. When there are a number of charges, payments, and returns entered in an account the use of cross reference marks aids considerably in quickly determining the balance of the account. The cross reference marks indicate the charges, payments or other credits that are related.

Illustration No. 37 shows the use of these reference marks in Joseph Blaine's account in connection with the entries made during May and June. The reference mark *a* placed to the right of the folio column on

Credit Limit - Joseph Blaine. 100 Second Ave. Page 36

19-							19-						
May	2	14-26 S	4	a	15	-	May	5	Allow on 1/2 SR	60	a	1	-
	25	18-20 23.50 S	4	a	9.50		June	3	Sale 1/2 1/2 6	22	a	23	50
June	2	20-05 S	5		69.75			4	Ret. on 1/2 SR	61		6	25
	15	21-19 4.50 S	6	b	22.30			15	Account 6	22		20	-
								19	Ret. Sale 21-19 SR	61	b	22	30

Illustration No. 37 — Customer's Ledger Account Showing Use of Cross Reference Marks.

both sides of the account indicates that the payment of $23.50 made by Mr. Blaine on June 3 is in settlement of the charge of $15 on May 2 and the charge of $9.50 on May 25, less the credit of $1 on May 5. Since the cash credit of $23.50 plus the allowance credit of $1 exactly offsets the charges of $15 and $9.50, all of these items are lettered *a* and a single line is drawn across the money columns on both sides to indicate that the amounts above the lines are in balance. No lines are drawn unless *all* the items above them are in balance, that is, the total of the items on the debit side is equal to the total of the items on the credit side. As the letter *a* is used to mark the first set of related items, the letter *b* is used for the next set, the letter *c* for the next, and so on.

Against the charge of $69.75 on June 2 in Illustration No. 37, there are entered a return of $6.25 made on June 4 and a payment of $20 on account on June 15. Note that no cross references appear alongside these items because the full amount of the charge of $69.75 has not yet been paid. The return made on June 19 applies to the sale entered on June

15. Although these two amounts, lettered *b*, are equal, no lines may be drawn across the money columns because there are other amounts above the related figures that are not yet in balance. It will be noted that to obtain the balance of the account only the items that are not lettered need be considered. The balance of Joseph Blaine's account, $43.50, is readily obtained by referring to the unmarked items in the account. As we observed in Unit 1, cross reference marks may also be used with creditors' accounts.

The Three-Column Ledger. Some business houses use a ledger sheet on which the new balance is recorded after the entry of each item. In this type of ledger, three money columns are placed next to each other, as shown in Illustration No. 38. The first money column

Credit Limit - Joseph Blaine, 100 Second Ave. Page 136

				F	Debit		Credit		Balance	
May	2	14 26	S	4	15				15	- Dr
	5	Allow on Sale 5/2	SR	60			1	-	14	Dr
	25	15-20	S	4	9	50			23	50 Dr
June	2	20-05	S	5	69	75			93	25 Dr
	3	Sale 5/2 Rs, less allow 75	C	22			23	50	69	75 Dr
	4	Ret on Sale 5/2	SR	61			6	25	63	50 Dr
	15	21-19	S	6	22	30			85	80 Dr
	15	On account	C	22			20		65	80 Dr
	19	Ret of Sale 6/5 - #21-19	SR	61			22	30	43	50 Dr

Illustration No. 38 — Customer's Three-Column Ledger Account.

is the debit column in which are recorded charges or debits. In the second money column the credits are entered. The balance is recorded in the third money column—this is done after the entry of each debit or credit.

Martindale & Co. Trenton N. J. Page 118

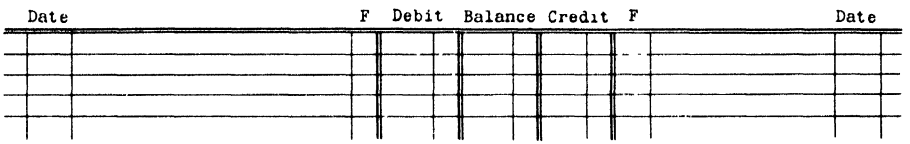
				F	Debit		Credit		Balance	
May	3	1/10 E. O. M.	P	8			84	60	84	60 Cr
	11	1/10 E. O. M.	P	8			37	85	122	45 Cr
	15	Ret. on inv 5/11	PR	11	12	20			110	25 Cr
June	11	Invoiced 1/2, 3/11 less 10% less 2% C		37	110	25			—	—
	15	1/10 E. O. M.	P	9			55	36	55	36 Cr
	27	Allow on inv 6/18	PR	12	2	50			52	86 Cr
	28	Inv 6/18	C	39	55	36			2	50 Dr

Illustration No. 38a — Creditor's Three-Column Ledger Account.

Since three-column ledgers are used for creditors' as well as for customers' accounts, it is necessary to indicate whether the balance is a debit balance or a credit balance, as shown in Illustrations No. 38 and No. 38a. Cross reference marks may also be used in this type of ledger.

In using the three-column ledger, remember that debits are added to debit balances but subtracted from credit balances; and that credits are added to credit balances but subtracted from debit balances.

In some forms of three-column ledgers, the money columns are placed in the center of the sheet, thus—



Types of Ledgers. Ledgers may be obtained in a large variety of rulings and sizes from commercial stationers. They are supplied in book form, with pages already numbered, or in loose-leaf form, in which case the ledger sheets are inserted in a binder and numbered by the bookkeeper.

If a firm has many customers' and creditors' accounts, it is advisable to use one ledger for customers' accounts and another for creditors' accounts. When the book form of ledger is used, the name and page number of each account is listed in an alphabetical index in the front of the book. A disadvantage of the book form of ledger is that it is difficult to tell in advance how many pages should be allowed for each account. If, as a result, the space allotted to an account proves insufficient, the account must be transferred to another part of the ledger. Another disadvantage of the bound ledger is that new accounts cannot be inserted in alphabetical order.

These disadvantages may be avoided by using a loose-leaf binder. The loose-leaf sheets, which usually must be perforated to fit the particular binding device, are arranged in the desired order and placed in the binder. Sheets may be removed, or new sheets may be inserted where they are required, by the operation of the binding mechanism. Usually the binder contains a series of index pages, each tabbed with a letter of the alphabet. The accounts under each letter may be arranged in strict alphabetical order, in which case no indexing on the index pages is necessary, since a new page may easily be inserted in its proper place. Another method is to number each account under its respective letter as it is opened, thus, A1, A2, A3, etc. Since in this method the arrangement of the accounts will not be strictly alphabetical, it is necessary to index

each account on its respective index page. Accounts that are no longer in use, or pages that are filled out, may be removed and filed in a transfer loose-leaf binder.

Sometimes accounts are kept on cards. The use of cards permits the flexibility of arrangement of the loose-leaf binder, but has the disadvantage that a card may be misplaced. However, special files or holders are obtainable in which the cards are placed in alphabetical or numerical order and which are so constructed that it is not necessary to remove the card in order to make an entry.

Types of Journals. Journals may also be obtained in a large variety of rulings and sizes. Generally, journals in book form are used. Journal books are available with one to a dozen or more money columns. Where, to meet the requirements of the particular business, many money columns are needed, the columns usually extend across both left and right pages, so that it is necessary to number both pages with the same number.

In a small business, it is customary to keep the cash record in one book, with cash receipts on the left-hand page and cash payments on the right. The purchases record may also be kept in one book, with purchases in the front and purchases returns and allowances on the last few pages of the book. A similar procedure may be followed with sales and with sales returns and allowances, but if the returns are numerous, it is better to keep them in a separate book.

Wholesalers and manufacturers sometimes use a bound sales book which has one or more invoices to a page. Two or more copies of an invoice are prepared at a time by the use of carbon paper. One copy remains in the book, and as this is used as the source of the posting to the ledger, no separate sales journal is needed. A similar book is used for sales returns and allowances. Other wholesalers, who wish to have their invoices typewritten, use invoices in loose sheet form, and as many copies as are required are prepared at one time. Some firms use invoices that are prepared in a continuous strip, which is perforated so that each set of invoices and duplicates may be readily detached. The strip is fed into a specially constructed typewriter. Where invoices are typewritten, the office copy is filed in a binder and is used as the source of posting to the ledger.

Apprentice Experiences
Posting Cash Receipts from Charge Customers
No. 58

Post the transactions of the CENTRAL DRY GOODS STORE recorded in the cash receipts journal in Experience No. 57 tc the ledger used previously in Experiences No. 48 and No. 55. Use cross reference marks wherever they are needed. Open a Cash account.

No. 59

Rewrite on a three-column ledger sheet the customers' accounts already appearing in the ledger of the CENTRAL DRY GOODS STORE used in Experience No. 58. Be careful to keep the dates in chronological order. Allow eight lines for each customer's account.

Step 9

Recording Cash Sales and C.O.D. Sales

Cash Sales. The sales that have been recorded so far have been charge sales, i.e., sales to customers who buy on account. We will now consider the routine of recording cash sales, i.e., sales to customers who make payment at the time of the sale.

The procedure in recording cash sales varies considerably from that followed in recording charge sales. Since, in the case of a cash sale, payment is made at the time of the sale, there is no need for opening an account with the customer. In some stores, particularly in the larger establishments, a sales slip is made out for each cash sale. In many stores, the salesclerk merely records the sale on the cash register and places the money in the cash drawer. The routine connected with the cash register will be explained in detail in Unit 3. The recording of cash sales in the cash receipts journal will be presented at this point.

Instead of recording each cash sale separately in the cash receipts

Cash Receipts Journal — Page 119

Date		Account Credited	Explanation	✓	Accounts Receivable Credit		Sales Credit		Sundry Accounts Credit		Total	
Feb.	1	Sales	For the day	✓			47	94			47	94
	2	Sales	For the day	✓			42	63			42	63
	3	Sales	For the day	✓			51	18			51	18
	4	Sales	For the day	✓			60	35			60	35
	5	Mrs. Harry Stone	On account	21	5	-					-	-
	5	Sales	For the day	✓			44	71			44	71
	6	Sales	For the day	✓			63	28			63	28
	13	Sales	For the week	✓			296	87			296	87
	16	Mrs. B. Green	Sale No. 1 Returned	22	32	50					32	50
	18	Mrs. Harry Stone	Sale No. 2	24	19	17					19	17
	20	Sales	For the week	✓			307	46			307	46
	23	Mrs. K. Freeman	On account	25	10						10	-
	23	Mrs. George Welch	On account	26	20	-					20	-
	28	Mrs. H. Friedman	Sale No. 3	25	27	53					27	53
	28	Sales	For the week	✓			309	90			309	90
		Totals			114	20	1219	32			1333	52
Feb.	28	Summary										
		Cash in Bank		32	1333	52						
		Accounts Receivable Credit		✓			114	20				
		Sales (for Cash) Credit		30			1219	32				
		General Receipts Credit		-								
					1333	52	1333	52				

Illustration No. 39 — A Cash Receipts Journal Showing the Use of the Cash Sales Column.

journal, much work is eliminated by entering the daily total in the Cash Sales column of the journal, as shown in Illustration No. 39. At the end of the month this column is added to find the total cash sales for the period, and the month's total is included in the summary.

The total cash received (from both cash sales and charge sales) is debited to the Cash account. We have already seen that the cash received from charge customers is credited to the individual customers' accounts. The cash received from cash sales is posted to the credit side of the Sales account from the summary at the end of the month. Note that the total charge sales are also posted to the credit side of the Sales account (see Step 5). Since the cash sales are posted only at the end of the month, it is necessary during the month to indicate that the daily totals are not posted by placing check marks in the folio column. In order to eliminate many entries in Illustration No. 39, the record of daily cash sales is given for only the first week of the month; thereafter the weekly total is entered. In actual practice, the daily totals are recorded.

Illustration No. 40 shows the ledger accounts of Illustration No. 35 after posting from the cash receipts journal of Illustration No. 39.

Credit Limit-75- Mrs. Harry Stone, 336 Riverside Drive Page 21

Feb 9	2	15-05	S	32	18	45	Feb 4	Ret on sales of 7th	SR	5	1	09
							5	On account	CB	16	5	-
											6	09

Credit Limit-50- Mrs. B. Stern, 725 Third Ave. Page 22

Feb 19	6	15-06	S	32	35	75	Feb 9	Allowance on sale 7th	SR	5		3	25
							16	Sale 7th less ret.	CB	16	32	50	
											35	75	

Credit Limit-700- Charles Graf, 310 E. 42nd St. Page 23

Feb 19	8	15-07	S	32	12	15							

Credit Limit-100- Mrs. Harry Barth, 145 E. 41st St. Page 24

Feb 19	11	15-08	S	32	19	17	Feb 18	Sale of Feb. 11th	CB	16	19	17	
	24	15-133	S	32	34	80							
					54	97							

Illustration No. 40 — Continued on page 134.

Credit Limit-500 Mrs. R. Friedman. 220 E. 40 St. Page 25

19-							19-					
Feb.	13	15-09	S	32	42	85	Feb.	14	Ret. on sale 7 no SR	5	5	32
	23	15-1768 12	S	32	5 8 / 1 0	70 / 55		23	On account	16	10	—
								28	Bal. of sale 7 no	16	27 / 12	5 3 / 85

Credit Limit 250-Mrs. George Asch. 210 E. 43 St. Page 26

19-							19-					
Feb.	18	15-10 13	S	32	63	75	Feb.	23	On account	16	20	—

Credit Limit-200-Miss F. Karnow. 760 Second Ave. Page 27

19-							19-					
Feb.	21	15-11	S	32	28	42	Feb.	23	Ret. of entire sale	SR 5	28	42

Credit Limit-100 Louis Minetti. 214 E. 38 St. Page 28

19-							19-					
Feb.	24	15-14 14	S	32	15	45	Feb.	27	Allow. on sale 7 no	SR 5	1	—

Credit Limit-250-Mrs. J. McNamara. 400 First Ave. Page 29

19-						
Feb.	26	15-15	S	32	36	60

Sales Page 30

19-						
Feb.	28		S	32	366	09
	28		6	16	12 / 15	19 / 85

Sales Returns and Allowances Page 31

19-						
Feb.	28		SR	5	39	08

Cash Page 32

19-						
Feb.	28		6	16	1333	57

Illustration No. 40 — Ledger Accounts of Illustration No. 35 after Posting from Cash Receipts Journal of Illustration No. 39.

Recording C.O.D. Sales. Many customers prefer to pay for their purchases at the time of delivery of the merchandise. It is necessary for the store to keep careful records of these C.O.D. sales. Where the store uses its own delivery system, or a delivery system formed for the purpose of serving the needs of a group of stores, the cash is collected by the drivers or the messengers who deliver the merchandise.

The sales slip in a C.O.D. transaction is marked clearly with the letters "C O D", which may be placed in the space after the words "Amount Received" or in any other convenient space. Some concerns use special C.O.D. sales slips. The first carbon copy of the sales slip is given to the driver along with the package. Labels bearing the letters "C O D" in large type are usually pasted on the package. The original copy of the sales slip is turned over to the bookkeeping department where it is kept in a file labelled "Unpaid C.O.D.'s". The second carbon copy remains in the sales book.

Upon returning to the store after making his round of deliveries, the driver turns in (a) the cash collected on the C.O.D. packages that he has delivered, and (b) any packages that have not been delivered. Sometimes a C.O.D. package is returned to the store because the customer does not wish to accept delivery, and in this case the driver writes "Not Wanted", or the letters "N. W.", on his copy of the sales slip. Sometimes a package cannot be delivered because the customer is not at home, or does not have available the cash to pay for the merchandise; in either of these cases the driver writes "Hold Over", or the letters "H. O.", on the sales slip.

The cash received from a C.O.D. sale is turned over to the cashier, and treated as a receipt from a cash sale. The sales slip is removed from the "Unpaid C.O.D.'s" file, and is marked "Paid", and dated.

The receiving clerk checks a package returned as "Not Wanted" with the sales slip that accompanies the package. The corresponding sales slip is removed from the "Unpaid C.O.D.'s" file, attached to the slip returned by the driver, and both copies are filed by the bookkeeping department.

A "Hold Over" package is handed to the driver on the next delivery day, so that he may again attempt to deliver the merchandise and collect payment. If after several attempts he is not successful in making delivery, the package is treated as a "Not Wanted" shipment.

All original copies of C.O.D. sales slips are filed. Those marked "Paid" are kept according to date and number in a "Paid C.O.D." file. Those marked "N. W." are kept according to date and number in a "Not Wanted C.O.D." file.

C.O.D. Shipments by Parcel Post, by Express, and by Freight. *Parcel Post.* For a small fee in addition to the regular postage, the Post Office will undertake to collect payment from the addressee upon delivery of the package. The fee for this service varies according to the amount to be collected. The C.O.D. charge is usually added to the amount of the purchase and paid by the customer. The Post Office supplies a C.O.D. tag, which is attached to the package and on which is indicated the amount to be collected. Upon collection of this amount from the addressee, the Post Office remits to the sender by means of a postal money order.

Express. The express company provides a C.O.D. service similar to that offered by the Post Office. The company provides a special envelope which is attached to the package, and the sales slip or invoice is placed in this envelope. The amount collected is remitted to the sender by means of an express money order.

Freight. The method of making C.O.D. shipments by freight will be discussed in a later unit.

Apprentice Experience
No. 60
Recording and Posting Cash Received from Charge and Cash Customers

The cash receipts of FRANK CRANE, GROCER, for July are listed below. Record these receipts in a cash receipts journal. Use a sheet of three-column paper, and number the page 20. The daily cash sales are given only for the first week of July—thereafter the weekly totals are given.

Cash Receipts

July 1 Sales for cash, $61.84.

2 Sales for cash, including C.O.D. sales, $78.11.

3 Sales for cash, $72.47.
Received 93¢ from Mrs. C. Gottlieb for sale of July 1 less return.

4 Sales for cash, $28.26.

5 Sales for cash, $74.96.

6 From Mrs. L. Stone for sale of July 1, 94¢.
From Mrs. N. Ruby, for sale of July 3, $1.16.
Sales for cash, including C.O.D. sales, $88.52.

12 From Mrs. N. Ruby, balance due on sale of July 6, $1.06.

13 Sales for cash for the week, $481.37.

18 From Mrs. B. G. Goldrich for sales of July 5 and 11 less returns, $3.36.
From Mrs. F. R. Lewis for sale of July 8, 92¢.

19 From Mrs. N. Ruby for sale of July 15, 87¢.

20 Sales for cash for the week, including C.O.D. sales, $510.22.
From Mrs. C. Gottlieb for sale of July 15, $2.05.

24 From Mrs. L. Stone for sale of July 18 less allowance, $3.59.
From C. A. Kane for sale of July 12, $1.46.

27 Sales for cash for the week, including C.O.D. sales, $496.46.

30 From Mrs. C. Gottlieb for sale of July 23, $1.12.

31 Sales for cash for July 29 to 31, $240.02.

Make the summary entry. Post the transactions to the ledger used in Experience No. 56. Open a Cash account, numbering it page 114.

Step 10

Preparing Trial Balances

As a result of the postings of the individual items and the totals from the books used in this unit (sales, sales returns and allowances, and cash receipts), the ledger should be in balance with debits and credits that are equal in amount. As a test of the accuracy of the postings to the ledger, a trial balance is taken. Illustration No. 41 is the trial balance taken from the ledger shown in Illustration No. 40. The procedure in taking a trial balance was outlined in Unit 1, Step 11. It should be noted that where a three-column ledger is used the balance of each account already appears in the ledger.

Central Dry Goods Store
Trial Balance, February 28, 19—

21	Mrs. Harry Stone		12	36		
23	Charles Graf		12	15		
24	Mrs. Harry Barth		34	80		
25	Mrs. R. Friedman		58	70		
26	Mrs. George Asch		43	75		
28	Louis Minetti		14	45		
29	Mrs. J. McNamara		36	60		
30	Sales				1585	41
31	Sales Returns & Allowances		39	08		
32	Cash		1333	52		
			1585	41	1585	41

Illustration No. 41 — Trial Balance of Ledger of Illustration No. 40.

Locating Errors. If the totals of the debit and the credit columns in the trial balance are equal in amount, it is *probable* that the ledger is correct. It should be noted that the trial balance does not furnish positive proof of the accuracy of the ledger. Errors such as the following do not throw the debit and the credit columns out of balance: posting to the wrong account, entering the wrong amount in the journal, omitting the entry of an item in the journal.

If the totals of the debit and the credit columns of the trial balance do not agree, it is evident at once that an error has been made. The error may be in the ledger, in one of the journals, in the trial balance itself,

or there may be errors in one or more of these places. It is necessary, of course, to locate and correct any error without delay.

The procedure in locating an error is as follows:

1. Examine the totals of the trial balance. If the totals differ in only one digit and the amount of the difference is only one, e.g., $4932.12 and $4942.12, it is *probable* that the difference is caused by an error in addition or subtraction. Proceed as follows:

   a. Check the addition of the trial balance columns.
   b. Check the additions on both the debit side and the credit side in all the ledger accounts.
   c. Check the subtractions in accounts showing a balance.
   d. Check the additions in all the journals.

2. Find the amount of the difference between the debit and the credit columns of the trial balance.

   a. If the difference is an even number, divide it by two. Look for this amount (one-half the amount of the difference) in the various journals from which you posted. If such an amount is found, see whether it was posted to the correct side of the ledger account. Posting an amount to the wrong side of an account, or entering it on the wrong side of the trial balance, causes a difference in the totals of the trial balance of double the amount.
   b. If the difference is exactly divisible by 9 (with no remainder), it may have been caused by a transposition of figures, such as writing $42.79 for $42.97, or $408.50 for $480.50, or the difference may have been caused by a "slide", that is, the misplacing of a decimal point, such as writing $3.80 for $380, or $17 for 17¢. To locate errors of this type, it may be necessary to follow the procedure outlined in Paragraph 4.
   c. Even though the amount of the difference is divisible by 2 or 9, the posting of an item may have been omitted. Look in the journals for an item of this amount—you may have failed to post it.

3. If the error cannot be discovered through the use of the procedure listed above, check the items in the trial balance with the ledger balances to ascertain whether any of the following errors have been made:

   a. The omission of an account from the trial balance. (A customer's or a creditor's account may have been ruled off although it is not in balance.)
   b. An entry in the wrong column of the trial balance.

c. A wrong amount entered in the trial balance, i.e., an amount different from the balance shown in the ledger.

4. If the above steps do not result in discovery of the error, it will be necessary to check the entries in the ledger against the entries in the various journals. This is done in the following manner:

a. Start with the first account in the ledger. Check each debit entry to see whether it corresponds with the entry in the journal from which it was posted. (Notice the value of post-marks.) To indicate that the item has been checked, place a *small* check mark at the right of the amount in both the ledger and the journal (see Illustrations No. 42 and No. 42a for examples of these check marks). A colored pencil is frequently used for making these check marks, in order that any unchecked item may easily be detected.

b. Proceed in the same manner with the other accounts until all debits in the ledger have been checked.

c. Now look through the journals to see whether any debit entry has not been checked. If so, then this amount was not posted.

d. If the error is still undiscovered, check the credits in each account according to the procedure followed in checking the debits. If this procedure is followed carefully, the error will be discovered.

It will be evident that failure to obtain a trial balance may result in an immense amount of work. Accuracy at all times is, therefore, essential—in recording, in posting, and in taking the trial balance. Accuracy can only be obtained by careful and painstaking work.

Correcting Errors in Recording. In record-keeping, as in other forms of clerical activity, an error will sometimes be made. Some of the errors that may occur are making an entry in the wrong journal, recording the wrong account or the wrong amount in a journal, posting the wrong amount or posting to the wrong account, omitting a transaction. The following procedure for making corrections is suggested:

Errors in Original Entry. Entries in any journal are called "original entries"; entries in the ledger are known as "subsequent entries".

If the error is discovered before posting has been done, draw a line through an entirely incorrect entry—through the date, the explanation, and the amount. A notation such as "Correction made on page 42" may be made if the correct entry is on another page; if the correct entry is on the same page, write "Correction made lower down on this page". The correct entry is made where space is available even though the

Sales Journal July 19- Page 16

Inv. No.	Date	Account Debit	Address	F	Amount	Total
9-15	1	Samuel Adams	102 Fifth Ave	101	22 70	
9-16	2	Frank Jones	101 W. 41st St.	102	12 35	
	31	Sales Credit				794 63

Sales Returns and Allowances Journal: July 19- Page 5

Cr. No.	Date	Account Credit	Explanation	F	Amount	Total
R56	5	Samuel Adams	Ret on Sale 7/1	101	5 20	

Purchases Journal July 19- Page 24

Date		Account Credit	Address	Terms	F	Amount	Total
July	3	Chester & Co	Boston Mass	7/10 n/30	201	105 28	

Cash Payments Journal: July 19- Page 27

Check No	Date	Account Debit	Explanation	F	Accts Pay	Pur Disc	Net Cash
76							
77							
78	13	Chester & Co.	Inv 7/3 Less 2%	20	105 28	2 11	103 17
					862 45	21 54	840 91
	31	Summary					
		Accounts Payable: Debit		✓	862 45		
		Purchases Discount: Credit		3		21 54	
		Cash: Credit		1		840 91	
					862 45	862 45	

Illustration No. 42 — Parts of Some of the Journals Showing Manner of Placing Check Marks when Checking for Errors.

entry may not be in its regular chronological order. If only the amount is incorrect, draw a line through the figures and write the correct amount immediately above in small figures, as shown in Illustration No. 43.

If a transaction has been omitted, record it even though the entry is out of its proper order.

If an error in billing is discovered, and the sales slip or invoice has not yet been entered, a correct bill is made out. Mark the incorrect bill "Void, see corrected bill No. ". If an incorrect bill has already been entered, a bill for the amount of the difference is made out when the amount of the original bill should have been greater; a credit memorandum is made out when the amount of the bill should have been less.

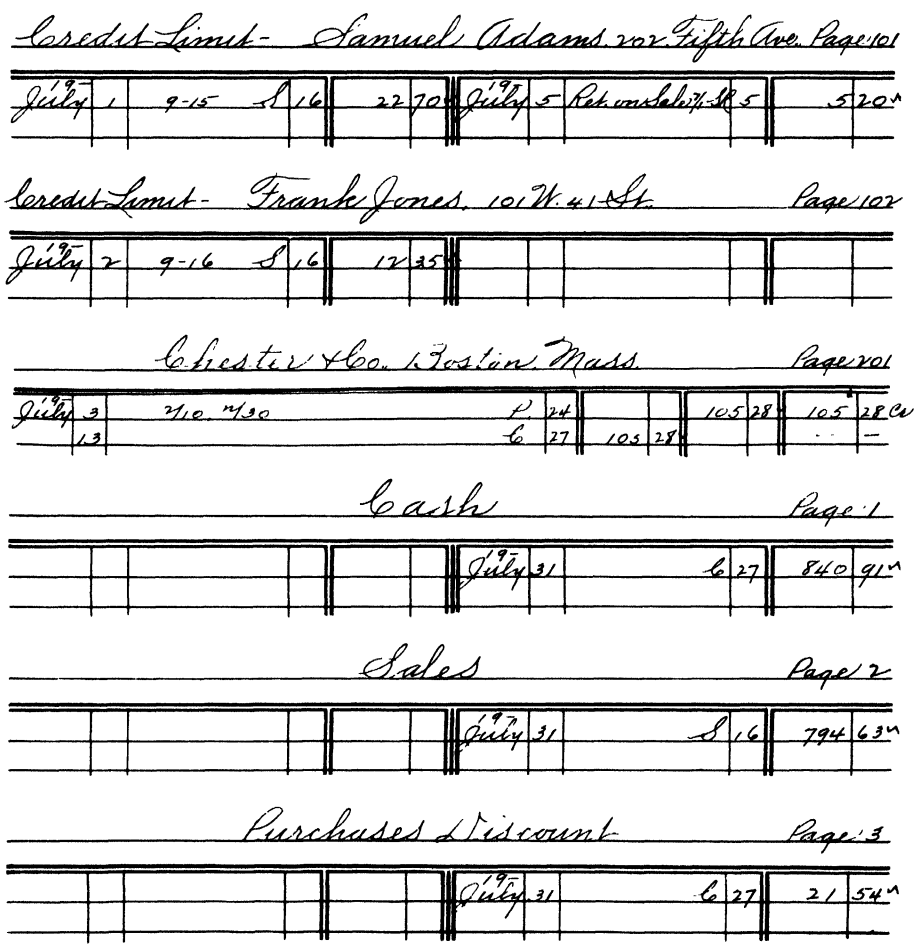


Illustration No. 42a — Parts of Some of the Ledger Accounts Showing Manner of Placing Check Marks when Checking for Errors.

Errors in Subsequent Entry. If an item has been posted to the wrong account, draw a line through the entire entry in the ledger, and indicate the page number of the account to which the item is transferred. Make the entry in the correct account, as shown in Illustration No. 43. Correct the post-mark in the journal from which the item was posted.

If the wrong amount has been posted to an account, draw a line through the incorrect amount and write, in small figures, the correct amount above it.

Purchases Journal. March 19- Page 37

Date		Account Credit	Address	Terms	F	Amount		Total	
Mar.	2	Barnard & Co.	Newark, N.J.	2/10		148	62		
	3	Franklin Mfg. Co.	Philadelphia, Pa.	1/10 2/30		~~228~~ 224	~~-~~ 25		
	5	Samuel Morse & Bro.	Boston, Mass.	n/60		77	25		
	8	Fenwick Bros.	Elmira, N.Y.	1/10 E.O.M.		29	40		

Mrs. Sarah McCormick. 303 Colony Ave. Page 116

19-							19-					
Mar.	8	7-07	S	6	22	50	Mar.	20	On account	6	10	~~12~~ 58 ~~50~~
	28	Transferred to Page 117			13	75						

Mrs. Sarah McLane. 175 Elm St. Page 117

19-												
Mar.	28	8-12	S	7	13	75						

Illustration No. 43 — Methods of Making Corrections in Journal and Ledger.

Apprentice Experiences
Preparing Trial Balances; Locating Errors

No. 61

Prepare a trial balance as of March 31 from the ledger of the CENTRAL DRY GOODS STORE, used previously in Experience No. 58.

No. 62

Prepare a trial balance as of July 31 from the ledger of FRANK CRANE, GROCER, used previously in Experience No. 60.

No. 63

The ledger accounts of the NEW ENGLAND SPORTS SHOP as of March 31 are given on Form 12 in the Workbook; they are also to be found on page 145. Prepare a trial balance from these ledger accounts. If you do not strike a balance, you are to locate the errors by checking the ledger entries with the entries in the journals which are given on Form 13 in the Workbook and also on page 146 of the text. Follow the procedure outlined in section 4 of this step. Students without workbooks should make copies on bookkeeping paper of the ledger and journals given on pages 145 and 146. After all errors have been discovered and corrected, prepare a corrected trial balance as of March 31.

Summaries of Postings from the Journals

Studied in Units 1 and 2

Name of journal	*Posting from the journal during the month*	*Posting from the journal at the end of the month*
Purchases Recording Cycle		
1. Purchases Journal	*Credit* the creditors' accounts.	*Debit* the Purchases account.
2. Purchases Returns	*Debit* the creditors' accounts.	*Credit* the Purchases Returns account.
3. Cash Payments	*Debit* the creditors' accounts.	*Credit* the Cash account. *Credit* the Purchases Discount account.
Sales Recording Cycle		
4. Sales	*Debit* the customers' accounts.	*Credit* the Sales account.
5. Sales Returns	*Credit* the customers' accounts.	*Debit* the Sales Returns account.
6. Cash Receipts	*Credit* the customers' accounts. *Credit* the Sales account — to save work, post the total only at the end of the month.	*Debit* the Cash account.

Form 12

Daniel Greene, 355 Grand St. Page 21

19-								19-						
Mar.	4	8-05	S	17	a 32	75		Mar.	9	Ret. on Sale 7/2	SR	6	a 8	25
	26	8-10	S	17	50	—			10		G	18	a 24	—

Harvey Sloane, 18 Hubert St. Page 22

19-								19-						
Mar.	18	8-08	S	17	10	—		Mar.	19	Ret. on Sale 7/8	SR	6	10	—

Henry Stone, 45 E. 2 St. Page 23

19-								19-						
Mar.	9	8-06	S	17	a 15	—		Mar.	16		G	18	a 15	—
	29	8-12	S	17	17	64			30	Ret. on Sale 7/9	SR	6	17	—

Jerry Manners, 216 Canal St. Page 24

19-														
Mar.	27	8-11	S	17	22	45								

Lewis Stone, 44 Bank St. Page 25

19-								19-						
Mar.	13	8-07	S	17	4	76		Mar.	25	Ret. on Sale 7/2	SR	6	7	—
	22	8-09	S	17	19	28								

Sales Page 26

19-								19-						
								Mar.	31		S	17	172	79
									31		G	18	1891	07

Sales Returns and Allowances Page 27

19-														
Mar.	31		SR	6	43	39								

Cash Page 28

19-														
Mar.	31		G	18	1938	70								

Form 13

Sales Journal, March 19- Page 17

Bill No.	Day	Account Debit	Address	F	Amount	Total
8-05	4	Daniel Greene	355 Grand St.	21	32 75	
8-06	9	Henry Boone	45 E. 2 St.	23	15 -	
8-07	13	Lewis Stone	44 Bank St.	25	4 67	
8-08	18	Harvey Sloane	18 Hubert St.	22	10 -	
8-09	22	Lewis Stone	44 Bank St.	25	19 28	
8-10	26	Daniel Greene	355 Grand St.	21	50 -	
8-11	27	Jerry Manners	216 Canal St.	24	22 45	
8-12	29	Henry Boone	45 E. 2 St.	23	17 64	
	31	Sales Credit		26		172 79

Sales Returns and Allowances, March 19- Page 6

Cr. No.	Day	Account Credit	Explanation	F	Amount	Total
514	9	Daniel Greene	Ret. on Sale 3/4	21	8 25	
515	19	Harvey Sloane	Ret. on Sale 3/18	22	10 -	
516	25	Lewis Stone	Ret. on Sale 3/22	25	7 50	
517	30	Henry Boone	Ret. on Sale 3/29	23	17 64	
	31	Sales Ret. and Allow. Debit		27		43 39

Cash Receipts Journal, March 19- Page 51

Date		Account Credit	Explanation	F	Accounts Receivable	Sales for Cash	Net Cash
Mar. 19-	7	Sales	For the week	✓		414 57	414 57
	10	Daniel Greene	Bal. of Sale 3/4	21	24 -		24 -
	14	Sales	For the week	✓		456 83	456 83
	16	Henry Boone	For Sale 3/9	23	15 -		15 -
	21	Sales	For the week	✓		501 76	501 76
	28	Sales	For the week	✓		518 54	518 54
	30	J. Manners	On account	24	8 -		8 -
	31	Totals			47 -	1891 70	1938 70
Mar.	31	Summary					
		Cash Debit		28	1938 70		
		Accounts Receivable Credit		✓		47 -	
		Sales (for Cash) Credit		26		1891 70	
					1938 70	1938 70	

Step 11

Preparing Customers' Monthly Statements

In Unit 1 it was observed that the wholesaler sends to the retailer, usually on the first of each month, a statement of account. By means of this statement, the retailer is able to compare his records with those of the wholesaler. The statement also serves as a reminder that payment of an invoice may soon be due, or that payment is past due.

For similar reasons, the retailer sends a monthly statement to each customer whose account shows a debit balance. Accounts that are not in balance are called "open" accounts. Either of the two forms of statement shown on pages 68 and 69 is generally used. One form gives only the balance of the account; the other form gives a complete summary of the transactions during the month, that is, the balance at the beginning of the month, the individual charges to the customer made during the month, credits in the form of cash payments or returns made by the customer, and, finally, the balance at the end of the month. Illustration No. 44 shows the latter form of statement with the items arranged in chronological order.

STATEMENT

CENTRAL DRY GOODS STORE
214 East 42nd St
NEW YORK, N. Y.

July 1, 19--

To Joseph Blaine
100 Second Ave.
New York, N. Y.

Terms: Net 30 days
Pay last amount in this column

Date		Memo	Charges		Credits		Balance	
June	1	Balance					23	50
	2	Mdse. 8-06	69	75			93	25
	3	Cash			23	50	69	75
	4	Return B75			6	25	63	50
	15	Mdse. 9-14	22	30			85	80
	15	Cash			20	00	65	80
	19	Return B86			22	30	43	50

Illustration No. 44 — A Monthly Statement of Account. Compare with Illustration No. 38, the Ledger Account from which the above statement was prepared.

Apprentice Experiences
Preparing Statements for Customers
No. 64

Prepare, from the ledger used in Experience No. 58 or No. 59, at least four statements for the customers of the CENTRAL DRY GOODS STORE. Use Form 14 from the Workbook.

No. 65

Prepare, from the ledger used in Experience No. 60, at least four statements for the customers of FRANK CRANE, GROCER. Use Form 15 from the Workbook.

Apprentice Experience
No. 66
FRANK CRANE, GROCER

You have already recorded and posted for FRANK CRANE, GROCER, the sales, the sales returns and allowances, and the payments made by customers for the month of July. (Experiences No. 46, No. 49, No. 54, No. 56 and No. 60.) You have also prepared a trial balance as of July 31. (Experience No. 62). The sales for August were recorded in a sales journal. (Experience No. 47.)

The credits issued during August are listed below. Record them in a sales returns and allowances journal (number the page 141) using the last ten lines underneath the sales journal for July.

194	Aug. 8	C. A. Kane	Return of entire sale of Aug. 7	$1.10
195	13	Mrs. L. Stone	Return on sale of Aug. 12	.25
196	17	Mrs. S. S. Daniels	Allowance on sale of Aug. 15	.10
197	27	Mrs. Robert Morse	Return on sale of Aug. 26	.75
198	29	A. N. Coleman	Return on sale of Aug. 28	.33
199	31	Mrs. F. R. Lewis	Return on sale of Aug. 30	.38

Close the journal and make the summary entry.

Prepare a cash receipts journal for August, using the reverse side of the July cash journal; number the page 22. The receipts for August are given below. Close the journal at the end of August and make the summary entry.

Cash Receipts for August

Aug. 1 Sales for cash, $64.07.
2 Sales for cash, $79.18.
3 Sales for cash, including C.O.D. sales, $84.39.
From A. N. Coleman for sale of July 20, $2.70.
6 From Miss V. Kester for balance on sale of July 26, $3.19.

9 From C. A. Kane for sale of July 31, $2.44.
10 Sales for cash for the week, $491.11.
12 From Mrs. Robert Morse for sale of Aug. 5, $4.19.
14 From Fred. Astor for sale of Aug. 2, $1.42.
17 Sales for cash for the week, $503.27.
20 From Mrs. C. Gottlieb for sale of Aug. 10, $2.28.
23 From Mrs. S. S. Daniels for balance due on sale of Aug. 15, 67¢.
24 Sales for cash for the week, including C.O.D. sales, $511.33.
24 From Mrs. L. Stone, for sales of Aug. 1 and Aug. 12 less return $8.10.
27 From Mrs. N. Ruby, on account, $2.
29 From A. N. Coleman, on account, $1.50.
31 From C. A. Kane for sales of Aug. 19 and Aug. 30, $2.76.
31 From Mrs. N. Ruby for balance due on sale of Aug. 16, $1.25.
31 Sales for cash for the week, including C.O.D. sales, $516.42.
31 From Mrs. F. R. Lewis for sale of Aug. 19, $1.41.

Post to the ledger that was used for the July transactions. Do not skip any lines in the ledger. Post the August transactions from all three journals — sales, sales returns and allowances, and cash receipts — in chronological order. Be sure to use the necessary post-marks in the journals as well as in the ledger.

Upon completing the posting from all journals, pencil-foot the ledger preparatory to taking a trial balance. The addition must also include the postings for July. If your trial balance for July 31 was correct, you need only start with your previous sums to obtain the totals at the end of August. Put the trial balance for Aug. 31 on the reverse side of that prepared for July 31.

Statements are to be made out for all customers whose accounts are not in balance, or for as many customers as are indicated by your teacher.

Apprentice Experience
No. 67
FAIR DEAL JEWELRY COMPANY

During the months of October, November, and December, the FAIR DEAL JEWELRY COMPANY sold merchandise to cash and to charge customers, returns were made by or allowances granted to some of the charge customers, while payments were made by these charge customers from time to time. The transactions are to be recorded in the proper journals, posted to the ledger, and journals are to be closed at the end of each month. Trial balances are to be taken as of October 31, November 30, and December 31. Statements to be sent to charge customers are to be prepared at the end of each month.

Prepare the journals and the ledger for this experience as follows:

Two-column journal paper; three sheets—

On the first page: Sales Journal for October. Number this page 1.

On the second page: Sales Journal for November. Page 2.

On the third page: Sales Journal for December. Page 3.

On the fourth page: Use one-third of a page for each Sales Returns and Allowances Journal—October, November, and December. Number the pages respectively 71, 72 and 73.

On the fifth page: Rule four additional money columns. Enter the trial balance for October 31 in the first two money columns, that for November 30 in the next two columns, and that for December 31 in the last two columns. It is preferable to use six-column paper for this purpose if it is available.

Three-column journal paper; three sheets—

On the first sheet: Cash Receipts Journal for October. Number the page 2. If all the cash receipts for October cannot be placed on one page, leave the last line for the totals of the columns of this page and bring the totals forward to the other side, as shown in the illustrations on pages 164 and 166. Number the reverse side page 4.

On the second sheet: Cash Receipts Journal for November. Number the page 6, and the reverse side for the continuation of the November receipts, 8.

On the third sheet: Cash Receipts Journal for December. Number the page 10, and the reverse side for the continuation of the December receipts, 12.

Ledger; four sheets—

Allow three accounts to a page. Number the accounts, starting with 101. Use the last three accounts (those numbered 119 to 121) for Sales, Sales Returns and Allowances, and Cash.

If three-column paper is used, only two customers' accounts should be put on a page.

Transactions for October

a. The first four sales slips for October were made out in Experience No. 42—sales slips No. 15-05 to No. 15-08. The slips issued for charge sales from then on are given in summary form on the following pages. Record them, starting with slip No. 15-05, in the sales journal and post.

Oct. 7, 19—
To Mrs. B. Engel
518 Wayne Ave., City
1 Lady's Watch #1123 $17.50
15-09

Oct. 7, 19—
To Mrs. J. Phillipi
701 Lackawanna Ave., City
1 Bread Tray #489 $ 3.50
1 Water Pitcher #501 4.00
1 Relish Service #482 4.25
11.75
15-10

Oct. 8, 19—
To Thomas Nelson
417 Spruce St., City
1 Elwin Watch # 2C174 $45.00
15-11

Oct. 9, 19—
To Miss Alice Long
Dunmore, Pa.
1 Aladdin Dessert Set $ 3.50
1 8-Strand Necklace 12.50
16.00
15-12

Oct. 13, 19—
To Fred. Goldman
Throop City, Pa.
1 Set — urn, sugar and creamer, with tray $ 9.75
15-13

Oct. 14, 19—
To William Murray
106 Wyoming Ave., City
1 Man's Watch #2E660 $75.00
15-14

Oct. 16, 19—
To Frank Stankovic
Pittston, Pa.
1 Lady's Bracelet Watch #2F1511 $29.90
15-15

Oct. 17, 19—
To Mrs. L. Fraschilla
255 Clay Ave., City
1 Clock (Greenwich) #636 $12.50
1 8-Strand Bracelet #3330x 6.60
19.10
15-16

Oct. 19, 19—
To Mrs. C. C. Rosario
Dunmore, Pa.
1 Fountain Pen Repair $ .38
1 Electric Clock #42 4.85
1 Pr. Candlesticks #387 4.70
9.93
15-17

Oct. 20, 19—
To Louis Burns
c/o Horton Mines, City
1 Man's Watch #22C74 $20.00
1 Cocktail Set #5807 7.65
27.65
15-18

Oct. 22, 19—
To Mrs. J. Phillipi
701 Lackawanna Ave., City
1 Hostess Set #484 $ 7.85
1 Elwin Watch #2C177 45.00
52.85
15-19

Oct. 23, 19—
To Mrs. O. L. Newman
Elmhurst, Pa.
1 Ivory Clock #2F01 $ 3.75
1 Diamond Pin "F.S.N." 26.25
30.00
PP & INS .18
30.18

15-20

Oct. 26, 19—
To Samuel Burke
188 Main St., City
1 18K Wedding Ring
#3D145 $25.00

15-21

Oct. 28, 19—
To Miss Alice Long
Dunmore, Pa.
1 Compact #414 $1.25
1 Famous Pen #439 5.50
6.75

15-22

Oct. 29, 19—
To Mrs. J. Phillipi
701 Lackawanna Ave., City
1 Man's Gold Wrist Watch
#W790 $50.00
1 Man's Bag 26" #254G 19.95
69.95

15-23

Close the sales journal for October and post.

b. Two credit memos for October were issued in Experience No. 52. Record them, as well as the following credits, in the sales returns and allowances journal. Post to the ledger.

Oct. 15, 19—
Allowance to
William Murray
Wrist Band on Watch—soiled
$1.00
on Oct. 14
C91

Oct. 20, 19—
Return by
Mrs. C. C. Rosario
1 Pr. Candlesticks #387 $4.70
on Oct. 19
C92

Oct. 28, 19—
Return by
Mrs. O. L. Newman
1 Ivory Clock #2F01 $3.75
on Oct. 23
C93

Close the sales returns and allowances journal and post.

c. The cash receipts for October are listed below. Record them in the cash receipts journal. Post to the customers' accounts.

Oct. 1 Sales for cash, $143.70.
Received from Mrs. Henry Dillon, $5 on account.
2 Sales for cash, $151.43.
3 Sales for cash, $137.65.
5 Sales for cash, $163.37.
Received from Samuel Brown, $17 on account.
6 Sales for cash, $195.10.
7 Sales for cash, including C.O.D. sales, $195.10.
8 Sales for cash, $123.82.
Received from Mrs. B. Engel, $17.50 for sale of Oct. 7.
9 Sales for cash, $138.69.
From Mrs. J. Phillipi, $11.75 for sale of Oct. 7.
10 Sales for cash, $141.70.
12 Sales for cash, including C.O.D. sales, $145.35.
13 Sales for cash, $203.
From Samuel Brown, $10 on account; from William Murray, $10 on account; from Thomas Nelson, $45 for bill of Oct. 8.
14 Sales for cash, $129.93.
15 Sales for cash, $130.05.
16 Sales for cash, $155.78.
From William Murray, $10 on account.
17 Sales for cash, including C.O.D. sales, $197.71.
19 Sales for cash, $122.30.
20 Sales for cash, $168.37.
From Miss Alice Long, $16 for bill of Oct. 9; from Samuel Brown, $10 on account; from Wm. Murray, $10 on account.
21 Sales for cash, $182.36.
22 Sales for cash, $130.45.
23 Sales for cash, including C.O.D. sales, $146.07.
24 Sales for cash, $146.07.
26 Sales for cash, $151.63.
27 Sales for cash, $210.05.
From Miss Rita Swain, $12 for balance due on sale of Oct. 5; from William Murray, $10 on account.
28 Sales for cash, including C.O.D. sales, $136.18.
29 Sales for cash, including C.O.D. sales, $140.06.
30 Sales for cash, $153.78.
From Mrs. Henry Dillon, $35 for balance due on bill of Oct. 1.
31 Sales for cash, $185.90.

Close the cash journal and prepare the summary entry. Complete all posting.

d. Prepare a trial balance as of October 31.

e. Statements should be prepared for such customers as are indicated by your teacher.

Transactions for November

The transactions for November are listed below and on the following page. Record them in the journals and post to the customers' accounts. Post each day's transactions as a unit, e.g., complete all the postings for November 2 before recording the transactions for November 3. The journals are to be closed and summarized at the end of the month.

Nov. 1 Sunday

2 Sales for cash, $155.46.
Charge sale #15-24 made to Miss Alice Long, $15.75.

3 Sales for cash, $157.81.
Charge sale #15-25 made to William Murray, $10; charge sale #15-26 made to Mrs. L. Fraschilla, $27.75.
Received $10 from William Murray, and $10 from Samuel Brown, to apply on account.

4 Sales for cash, $169.17.
Issued credit memorandum #C94 to William Murray for the return of the entire sale of Nov. 3, amounting to $10.

5 Sales for cash, $162.44.
Received from Samuel Burke, $10 on account.

6 Sales for cash, including C.O.D. sales, $173.59.

7 Sales for cash, $251.40.
Charge sale #15-27 to Thomas Nelson, $39.90.
Issued credit memorandum #C95 to Miss Alice Long for the return of the entire sale of Nov. 2, amounting to $15.75.
Received $24 from William Murray for the balance due on the sale of Oct. 14.

9 Sales for cash, $163.78.

10 Sales for cash, $159.43.

11 Sales for cash, $157.66.
Received $9.75 from Fred. Goldman for sale of Oct. 13.
Charge sale #15-28 to Frank Green, $37.25; charge sale #15-29 to George Bottger, 2001 Cedar St., City, $22.50; and charge sale #15-30 to Samuel Burke, $5.50.

12 Sales for cash, including C.O.D. sales, $171.10.
Issued credit memorandum #C96 to Thomas Nelson for $5.60 for return of merchandise on sale of Nov. 7.

13 Sales for cash, including C.O.D. sales, $182.05.
Received $25 on account from Mrs. J. Phillipi.

14 Sales for cash, $246.93.

16 Sales for cash, $170.31.
Charge sale #15-31 to Louis Burns, $16.40.

17 Sales for cash, $162.98.
Received $10 on account from Samuel Brown.

18 Sales for cash, including C.O.D. sales, $141.27.
Charge sale #15-32 to Samuel Burke, $65.
Issued credit memorandum #C97 to Louis Burns for the return of the entire sale of Nov. 16, $16.40.

19 Sales for cash, $178.19.
Received $15 on account from Mrs. L. Fraschilla, and $20 on account from Frank Stankovic.

20 Sales for cash, including C.O.D. sales, $185.51.

21 Sales for cash, $260.08.
Charge sale #15-33 to Mrs. I. E. Edwards, 330 Wyoming Ave., City, $7.25; and charge sale #15-34 to Frank Stankovic, $3.50.

23 Sales for cash, including C.O.D. sales, $169.32.
Received $5.23 from Mrs. C. C. Rosario for balance of her account, and $27.85 from Mrs. J. Phillipi for the balance due on sale of Oct. 22.
Issued credit memorandum #C98 to Frank Stankovic for the return of the entire sale of Nov. 21, $3.50.
Charge sale #15-35 to Miss Rita Swain, $36.

24 Sales for cash, $143.16.
Charge sale #15-36 to William Murray, $3.

25 Sales for cash, $196.01.
Charge sale #15-37 to George Bottger, $17.

27 Sales for cash, including C.O.D. sales, $153.62.
Issued credit memorandum #C99 to Mrs. I. E. Edwards for allowance granted on sale of Nov. 21, $1.25.

28 Sales for cash, $218.22.
Charge sale #15-38 to Mrs. L. Fraschilla, $8.80.
Received $31.85 from Mrs. L. Fraschilla to cover balance due on sale of Oct. 17 and also for sale of Nov. 3.

30 Sales for cash, $100.43.
Received $15.95 from Frank Green for balance due on sale of Oct. 2; from George Bottger for sale of Nov. 11, $22.50; and from Thomas Nelson, $34.30 for the balance due on sale of Nov. 7.

Prepare a trial balance as of November 30.

Statements should be prepared for such customers as are indicated by your teacher.

Transactions for December

Follow the same procedure for December as you did in recording the transactions for November.

Dec. 1 Sales for cash, $151.65.
Charge sale #15-39 to Mrs. B. Engel, $16.65.

2 Sales for cash, $174.40.
Issued credit memorandum #C100 to Mrs. L. Fraschilla for the return of the entire sale of Nov. 28, $8.80.

3 Sales for cash, including C.O.D. sales, $166.96.

4 Sales for cash, $139.05.
Received from Miss Alice Long $6.75 for sale of Oct. 28.
Charge sale #15-40 to Mrs. Henry Dillon, $29.50.

5 Sales for cash, $196.35.
Charge sale #15-41 to Mrs. C. C. Rosario, $35.

7 Sales for cash, including C.O.D. sales, $177.55.
Received from Louis Burns $12.50 to apply on account, and from Samuel Burke $25 to apply on account.

8 Sales for cash, $159.90.
Charge sale #15-42 to Mrs. I. E. Edwards, $39.75.
Received $37.25 from Frank Green for sale of Nov. 11.

9 Sales for cash, $198.30.
Issued credit memorandum #D1 to Mrs. Henry Dillon for return on sale of Dec. 4, $3.50.

10 Sales for cash, including C.O.D. sales, $206.10.
Received $6.40 from Frank Stankovic for balance due on sale of Oct. 16.

11 Sales for cash, $214.
Charge sale #15-43 to Thomas Nelson, $63.28.

12 Sales for cash, $253.29.
Received $20 from Mrs. J. Phillipi to apply on account.

14 Sales for cash, including C.O.D. sales, $184.75.

15 Sales for cash, including C.O.D. sales, $152.85.
Charge sale #15-44 to Fred. Goldman, $40.

16 Sales for cash, $193.
Received $20 from Samuel Brown for balance of his account.

17 Sales for cash, including C.O.D. sales, $211.90.
Charge sale #15-45 to George Bottger, $24.50.
Received to apply on account, $10 from Mrs. Henry Dillon, and $25 from Thomas Nelson.

18 Sales for cash, $208.50.
Charge sale #15-46 to Mrs. O. L. Newman, $47.50.

19 Sales for cash, including C.O.D. sales, $279.70.

21 Sales for cash, $188.15.
Charge sale #15-47 to Miss Rita Swain, $10; and charge sale #15-48 to Mrs. B. Engel, $54.70.

22 Sales for cash, $201.05.
Charge sale #15-49 to Thomas Nelson, $7.50.
Issued credit memorandum #D2 to Mrs. O. L. Newman for $5.75 as an allowance on sale of Dec. 18.
Received $16.65 from Mrs. B. Engel for sale of Dec. 1, and $5.50 from Samuel Burke for sale of Nov. 11.

23 Sales for cash, $278.44.

24 Sales for cash, including C.O.D. sales, $166.50.

26 Sales for cash, $141.70.

28 Sales for cash, $159.65.
Issued credit memorandum #D3 to Mrs. B. Engel for $5 as an allowance on sale of Dec. 21.
Received $20 from Mrs. J. Phillipi to apply on account, and $26.43 from Mrs. O. L. Newman for balance due on sale of Oct. 23.

29 Sales for cash, including C.O.D. sales, $133.20.
Charge sale #15-50 to Miss Alice Long, $15.
Issued credit memorandum #D4 to Miss Rita Swain for $10 for return of the entire sale of Dec. 21.

30 Sales for cash, $149.88.
Charge sale #16-01 to Louis Burns, $8.95.

31 Sales for cash, $160.05.
Received $25 from Samuel Burke to apply on account.

Prepare a trial balance as of December 31.

Statements should be prepared for such customers as are indicated by your teacher.

Apprentice Experience — Set A
No. 68
An Illustrative Set of Records

The journals and the ledger of the METROPOLITAN SPORTING GOODS SHOP which appear on pages 159 to 177 illustrate all the records that have been studied in the Purchases and the Sales Units. The types of transactions include—

Purchases
Purchases Returns and Allowances
Cash Payments
Sales: both Charge and Cash
Sales Returns and Allowances
Cash Receipts

A summary of the transactions that are recorded in this illustrative set is given on the following pages. The set shows how all entries that are necessary for the completion of the records should be made.

How to Use the Illustrative Set

The student is advised to record the transactions for July independently of the illustrative journals and ledger. He should post each day's transactions to the ledger, close the journals at the end of the month, post the closing entries, and then prepare a trial balance as of July 31. By comparing his work with the model forms, the student will be able to see what errors he may have made, and in what respects he can perfect his work.

The same procedure should be followed in recording the August transactions.

A calendar should be kept by the student in which are recorded the due dates of all invoices; it should begin with Sunday, July 5. A checkbook should also be used so that checks may be issued as invoices fall due. Use the page numbers that are given in the model set.

July 1 Received invoice dated June 30 for merchandise bought from Bernard Brill, 400 Broadway, New York, N. Y., for $94.25; terms 1/10 N/30.

Cash sales, $104.07.

2 Received invoice dated June 30 for merchandise bought from Wm. J. Mahon, Boston, Mass., for $101.30; terms 2/10 N/60.

Charge sale #15-05 to Harry Steinberg, 330 River St., City, $18.45.

Cash sales, $98.63.

Purchases Journal. July 19--

Date		Account Credited	Address	Terms	F	Amount		Total	
July	1/30	Bernard Brill	New York, N.Y.	1/10 n/30	101	94	25		
	1/30	Wm. J. Mahon	Boston, Mass.	1/10 n/60	102	101	30		
	1	G.K. Mason & Co.	New York, N.Y.	1/10 n/60	103	87	75		
	3	Henry Silberberg & Bros.	New York, N.Y.	1/10 n/30	104	143	90		
	7	Karpen & Co. Inc.	Chicago, Ill.	1/10 n/60	105	206	35		
	5	R. Steiner, Inc.	Trenton, N.J.	1/10 n/30	106	32	28		
	10	Rose Bros.	New York, N.Y.	1/10 n/30	107	87	45		
	11	Morris Barshay	New York, N.Y.	1/10 n/30	108	159	30		
	15	Bernard Brill	New York, N.Y.	1/10 E.O.M.	101	60	-		
	14	Artistic Products	New York, N.Y.	1/10 n/30 R.O.G. July 6	109	78	38		
	17	John Gerardo	New York, N.Y.	1/10 n/30	110	170	42		
	18	Wm. J. Mahon	Boston, Mass.	1/10 n/60	102	69	05		
	20	G.K. Mason & Co.	New York, N.Y.	1/10 n/60	103	283	27		
	22	Karpen & Co. Inc.	Chicago, Ill.	n/30	105	374	29		
	21	Rose Bros.	New York, N.Y.	1/10 n/30	107	128	-		
	24	Henry Silberberg & Bros.	New York, N.Y.	1/10 n/30	104	145	65		
	25	Bernard Brill	New York, N.Y.	1/10 E.O.M.	101	83	25		
	27	R. Steiner, Inc.	Trenton, N.J.	1/10 n/30	106	69	39		
	27	Artistic Products	New York, N.Y.	1/10 n/30 R.O.G. July 29	109	645	55		
	27	Morris Barshay	New York, N.Y.	1/10 n/30	108	594	44		
	30	R. Steiner, Inc.	Trenton, N.J.	n/60	106	606	68		
	31	Purchases. Debit			2	4220	95	4220	95

3 **Cash sales, $84.67.**

Received invoice dated July 1 from G. K. Mason & Co., 125 Fifth Ave., New York, N. Y., for $87.75; terms 1/10 N/60.

Charge sale #15-06 to Frances Karnow, 760 Second Ave., City, $29.03. Charge sale #15-07 to Donald Graham, 240 E. 65th St., City, $62.25.

2

Purchases Journal. August 19--

Date		Account Credited	Address	Terms	F	Amount		Total	
Aug	1/31	Taylor & Co.	New York, N.Y.	1/10 E.O.M.	111	379	42		
	5	Bernard Brill	New York, N.Y.	1/10 E.O.M.	101	488	75		
	12	Wm. J. Mahon	Boston, Mass.	1/10 n/60	102	258	61		
	18	Rose Bros.	New York, N.Y.	1/10 n/30	107	142	96		
	24	Karpen & Co. Inc.	Chicago, Ill.	1/10 E.O.M.	105	688	22		
	29	John Gerardo	New York, N.Y.	1/10 n/30	110	566	40		
	29	Bernard Brill	New York, N.Y.	1/10 E.O.M.	101	360	55		
	31	Purchases. Debit			2	2884	91	2884	91

72

Purchases Returns and Allowances Journal, July 19-

Date		Account Debit	Explanation	F	Amount		Total	
July	3	G. K. Mason & Co	Ret on inv 7/1	103	7	75		
	10	Henry Silberberg & Bros	Ret on inv 7/3	104	10	-		
	13	R. Steiner, Inc.	Ret invoice 7/8	106	32	28		
	16	Bernard Grill	Ret on inv 7/15	101	5	10		
	22	Wm J Mahon	Ret on inv 7/18	102	15	27		
	27	Rice Bros	Error inv 7/23	107	24	-		
	31		Purc Ret and Allow. Credit	3	94	40	94	40

July 6 Issued credit memorandum #130 to Donald Graham for return on sale of July 3, $12.25.

Charge sale #15-08 to Samuel Stein, 725 Third Ave., City, $35.75.

Received invoice from Henry Silberberg & Bros., 225 Greenwich St., New York, N. Y., dated July 3, for $143.90; terms 2/10 N/30.

Cash sales, $105.43.

Received check from Harry Steinberg for $18.45 for sale of July 2.

Received credit memorandum dated July 3 from G. K. Mason & Co. for $7.75, for return on invoice of July 1.

7 Cash sales including C.O.D. sales, $120.35.

8 Received invoice dated July 7 from Karpen Co., Inc., Chicago, Ill. for $206.35; terms 2/10 N/60.

Charge sale #15-09 to Chas. Grof, 310 E. 42nd St., City, $12.15.

Issued credit memorandum #131 to Frances Karnow for $9 for merchandise returned on sale of the 3rd.

Received check for $20.03 from Frances Karnow for sale of July 3 less return.

Cash sales, $92.40.

73

Purchases Returns and Allowances Journal, August 19-

Date		Account Debit	Explanation	F	Amount		Total	
Aug.	7/31	Artistic Products	Ret on inv 7/27	109	5	80		
	5	Bernard Grill	Ret on inv 8/5	101	24	45		
	15	Wm J Mahon	Ret on inv 8/12	102	16	84		

Sales Journal. July 19-

Sale No	Day	Account Debit	Address	F	Amount		Total	
15-05	2	Harry Steinberg	330 River St.	201	18	45		
-06	3	Frances Karnow	760 Second Ave.	202	29	03		
-07	3	Donald Graham	240 E. 65 St.	203	62	25		
-08	6	Samuel Stein	725 Third Ave.	204	35	75		
-09	8	Charles Graf	310 E. 42 St.	205	12	15		
-10	9	Harry Barth	145 E. 41 St.	206	19	17		
-11	9	Robert Friedman	220 E. 40 St.	207	42	85		
-12	10	George Asch	210 E. 43 St.	208	65	75		
-13	11	Frances Karnow	760 Second Ave.	202	29	42		
-14	12	Harry Barth	145 E. 41 St.	206	58	70		
-15	12	Robert Friedman	220 E. 40 St.	207	34	80		
-16	15	Harry Steinberg	330 River St.	201	39	85		
-17	16	David Gerber	318 E. 49 St.	209	27	25		
-18	16	Donald Graham	240 E. 65 St.	203	38	40		
-19	20	Sol Kaufman	640 West End Ave.	210	84	-		
-20	22	Louis Minetti	214 E. 38 St.	211	15	45		
-21	23	Samuel Stein	725 Third Ave.	204	22	-		
-22	24	James McNamara	400 First Ave.	212	36	60		
-23	24	Fred Jager	135 E. 87 St.	213	40	-		
-24	25	George Asch	210 E. 43 St.	208	25	60		
-25	28	Harry Steinberg	330 River St.	201	62	45		
-26	28	Joseph Jaffe	145 E. 55 St.	214	30	-		
-27	29	Donald Graham	240 E. 65 St.	203	15	10		
-28	31	Harry Barth	145 E. 41 St.	206	83	25		
	31	Sales Credit		4	926	17	926	27

9 Cash sales, including C.O.D. sales, $109.28.

Charge sale #15-10 to Harry Barth, 145 E. 41st St., City, $19.17; #15-11 to Robert Friedman, 220 E. 40th St., City, $42.85.

Received invoice dated July 8 from R. Steiner, Inc., Trenton, N. J. for $32.28; terms 1/10 N/30.

10 Issued check #435 to Bernard Brill for invoice of June 30; check #436 to Wm. J. Mahon for invoice of June 30. (Note that discounts are to be taken if invoices are paid in accordance with the discount terms.)

Received credit memo dated July 10 from Henry Silberberg & Bros. for $10, for merchandise returned on the invoice of the 3rd.

Sales Journal. August 19— 2

Sale No	Day	Account Debit	Address	F	Amount		Total	
15-29	1	Joseph Jaffe	145 E. 55 St.	214	6	95		
-30	4	Samuel Stein	725 Third Ave.	204	18	50		
-31	7	James McNamara	400 First Ave.	212	25	-		
-32	7	David Gerber	318 E. 49 St.	209	8	25		
-33	10	Charles Graf	310 E. 42 St.	205	9	50		
-34	13	Alexander Bell	100 Columbus Ave.	215	10	-		
-35	14	Robert Friedman	220 E. 40 St.	207	41	68		
-36	19	D. J. Deems	180 Park Ave.	216	24	-		
-37	19	George Asch	210 E. 43 St.	208	6	-		
-38	21	Louis Minetta	214 E. 38 St.	211	9	60		
-39	25	Harry Barth	145 E. 41 St.	206		95		
-40	25	Robert Friedman	220 E. 40 St.	207	1	25		
-41	25	Donald Graham	240 E. 65 St.	203	15	-		
-42	27	Frances Karnow	760 Second Ave.	201		75		
-43	27	Samuel Stein	725 Third Ave.	204	8	-		
-44	31	David Gerber	318 E. 49 St.	209		95		
-45	31	Donald Graham	240 E. 65 St.	203	12	-		
	31	Sales Credit		4	197	38	198	38

July 10 Charge sale #15-12 to George Asch, 210 E. 43rd St., $63.75.
Issued credit memo #132 to Harry Barth for $8.50 for merchandise returned on sale of the 9th.
Cash sales, $90.

11 Issued check #437 to G. K. Mason & Co., for invoice of the 1st less credit of July 3.
Charge sale #15-13 to Miss Frances Karnow for $29.42.
Received $35.75 from Samuel Stein for sale of the 6th.
Cash sales, $131.20.

13 Cash sales, including C.O.D. sales, $106.45.
Issued check #438 to Henry Silberberg & Bros. for invoice of the 3rd less credit of the 10th.
Charge sale #15-14 to Harry Barth, $58.70; #15-15 to Robert Friedman, $34.80.
Received invoice dated July 10 from Rose Bros., 35 Spring St., New York, N. Y., for $87.45; terms, 2/10 N/30.
Received $10.67 from Harry Barth for balance due on sale of July 9.

64

Sales Returns and Allowances Journal July 19–

Credit No	Day	Account Credit	Explanation	F	Amount		Total	
130	6	Donald Graham	Ret on Sale 7/3	203	12	25		
131	8	Frances Karnow	Ret on Sale 7/3	201	9	–		
132	10	Harry Barth	Ret on Sale 7/9	206	8	50		
133	16	George Asch	Ret on Sale 7/10	208	13	75		
134	17	David Gerber	Allow on Sale 7/16	209	5	–		
135	20	Robert Friedman	Ret on Sales 7/9 7/13	207	57	05		
136	25	Sylvia Kaufman	Error on Sale #15-19	210	4	–		
137	27	Samuel Stein	Ret on Sale 7/23	204	10	–		
	31	Sales Ret. and	Allow. Debit	5	119	55	119	55

14 Received invoice dated July 11 from Morris Barshay, 24 Crosby St., New York, N. Y., for $159.30; terms 1/10 N/30.

Cash sales, $141.

15 Charge sale #15-16 to Harry Steinberg, $39.85.

Cash sales, $125.30.

Received credit memo dated July 13 from R. Steiner, Inc., for $32.28, for merchandise returned on invoice of July 8.

16 Cash sales, $98.47.

Issued credit memo #133 to George Asch for $13.75 for return on sale of July 10.

Received invoice dated July 15 from Bernard Brill for $60, terms 2/10 E.O.M.; an invoice from Artistic Products, 222 Fifth Ave., New York, N. Y., dated July 14, for $78.38, terms 1/10 N/30 R.O.G. (July 16).

Charge sale #15-17 to David Gerber, 318 E. 49th St., City, $27.25; #15-18 to Donald Graham, $38.40.

65

Sales Returns and Allowances Journal August 19–

Credit No.	Day	Account Credit	Explanation	F	Amount		Total	
138	8	James McNamara	Allow on Sale 8/7	212	2	–		
139	15	Robert Friedman	Ret on Sale 8/14	207	2	35		
140	22	Louis Vizzetti	Ret on Sale 8/21	211	1	20		
141	26	Donald Graham	Entire Sale 8/25	203	15	–		
142	31	Samuel Stein	Allow on Sale 8/27	204		50		
	31	Sales Ret. and	Allow. Debit	5	21	05	21	05

July 16 Received $50 from Donald Graham for sale of July 3 less credit issued on the 6th; received $50 from George Asch for sale of July 10 less credit issued today.

17 Issued check #439 to Karpen Co., Inc., for invoice of July 7. Issued credit memo #134 to David Gerber for $5 on sale of the 16th, as an allowance for imperfections. Cash sales, $110.

2

Cash Receipts Journal. July 19-

Date	Account Credit	Explanation	F	Accounts Receivable	Cash Sales	Net Cash
July 1	Sales	For cash	✓		104 07	104 07
2	Sales	For cash	✓		98 63	98 63
3	Sales	For cash	✓		84 67	84 67
6	Sales	For cash	✓		105 43	105 43
6	Harry Steinberg	For Sale 7/2	701	18 45		18 45
7	Sales	For cash	✓		120 35	120 35
8	Sales	For cash	✓		92 40	92 40
8	Frances Karnow	Sale of 7/3 less ret 7/6	702	20 03		20 03
9	Sales	For cash	✓		109 28	109 28
10	Sales	For cash	✓		90 -	90 -
11	Samuel Stein	Sale of 7/6	704	35 75		35 75
11	Sales	For cash	✓		131 70	131 70
12	Sales	For cash	✓		106 45	106 45
12	Harry Barth	Balance Sale 7/9	706	10 67		10 67
14	Sales	For cash	✓		141 -	141 -
15	Sales	For cash	✓		125 30	125 30
16	Sales	For cash	✓		98 47	98 47
16	Donald Graham	Sale 7/3 less ret 7/6	703	50 -		50 -
16	George Asch	Sale 7/10 less ret 7/16	708	50 -		50 -
17	Sales	For cash	✓		110 -	110 -
18	Sales	For cash	✓		115 68	115 68
18	Frances Karnow	Sale of 7/11	707	29 47		29 47
20	Sales	For cash	✓		131 80	131 80
20	Harry Barth	Sale of 7/13	706	58 70		58 70
21	Sales	For cash	✓		129 46	129 46
22	Sales	For cash	✓		103 95	103 95
22	Robert Friedman	Sales 7/9, 7/11 less ret 7/20	707	20 60		20 60
22	Harry Steinberg	Sale of 7/15	701	39 85		39 85
23	Sales	For cash	✓		137 49	137 49
24	Sales	For cash	✓		117 72	117 72
25	Donald Graham	Sale of 7/16	703	38 40		38 40
25	Sales	For cash	✓		141 15	141 15
27	Sales	For cash	✓		151 36	151 36
28	Sales	For cash	✓		116 84	116 84
29	Sales	For cash	✓		137 -	137 -
29	Louis Minetta	Sale of 7/27	711	15 45		15 45
29	Forward to	Page	4	387 32	2799 70	3187 02

Cash Payments Journal, July 19— 3

Check No	Day	Account Debit	Explanation	✓	Accounts Payable		Disc. on Purchases		Net Cash	
435	10	Bernard Brill	Inv. 6/30 less 10%	101	94	25		94	93	31
436	10	Wm. J. Mahon	Inv. 6/30 less 2%	102	101	30	2	03	99	27
437	11	G. K. Mason & Co.	For 7/1 less ret. 7/6 less 1%	103	80	-		80	79	20
438	13	Henry Silberberg & Bro.	For 7/6 less ret. 7/10 less 2%	104	133	90	2	68	131	22
439	17	Karpen & Bro.	For 7/7 less 2%	105	206	35	4	13	202	22
440	21	Morris Barshay	For 7/11 less 1%	108	159	30	1	59	157	71
441	27	Artistic Products	For 7/14 less 1%	109	78	38		78	77	60
442	27	John Gerardo	For 7/17 less 1%	110	170	42	1	70	168	72
443	28	Wm. J. Mahon	For 7/6 less ret. 7/22 less 2%	102	53	78	1	08	52	70
444	31	Rose Bros.	For 7/25 less ret. 7/27 less 2%	107	104	-	2	08	101	92
	31	Totals			1181	68	17	81	1163	87
July	31	Summary								
		Accounts Payable—Debit		✓	1181	68				
		Disc. on Purchases—Credit		6			17	81		
		Cash—Credit		1			1163	87		
					1181	68	1181	68		

18 Received invoice dated July 17 for $170.42 from John Gerardo, 550 W. 34th St., New York, N. Y.; terms 1/10 N/30.

Received credit memo dated July 16th from Bernard Brill for $5.10, for merchandise returned on invoice of the 15th.

Cash sales, including C.O.D. sales, $115.68.

Received $29.42 from Miss Frances Karnow for sale of the 11th.

20 Cash sales, $131.80.

Received $58.70 from Harry Barth for sale of July 13.

Charge sale #15-19 to Sol Kaufman, 640 West End Ave., City, $84.

Issued credit memo #135 to Robert Friedman for $57.05 for merchandise returned on sales of the 9th and 13th.

Received invoice dated July 18 from Wm. J. Mahon for $69.05; 2/10 N/60.

21 Issued check #440 to Morris Barshay for invoice of July 11. Cash sales, $129.46.

22 Cash sales, $103.95.

Received from Robert Friedman $20.60 for sales of July 9 and July 13, less credit issued on the 20th; received from Harry Steinberg for sale of July 15, $39.85.

Charge sale #15-20 to Louis Minetti, 214 E. 38th St., City, $15.45.

Received invoice dated July 20 from G. K. Mason & Co., for $283.27; 1/10 N/60.

July 23 **Received invoice dated July 22 from Karpen Co., Inc., for $374.29; terms N/30.**
Charge sale #15-21 to Samuel Stein, $22.
Cash sales, including C.O.D. sales, $137.49.

4

Cash Receipts Journal July 19–

Date	Account Credit	Explanation	✓	Accounts Receivable		Cash Sales		Net Cash	
July 29	Brought forward	from Page	2	387	32	2799	70	3187	02
29	James McNamara	On account	212	10	–			10	–
29	Sales	For cash	✓			141	79	141	79
31	Sales	For cash	✓			107	48	107	48
31	Sol Kaufman	On account	210	10	–			10	–
31	Totals			407	32	3048	97	3456	29
July 31	Summary								
	Cash Debit		1	3456	29				
	Accounts Receivable Credit		✓			407	32		
	Sales Credit		4			3048	97		
				3456	29	3456	29		

Cash Receipts Journal (Continued) 19–

Aug 1	Sales	For cash	✓			142	64	142	64
3	Charles Graf	On account	205	7	50			7	50
3	Sales	For cash	✓			96	38	96	38
4	Sales	For cash	✓			91	57	91	57
5	Sales	For cash	✓			105	35	105	35
6	Sales	For cash	✓			111	16	111	16
7	Donald Graham	Sale of 7/29	203	15	10			15	10
7	Harry Barth	On account	206	25	–			25	–
7	Sales	For cash	✓			136	98	136	98
8	Sales	For cash	✓			161	14	161	14
10	Sales	For cash	✓			92	76	92	76
11	Samuel Stein	Balance Sale 7/23	204	12	–			12	–
11	Sales	For cash	✓			85	22	85	22
12	Harry Steinberg	Sale of 7/28	201	62	45			62	45
12	Sales	For cash	✓			100	08	100	08
13	Sales	For cash	✓			109	10	109	10
14	Sales	For cash	✓			124	83	124	83
15	Sales	For cash	✓			131	29	131	29
17	Harry Barth	On account	206	25	–			25	–
17	Sales	For cash	✓			98	91	98	91
17	Forward to	Page	6	147	05	1587	41	1734	46

Cash Payments Journal August 19— 5

Check No.	Day	Account Debit	Explanation	F	Accounts Payable		Discount Purchases		Cash	
445	1	Henry Silberberg & Bros.	Inv. 7/22 less 2%	104	145	65	2	91	142	74
446	6	R. Steiner, Inc.	Inv. 7/27 less 1%	106	69	39		69	68	70
447	6	Artistic Products	Inv. 7/27 less ret. less 1%	109	639	75	6	40	633	35
448	10	Rose Bros.	Inv. 7/10	107	87	45			87	45
449	10	Bernard Brill	Inv. 7/5 less ret. less 2%	101	54	90	1	10	53	80
450	10	Karpen Co., Inc.	Inv. 7/22	105	374	29			374	29
451	22	Wm. J. Mahon	Inv. 7/15 less ret. less 2%	102	241	77	4	84	236	93
452	29	Morris Barshay	Inv. 7/29	108	594	44			594	44
453	29	Rose Bros.	Inv. 7/18 less 2%	107	147	96	2	86	140	10
	31	Totals			2350 60	2350	60	18 80	2331 80	2331	80
	31	Summary								
		Accounts Payable Debit		✓	2350	60				
		Discount on Purchases Credit		4				18	80	
		Cash Credit		1				2331	80	
					2350	60		2350	60	

24 Cash sales, $117.72.

Charge sale #15-22 to James McNamara, 400 First Ave., City, $36.60; #15-23 to Fred. Jager, 135 E. 87th St., City, $40.

Received invoice dated July 21 from Rose Bros., $128, terms 2/10 N/30; from Henry Silberberg & Bros., invoice dated July 22, $145.65, 2/10 N/30.

25 Issued credit memo #136 to Sol Kaufman for $4 to adjust error on sales check #15-19.

Charge sale #15-24 to George Asch, $25.60.

Received credit memo dated July 22 from Wm. J. Mahon for $15.27 for returned merchandise on invoice of July 18.

Received $38.40 from Donald Graham for sale of July 16.

Cash sales, $141.15.

27 Cash sales, $151.36.

Received invoice dated July 25 from Bernard Brill for $83.25; terms 2/10 E.O.M.

Issued credit memo #137 to Samuel Stein for $10, for merchandise returned on sale of the 23rd.

Issued check #441 to Artistic Products for invoice of July 14, and check #442 to John Gerardo for invoice of July 17.

28 Sent check #443 to Wm. J. Mahon for invoice of July 18 less credit of the 22nd.

Received invoice dated July 27 from R. Steiner, Inc., $69.39; 1/10 N/30.

Cash Receipts Journal. August 19– 6

Date	Account Credited	Explanation	F	Accts. Receivable		Cash Sales		Net Cash	
Aug 17	Brought forward from	Page	4	147	05	1587	41	1734	46
18	Sales	For cash	✓			118	76	118	76
18	Charles Groff	Bal. on Sale 7/8	205	4	65			4	65
18	David Gerber	Sale 7/16 less cr. 7/17	209	22	25			22	25
18	Sol Kaufman	On account	210	30	-			30	-
19	Sales	For cash	✓			131	42	131	42
20	Sales	For cash	✓			122	79	122	79
21	Sales	For cash	✓			108	18	108	18
21	Joseph Jaffe	For Sale 7/28	214	30	-			30	-
22	Sales	For cash	✓			165	50	165	50
24	Sales	For cash	✓			110	-	110	-
25	Sales	For cash	✓			137	70	137	70
26	Sales	For cash	✓			129	16	129	16
27	Sales	For cash	✓			120	09	120	09
27	Joseph Jaffe	For Sale 8/1	214	6	95			6	95
27	L. J. Ecorse	For Sale 8/19	216	24	-			24	-
28	Sales	For cash	✓			131	01	131	01
29	Sales	For cash	✓			166	98	166	98
31	Sales	For cash	✓			130	70	130	70
31	Sol Kaufman	On account	210	20	-			20	-
31	George Koch	Sales of 7/25 & 8/19	208	31	60			31	60
31	Totals			316	50	3159	70	3476	20
Aug 31	Summary								
	Cash in Bank		1	3476	20				
	Accounts Receivable, Credit		✓			316	50		
	Sales, Credit		4			3159	70		
				3476	20	3476	20		

July 28 Cash sales, including C.O.D. sales, $116.84.

Charge sale #15-25 to Harry Steinberg, $62.45; #15-26 to Joseph Jaffe, 145 E. 55th St., City, $30.

29 Cash sales, $137.

Received $15.45 from Louis Minetti for sale of July 22, and $10 from James McNamara, to apply on account.

Received invoice dated July 27 from Artistic Products for $645.55, terms 1/10 N/30 R.O.G.; from Morris Barshay dated July 29 for $594.44, terms 1/10 N/30.

Received credit memo dated July 27 from Rose Bros. for $24 to adjust error in price on invoice of July 21.

Cash sales, $141.79.

Charge sale #15-27 to Donald Graham, $15.10.

31 Received invoice dated July 30 from R. Steiner, Inc., for $606.68; terms N/60.

Issued check #444 to Rose Bros. for invoice of July 21 less credit of the 27th.

Cash sales, $107.48.

Received $10 from Sol Kaufman to apply on account.

Charge sale #15-28 to Harry Barth, $83.25.

Aug. 1 Charge sale #15-29 to Joseph Jaffe, $6.95.

Sent check #445 to Henry Silberberg & Bros. for invoice of July 22.

Cash sales, $142.64.

Cash — Page 1

19—							19—					
July	31		C	2	3456 29		July	31		C	3	1163 87
Aug.	31		C	6	3476 20		Aug.	31		C	5	2331 80
					6912 49							3495 67

Merchandise Purchases — Page 2

19—						
July	31		P	1	4220 95	
Aug.	31		P	2	2884 91	
					7105 86	

Purchases Returns and Allowances — Page 3

19—						
July	31		PR	72	94 40	
Aug.	31		PR	73	48 09	
					142 49	

Sales — Page 4

19—						
July	31		S	1	926 27	
	31		C	4	3048 97	
					3975 24	
Aug.	31		S	2	198 38	
	31		C	6	3159 70	
					7333 32	

Sales Returns and Allowances — Page 5

19—						
July	31		SR	64	119 55	
Aug.	31		SR	65	21 05	
					140 60	

Discount on Purchases — Page 6

19—						
July	31		C	3	17 81	
Aug.	31		C	5	18 80	
					36 61	

Bernard Brill, 400 Broadway, New York, N.Y. Page 101

					Debit	Credit	Balance
July	6/30	7/10 n/30	P	1		94 25	94 25 Cr
	10	For inv 6/30	G	3	94 25		— —
	15	7/10 E. O.M.	P	1		60 —	60 — Cr
	16	Ret on inv 7/5	PR	72	5 10		54 90 Cr
	25	7/10 E. O.M.	P	1		83 25	138 15 Cr
Aug	5	7/10 E. O.M.	P	2		488 75	626 90 Cr
	5	Ret on inv 8/6	PR	73	24 45		602 45 Cr
	10	For inv 7/5 less ret 7/6	G	5	54 90		547 55 Cr
	29	7/10 E. O.M.	P	2		360 55	908 10 Cr

Wm. J. Nichson, Boston, Mass. Page 102

					Debit	Credit	Balance
July	6/30	7/10 n/60	P	1		101 30	101 30 Cr
	10	For inv 6/30	G	3	101 30		— —
	18	7/10 n/60	P	1		69 05	69 05 Cr
	22	Ret on inv 7/18	PR	72	15 27		53 78 Cr
	28	For inv 7/18 less ret 7/22	G	3	53 78		— —
Aug	12	7/10 n/60	P	2		258 61	258 61 Cr
	15	Ret on inv 8/12	PR	73	16 84		241 77 Cr
	22	For inv 8/12 less ret 8/15	G	5	241 77		— —

G. K. Watson & Co. 125 Fifth Ave. New York, N.Y. Page 103

					Debit	Credit	Balance
July	1	7/10 n/60	P	1		87 75	87 75 Cr
	3	Ret on inv 7/1	PR	72	7 75		80 — Cr
	11	For inv 7/3 less ret 7/3	G	3	80 —		— —
	20	7/10 n/60	P	1		283 27	283 27 Cr

Henry Silberberg & Bros. 225 Greenwich St. New York, N.Y. Page 104

July	3	7/10 n/30	P	1		143 90	143 90 Cr
	10	Ret on inv 7/3	PR	72	10 —		133 90 Cr
	11	For inv 7/3 less ret	G	3	133 90		— —
	22	7/10 n/30	P	1		145 65	145 65 Cr
Aug.	1	For inv 7/22	G	5	145 65		— —

Karpen Co. Inc. Chicago. Ill. Page 105

July	7	1/10. 1/60	P	1				206	35	206	35	Cr
	17	For invc 7/7	C	3	206	35				–	–	
	22	1/30	P	1				374	29	374	29	Cr
Aug.	10	For invc 7/22	C	3	374	29				–	–	
	24	1/10. & OM	P	2				688	22	688	22	Cr
	29	Allow on invc 7/24	CR	73	1	–				687	22	Cr

R. Steiner Inc. Trenton N.J Page 106

July	8	1/10 1/30	P	1				32	28	32	28	Cr
	13	Red. all of invc 7/8	CR	72	32	28				–	–	
	27	1/10 1/30	P	1				69	39	69	39	Cr
	30	1/60	P	1				606	68	676	07	Cr
Aug.	6	For invc 7/27	C	5	69	39				606	68	Cr

Rose Bros. 35 Spring St. New York N.Y Page 107

July	10	1/10 1/30	P	1				87	45	87	45	Cr
	21	1/10 1/30	P	1				128	–	215	45	Cr
	27	Error on invc 7/21	CR	72	24	–				191	45	Cr
	31	For invc 7/21 less cr 7/27	C	3	104	–				87	45	Cr
Aug.	10	For invc 7/10	C	5	87	45				–	–	
	18	1/10. 1/30	P	2				142	96	142	96	Cr
	29	For invc 8/18	C	5	142	96				–	–	

Morris Burshaw. 24 Bleecker St. New York N.Y Page 108

July	11	1/10. 1/30	P	1				159	30	159	30	Cr
	21	For invc 7/11	C	3	159	30				–	–	
	29	1/10. 1/30	P	1				594	44	594	44	Cr
Aug.	29	For invc 7/29	C	3	594	44				–	–	

Artistic Products, 222 Fifth Ave., New York, N.Y. Page 109

19											
July	14	1/10 M/30 R.O.G. 7/16	P	1			78	38	78	38	cr
	27	Form inv. 7/14	B	3	78	38			—	—	
	27	1/10 M/30 R.O.G. 7/29	P	1			645	55	645	55	cr
Aug	31	Ret. on inv. 7/27	CR	72	5	80			639	75	cr
	6	Form inv. 7/27 less ret. 7/31	B	5	639	75			—	—	

John Gerardo, 550 W. 34th St., New York, N.Y. Page 110

19											
July	17	1/10 M/30	P	1			170	42	170	42	cr
	27	Form inv. 7/17	B	3	170	42			—	—	
Aug	29	1/10 M/30	P	7			566	40	566	40	cr

Taylor & Co., 217 W. 42nd St., New York, N.Y. Page 111

19											
Aug	31	3/10 E.O.M.	P	2			379	42	379	42	cr

Aug. 3 Received $7.50 from Charles Grof, to apply on account.

Received invoice dated July 31 from Taylor & Co., 217 W. 42nd St., New York, N. Y., for $379.42; terms 3/10 E.O.M.

Received credit memo dated July 31 from Artistic Products for $5.80, for return on invoice of July 27.

Cash sales, $96.38.

4 Cash sales, including C.O.D. sales, $91.57.

Charge sale #15-30 to Samuel Stein, $18.50.

5 Cash sales, $105.35.

6 Cash sales, $111.16.

Received invoice dated Aug. 5 from Bernard Brill for $488.75; 2/10 E.O.M.

Sent check to R. Steiner, Inc., for invoice of July 27, and to Artistic Products for invoice of July 27 less return of July 31.

7 Charge sale #15-31 to James McNamara, $25; #15-32 to David Gerber, $8.25.

Received $15.10 from Donald Graham for sale of July 29, and $25 from Harry Barth on account.

Cash sales, $136.98.

8 Cash sales, $161.14.

Issued credit memo #138 to James McNamara for $2 as an allowance on sale of the 7th.

10 Charge sale #15-33 to Chas. Grof, $9.50.

Mailed check to Rose Bros. for invoice of July 10; sent check to Bernard Brill for invoice of July 15 less credit of July 16; and sent check to Karpen Co., Inc., for invoice of July 22.

Cash sales, including C.O.D. sales, $92.76.

11 Received $12 from Samuel Stein for the balance on the sale of July 23.

Received credit dated Aug. 5 from Bernard Brill for $24.45 for merchandise returned on invoice of Aug. 5.

Cash sales, $85.22.

12 Received $62.45 from Harry Steinberg for sale of July 28.

Cash sales, $100.08.

13 Cash sales, $109.10.

Charge sale #15-34 to Alexander Bell, 100 Columbus Ave., City, $10.

14 Cash sales, $124.83.

Charge sale #15-35 to Robert Friedman, $41.68.

Received invoice dated Aug. 12 from Wm. J. Mahon for $258.61; terms 2/10 N/60.

15 Issued credit #139 to Robert Friedman, $2.35, for return on sale of the 14th.

Cash sales, $131.29.

17 Received $25 from Harry Barth to apply on account.

Received credit memo dated Aug. 15 from Wm. J. Mahon for $16.84 for return of merchandise on invoice of the 12th.

Cash sales, including C.O.D. sales, $98.91.

18 Cash sales, $118.76.

Received $4.65 from Chas. Grof for balance due on sale of July 8; $22.25 from David Gerber for sale of July 16 less credit of July 17; from Sol Kaufman $30 on account.

Harry Steinberg 330 River St. City Page 201

19								19							
July	2	15 05	S	1	a	18	45	July	6	For Sale 7/2	C	2	a	18	45
	15	15-16	S	1	b	39	85		22	For Sale 7/15	C	2	b	39	85
	28	15-25	S	1	c	62	45	Aug	12	For Sale 7/28	C	4	c	62	45

Miss Frances Karmour 760 Second Ave. City Page 202

19								19							
July	3	15-08	S	1	a	29	03	July	8	Return Sale 7/1 SR	64		"	9	-
	11	15-13	S	1	b	29	42		8	For Sale 7/11 Dress set	C	2	"	2	03
Aug	27	15-47	S	2			75		18	For Sale 7/11	C	2	"	29	42

Donald Graham 240 E. 65 St. City Page 203

19								19							
July	3	15-07	S	1	a	62	25	July	6	Return Sale 7/2 SR	64		"	12	25
	16	15-18	S	1	b	38	40		16	For Sale 7/16 Dress set	C	2	a	50	
	29	15-27	S	1	c	15	10		25	For Sale 7/16	C	2	b	35	40
Aug	25	15-41	S	2	d	15	-	Aug	7	For Sale 7/27	C	4	c	15	10
	31	15-45	S	2		12	-		26	Ret. Sale 7/27 SR	65		d	15	-

Samuel Stein 725 Third Ave. City Page 204

19								19							
July	6	15-08	S	1	a	35	75	July	11	For Sale 7/6	C	2	"	3	75
	23	15-21	S	1	b	22	-		27	Return Sale 7/23 SR	64		"	10	-
Aug	4	15-30	S	2		18	50	Aug	11	For Sale 7/23 dress set	C	4	"	12	-
	27	15-43	S	2		8	-		31	Allow on Sale 7/27	SR	65			50
						50	50								

Charles Graf 310 E. 42 St. City Page 205

19								19							
July	8	15-09	S	1	a	12	15	Aug	3	On account	C	4	a	7	50
Aug	10	15-33	S	2		9	50		18	Bal on Sale 7/8	C	6	a	4	65

Harry Barth 145 E 41 St. City Page 206

19								19							
July	9	15-10	S	1	a	14	17	July	10	Return Sale 7/9	SR	64	a	8	50
	13	15-14	S	1	b	58	70		13	Bal on Sale 7/9	C	2	a	10	67
	31	15-28	S	1		83	25		20	For Sale 7/13	C	2	b	58	70
Aug	25	15 39 34 20	S	2			95	Aug	7	On account	C	4		25	-
						54	20		17	On account	C	4		25	-
														50	

Robert Friedman 220 E. 40 St. City Page 207

19								19							
July	9	15-11	S	1	a	42	85	July	20	Return Sales 7/9 7/13	SR	64	a	57	05
	13	15-15	S	1	a	34	80		22	For Sales 7/9 7/13 dress set	C	2	a	20	60
Aug	14	15-35	S	2		41	68	Aug	15	Return Sale 7/11	SR	65		2	35
	25	15-40 40 58	S	2		1	25								
						42	93								

George Asch, 210 E. 43rd St. City. Page 208

19-								19-							
July	10	15-12	S	1	a	63	75	July	16	Ret on Sale 1/10 SR	64	a	13	75
	25	15-24	S	1	b	25	60		16	On Sale 1/10 less ret	6	a	50	—
Aug	19	15-37	S	2	b	6	—	Aug	31	For Sales 1/25 7/29	6	b	31	66

David Gerber, 318 E. 49th St. City. Page 209

19-								19-							
July	16	15-17	S	1	a	27	25	July	17	Allow on Sale 1/10 SR	64	a	5	—
Aug.	7	15-37	S	2		8	75	Aug	18	For Sale 1/16 less ret	6	a	22	25
	"	15-44	S	2		9	95/100							

Sol. Kaufman, 640 West End Ave. City. Page 210

19-								19-							
July	20	15-19 20th	S	1		84	—	July	25	Ret on Sale 1/20 SR	64		4	—
									31	On account	6	4	10	—
								Aug	18	On account	6	6	30	—
									31	On account	6	6	20	—
													64	

Louis Minetti, 214 E. 38th St. City. Page 211

19-								19-							
July	22	15-20	S	1	a	15	45	July	29	For Sale 1/22	6	2	a	15	45
Aug.	21	15-38 40th	S	2		9	60	Aug	22	Ret on Sale 1/22 SR	65			1	20

James McNamara, 400 First Ave. City. Page 212

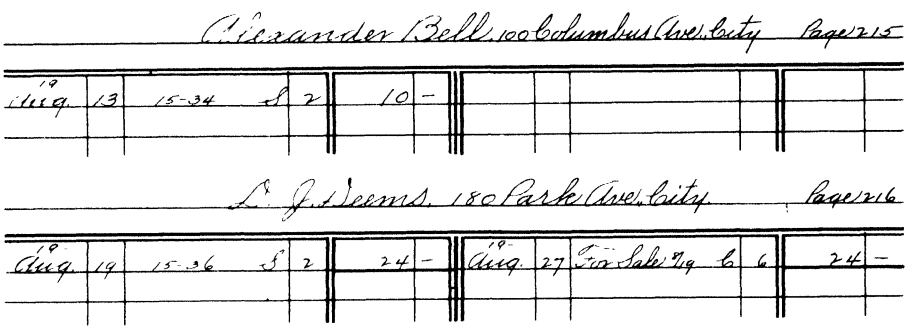
19-								19-							
July	24	15-22 26th	S	1		36	60	July	29	On account	6	4		10	—
Aug	7	15-31 49th	S	2		25	—	Aug	8	Allow on Sale 7/29 SR	65			2	—
						61	60							12	

Fred. Jager, 135 E. 87th St. City. Page 213

19-															
July	24	15-23	S	1		40	—								

Joseph Jaffe, 145 E. 55th St. City. Page 214

19-								19-							
July	28	15-26	S	1	a	30	—	Aug	21	For Sale 1/22	6	6	a	30	—
Aug.	1	15-29	S	2	b	6	95		27	For Sale 7/1	6	6	b	6	95



Aug. 19 Cash sales, $131.42.

Charge sale #15-36 to D. J. Deems, 180 Park Ave., City, $24; #15-37 to George Asch, $6.

20 Cash sales, including C.O.D. sales, $122.79.

Received invoice dated Aug. 18 from Rose Bros., $142.96; terms 2/10 N/30.

21 Received $30 from Joseph Jaffe for sale of July 28.

Charge sale #15-38 to Louis Minetti, $9.60.

Cash sales, $108.18.

22 Cash sales, $165.50.

Issued credit memo #140 to Louis Minetti for $1.20 for return on sale of the 21st.

Mailed check to Wm. J. Mahon for invoice of Aug. 12 less return of the 15th.

24 Cash sales, $110.

25 Charge sale #15-39 to Harry Barth, 95¢; #15-40 to Robert Friedman, $1.25; #15-41 to Donald Graham, $15.

Cash sales, $137.70.

26 Cash sales, $129.16.

Issued credit #141 to Donald Graham for return of the entire sale of the 25th.

Received invoice dated Aug. 24 from Karpen Co., Inc., for $688.22; terms 2/10 E.O.M.

27 Cash sales, $120.09.

Charge sale #15-42 to Miss Frances Karnow, 75¢; #15-43 to Samuel Stein, $8.

Received $6.95 from Joseph Jaffe for sale of Aug. 1; received $24 from D. J. Deems for sale of Aug. 19.

28 Cash sales, $131.01.

Mailed check to Morris Barshay for invoice of July 29; check to Rose Bros. for invoice of Aug. 18.

29 Cash sales, including C.O.D. sales, $166.98.

31 Cash sales, $130.70.

Received $20 on account from Sol Kaufman; $31.60 from George Asch for sales of July 25 and Aug. 19.

Issued credit #142 to Samuel Stein for 50¢ as allowance on sale of the 27th.

Received credit memo dated Aug. 29 from the Karpen Co., Inc., for allowance of $1 on invoice of Aug. 24.

Received invoice dated Aug. 29 from John Gerardo for $566.40; terms 1/10 N/30; an invoice from Bernard Brill dated Aug. 29 for $360.55 on terms 2/10 E.O.M.

Charge sale #15-44 to David Gerber, 95¢; #15-45 to Donald Graham, $12.

Metropolitan Sporting Goods Store

Trial Balances

		July 31 19—				Aug. 31, 19—			
1	Cash	12772	41			3436	87		
2	Merchandise Purchases	4227	95			7105	56		
3	Purchases Returns & Allowances			94	40			147	49
4	Sales			9975	24			7333	32
5	Sales Returns & Allowances	119	55			140	60		
6	Interest on Purchases			17	81			36	61
101	Bernard Brill			138	15			905	10
103	Karpen Bros.			243	27			283	27
104	Bernard Berlew & Sons			145	65			—	
105	Becker & Co.			374	79			687	22
106	J. Bloom, Inc.			476	07			606	68
107	Case Bros.			87	45				
108	Peter Parker			594	44				
109	Chris Sporting Co.			645	65				
201	Harry Engelberg	67	45						
203	Donald Graham	12	10			12			
204	Clarence Oliver	12	—			26			
205	Charles Asch	12	15			9	50		
206	Peggy Booth	83	25			34	70		
208	George Case	26	60			—			
209	David Gerber	22	25			9	70		
210	Carl Anderson	70	—			20			
211	Gomez De Pamesa	26	60			49	60		
213	Saul Lange	40				40	—		
214	Gerardo, Luppe	30	—			—			
110	Sutton Realties							566	40
111	Karpen Bros.							379	42
201	Engelberg Furniture						70		
207	Robert Jacobson					40	58		
211	Gomez Pamesa					8	40		
215	Lieberman Bros.					10	—		
		7032	32	7032	32	6944	41	6944	41

Apprentice Experience—Set B
No. 69
A Supplementary Set

Frank Blaisdell operates a retail haberdashery at 213 East 41st Street, City. He has engaged you as bookkeeper. You are to record the transactions during February and March that are listed in the narrative given on the following pages. At the end of the month, the journals are to be closed and summarized, and a trial balance is to be taken. Monthly statements for customers are also to be prepared. Keep a calendar for the due dates of invoices, beginning with Sunday, February 5.

Prepare journals and ledgers, as follows:

Two-column journal paper; three sheets—

On the first page, Sales Journal for February. Number this page 1.
On the second page, Sales Journal for March. Number this page 2.
On the third page, Sales Returns and Allowances Journal. Use the upper half of the page for February, and number this page 140. Use the lower half of the page for March, and number this page 141.
On the fourth page, Purchases Journal for February. Number this page 1.
On the fifth page, Purchases Journal for March. Number this page 2.
On the sixth page, Purchases Returns and Allowances Journal. Use the upper half of the page for February, and number this page 132. Use the lower half of the page for March, and number this page 133.

Three-column journal paper; three sheets—

Put the three sheets together as in a book, and number the pages from 1 to 6.
On pages 2 and 4, Cash Receipts Journal for February.
On pages 4 and 6, Cash Receipts Journal for March.
On page 3, Cash Payments Journal for February.
On page 5, Cash Payments Journal for March.

For the trial balance use page 1 of the three-column paper. Rule an additional money column so as to have four columns in all. Use the first two money columns for the trial balance of February 28, and the last two columns for the trial balance of March 31.

Ledgers:

Use the "T" form for the general accounts. Number the accounts, starting with number 1. Allow 5 lines for each account. Use the same form of ledger paper for the creditors' accounts, giving each account one-fourth of a page. The creditors' accounts are to be

numbered, starting with 201. Three sheets of ledger paper will be needed for the general and the creditors' accounts. Use the three-column form of ledger for the customers' accounts, allowing one-third of a page for each account. These accounts are to be numbered, starting with 101.

Feb. 1 Received the merchandise and the invoice dated Jan. 27 from James Stewart, Baltimore, Md., for $175; terms, 2/10 N/30. Also the merchandise and the invoice dated Jan. 29 from Cluett-Jones Co., Albany, N. Y., for $187.50; terms 2/10 N/30.

Sales for cash, $162.31.

Charge sale #16-01 to Frederick Clayton, 265 East 57 St., City, $20.10; and charge sale #16-02 to William Lindstrum, Tudor City, $14.75.

2 Sales for cash, including C.O.D. sales, $149.70.

Charge sale #16-03 to Milton Block, 420 Lexington Ave., City, $13.60, and charge sale #16-04 to Robert Pryor, 155 Third Ave., City, $5.25.

3 Received the invoice dated Feb. 1 from Dixon Cravats, 177 Fifth Ave., New York, N. Y., for $139; terms, 7/10 N/60. (Whenever an invoice is received, it is assumed that the merchandise has also been received, and this fact will not be hereafter mentioned.)

Charge sale #16-05 to David Sanders, 101 Park Ave., City, $15.65.

Sales for cash, $135.35.

4 Sales for cash, $189.12.

Charge sale #16-06 to Willard Kohl, 370 Madison Ave., City, $9.75; #16-07 to Theodore McShane, 335 East 50 St., City, $26.75; #16-08 to Thomas Strong, 1440 Broadway, City, $30.

Issued credit memo #179 to David Sanders for $1.50 for return on sale of the 3rd.

Received check for $14.15 from David Sanders for sale of the 3rd less credit allowed.

5 Sunday

6 Received an invoice dated Feb. 4 from Artistic Products, 222 Fifth Ave., New York, N. Y., for $266.67; terms, 1/10 N/30.

Sales for cash, including C.O.D. sales, $130.

Issued credit memo #180 to Thomas Strong for $4.50 for return on sale of the 4th.

Issued check #355 to James Stewart for invoice of Jan. 27. (Note that discounts are to be taken if invoices are paid in accordance with the discount terms.)

Feb. 7 Sales for cash, $142.32.

Received $25.50 from Thomas Strong for sale of the 4th less credit issued yesterday.

Received credit memo dated Feb. 6 from Cluett-Jones Co., for $7.50 for merchandise returned on invoice of Jan. 29.

8 Sales for cash, $121.95.

Charge sale #16-09 to Edward Morrow, 466 Lexington Ave., City, $10.35.

Issued check #356 to Cluett-Jones Co. for invoice of Jan. 29 less credit of Feb. 6.

9 Received invoice dated Feb. 8 from Rice Underwear Co., Cleveland, Ohio, for $283.50; terms, 3/10 N/60.

Sales for cash, $137.60.

Charge sale #16-10 to Roger Spencer, 277 Park Ave., City, $12.50.

Received credit memo dated Feb. 7 from Artistic Products for $10, to adjust error on invoice of Feb. 4.

Received invoice dated Feb. 6 for $150 from James Stewart, terms, as had.

10 Sales for cash, including C.O.D. sales, $142.45.

Charge sale #16-11 to David Victor, 130 East 41 St., City, $6.75; #16-12 to Arthur Friend, 30 Rockefeller Plaza, City, $7.50.

11 Sales for cash, $195.20.

Charge sale #16-13 to Frederick Clayton, $32; #16-14 to Milton Block, $18.50; #16-15 to Thomas Strong, $16.75.

Issued credit memo #181 to Frederick Clayton for $1.10 on sale of Feb. 1; and issued credit memo #182 to William Lindstrum for $1.50 on sale of the 1st.

Received $19 from Frederick Clayton for sale of Feb. 1 less credit given today; received $5.25 from Robert Pryor for sale of Feb. 2.

Issued check #357 to Dixon Cravats for invoice of Feb. 1.

13 Received invoice dated Feb. 11 from Glendenning & Jones, 333 Seventh Ave., New York, N. Y., for $92.75; terms, N/10 E.O.M.

Sales for cash, $128.15.

Received credit memo dated Feb. 11 from James Stewart for $25 for merchandise returned on invoice of Feb. 6.

14 Received invoice dated Feb. 13 from Bordeaux Mills, Paterson, N. J., for $129; terms, 7/10 E.O.M.

Sales for cash, $137.84.

Charge sale #16-16 to William Lindstrum, $15.25.

Mailed check #358 to Artistic Products for invoice of Feb. 4 less credit of Feb. 7.

15 Sales for cash, $130.05.

Received $13.60 from Milton Block for sale of Feb. 2, and $32 from Frederick Clayton for sale of Feb. 11.

16 Sales for cash, including C.O.D. sales, $137.14.

Charge sale #16-17 to Willard Kohl, $2.95.

Issued credit memo #183 to Willard Kohl for 75¢ for return on sale of Feb. 4.

Received $9 from Willard Kohl for sale of Feb. 4 less credit given today; received $13.25 from William Lindstrum for sale of Feb. 1 less credit given on Feb. 11.

Issued check #359 to James Stewart for invoice of Feb. 6 less credit of Feb. 11.

17 Sales for cash, $140.

Charge sale #16-18 to Frederick Clayton, $8.50.

18 Sales for cash, $190.70.

Issued check #360 to Rice Underwear Co. for invoice of Feb. 8.

Charge sale #16-19 to David Sanders, $15.85; #16-20 to Robert Pryor, $25.

Received $10.35 from Edward Morrow for sale of Feb. 8.

19 Sales for cash, including C.O.D. sales, $111.69.

Received $26.75 from Theodore McShane for sale of Feb. 4.

20 Received invoice dated Feb. 18 from Koames Jewelry Co., 48 West 49 St., New York, N. Y., for $239; terms, N/30 R.O.G.

Sales for cash, $132.33.

Charge sale #16-21 to Theodore McShane, $17.10.

Received $16.75 from Thomas Strong for sale of Feb. 11.

21 Sales for cash, $127.76.

Charge sale #16-22 to Edward Morrow, $32.55; #16-23 to Arnold Dessar, 325 Riverside Drive, City, $19.

Received $15.25 from William Lindstrum for sale of Feb. 14.

23 Sales for cash, $141.80.

Charge sale #16-24 to David Victor, $14.75.

24 Received invoice dated Feb. 23 from Dixon Cravats for $445.75, terms, as had.

Sales for cash, including C.O.D. sales, $137.68.

Feb. 24 Charge sale #16-25 to Arthur Friend, $20.
Received $12.50 from Roger Spencer for sale of Feb. 9.

25 Received invoice dated Feb. 23 for $222.50 from Rice Underwear Co., terms, 3/10 N/60; and an invoice from Cluett-Jones Co. dated Feb. 24 for $245.75, terms, 2/10 E.O.M.
Sales for cash, $179.23.

26 Charge sale #16-26 to David Gray, 111 East 42 St., City, $12.10; #16-27 to David Sanders, $11.15; #16-28 to Everett Carlisle, 521 Fifth Ave., City, $29.85.
Received $7.50 from Arthur Friend for sale of Feb. 10.
Received credit memo dated Feb. 23 from Koames Jewelry Co. for $14.50 for merchandise returned on invoice of Feb. 18.
Sales for cash, $144.

27 Received invoice dated Feb. 25 from Rice Underwear Co. for $372.50, terms, as had; an invoice from Glendenning & Jones dated Feb. 24 for $437.33, terms, as had.
Sales for cash, $136.
Received $17.10 from Theodore McShane for sale of Feb. 20.

28 Sales for cash, $140.59.
Received $15.85 from David Sanders for sale of Feb. 18.
Issued credit memo #184 to Everett Carlisle for $15.85 for return made on sale of Feb. 26.
Received credit memo dated Feb. 27 from Rice Underwear Co. for $12 for damaged merchandise on bill of Feb. 23.

After completing the recording for February, taking the trial balance, and preparing the statements to customers, continue with the recording of the March transactions.

Mar. 1 Sales for cash, $145.62.
Received invoice dated Feb. 27 from Glendenning & Jones for $366.57, terms, N/10 E.O.M.

2 Charge sale to William J. Bennett, 20 East 42 St., City, $16.45.
(The sales slips numbers are to be continued from #16-28, the last sales slip number in February.)
Sales for cash, including C.O.D. sales, $139.27.

3 Received $10 to apply on account from Arthur Friend, and $12.50 on account from Robert Pryor.
Cash sales, $161.03.

4 Received credit memo dated Mar. 2 for allowance of $16.50 on the invoice of Feb. 27 from Glendenning & Jones.
Cash sales, $177.59.

6 Paid Dixon Cravats for invoice of Feb. 23; and paid Rice Underwear Co. for invoice of Feb. 23 less return of Feb. 27. (Check numbers are to be continued.)

Received invoice dated Mar. 4 from Cluett-Jones Co. for $351.77, 2/10 E.O.M.

Issued credit memo to William J. Bennett for 75¢ as an allowance on bill of Mar. 2.

Cash sales, including C.O.D. sales, $138.15.

7 Charge sale to Robert Pryor, $4.50.

Paid Rice Underwear Co. for invoice of Feb. 25.

Cash sales, $131.44.

8 Received $7.50 from Arnold Dessar to apply on account, and $11.15 from David Sanders for sale of Feb. 26.

Cash sales, $127.93.

9 Issued credit to Robert Pryor for the return of the entire sale of Mar. 7 amounting to $4.50.

Received invoice dated Mar. 8 from Rice Underwear Co. for $290.70, terms, 3/10 N/60.

10 Charge sale to Robert Pryor, $10, and to William Lindstrum, $6.60.

Mailed checks to the following:

To Cluett-Jones Co. for invoice of Feb. 24.
To Glendenning & Jones for invoices of Feb. 11 and 24.
To Bordeaux Mills for invoice of Feb. 13.

Cash sales, $153.61.

11 Cash sales, including C.O.D. sales, $173.96.

13 Charge sale to Milton Block for $5.75.

Received invoice dated Mar. 10 from Dixon Cravats for $198.63, terms, 7/10 N/60.

Cash sales, $140.11.

14 Received $12.10 from David Gray for sale of Feb. 26.

Cash sales, $139.56.

15 Received $10 from Arthur Friend for balance due.

Received credit memo dated Mar. 14 from Dixon Cravats for return amounting to $36.72 on invoice of Mar. 10.

Cash sales, $128.98.

16 Charge sale to Roger Spencer, $25, and to Henry W. Walters, 36 West 59 St., City, $8.25.

Cash sales, $161.05.

Mar. 17 Received $12.50 from Robert Pryor for balance due on the February account, and $2.95 from Willard Kohl for sale of Feb. 16.

Cash sales, $158.08.

18 Allowance of $2 given to Roger Spencer on sale of Mar. 16.

Paid Rice Underwear Co. for invoice of Mar. 8.

Cash sales, including C.O.D. sales, $183.17.

20 Paid Dixon Cravats for invoice of Mar. 10 less return.

Received $5 on account from William J. Bennett.

Received the following invoices:

From Bordeaux Mills dated Mar. 17 for $346.25, terms, 7/10 E.O.M.

From Rice Underwear Co. dated Mar. 18 for $177.30, terms, 3/10 N/60.

From James Stewart dated Mar. 18 for $451.28, terms, 2/10 N/30.

Cash sales, including C.O.D. sales, $150.50.

21 Charge sale to David Victor, $43.25.

Received credit memo for $12.75 from Dixon Cravats dated Mar. 17 for the return on the invoice of Mar. 10. (What kind of balance will this creditor's account have? Why?)

Cash sales, $111.19.

22 Paid Koames Jewelry Co. for invoice of Feb. 18 less return of Feb. 23.

Received invoice dated Mar. 20 from James Stewart for $96, terms, 2/10 N/30.

Cash sales, including C.O.D. sales, $149.10.

23 Charge sale to Edward Morrow, $15, and to O. S. Armstrong, 250 York Ave., City, $12.50.

Received invoice dated Mar. 22 from Artistic Products for $422.36, on terms 1/10 N/30.

Cash sales, $152.75.

24 Received $21.50 from David Victor for February sales, and $10 from Milton Block to apply on account.

Received credit memo dated Mar. 23 for $36.30 from James Stewart for return on invoice of Mar. 18.

Cash sales, $140.22.

25 Charges:

To William J. Bennett, $38.74.
To Theodore McShane, $18.
To Arthur Friend, $22.50.

Cash sales, $176.26.

27 Cash sales, including C.O.D. sales, $139.75.

28 Issued credit of $3.50 to Edward Morrow for return on sale of Mar. 23, and issued a credit to William J. Bennett for $2.44 for return on sale of Mar. 25.

Paid James Stewart for invoice of Mar. 18 less return of Mar. 23.

Cash sales, $147.

29 Received $11.50 from Arnold Dessar for balance of his account. Received invoice dated Mar. 27 from Troy Shirt Co., Troy, N. Y., for $177.46, on terms 2/10 E.O.M.

Cash sales, $122.54.

30 Charge sales:

To Roger Spencer, $6.
To David Victor, $9.45.

Received invoice dated Mar. 28 from Bordeaux Mills for $288.51 on terms 7/10 E.O.M.

Received credit memorandum dated Mar. 27 from Bordeaux Mills for $10 as an allowance on invoice of Mar. 17.

Cash sales, $151.18.

31 Charge sales:

To Theodore McShane, $1.
To John P. Ryan, 200 Fifth Ave., City, $22.75.
To William J. Bennett, $5.

Issued credit memo amounting to $1.50 to Arnold Dessar for defective merchandise. (What kind of balance will this customer's account have? Why?)

Cash sales, $160.40.

UNIT 3

The Cash Recording Cycle

The cycle of operations and the records required for purchases and sales have been studied in Units 1 and 2. Part of the procedure relating to the recording of cash has already been presented in these units in connection with

a. Making out checks and recording them on the check stubs
b. Recording, in the cash payments journal, payments to creditors
c. Recording, in the cash receipts journal, cash receipts from cash customers and charge customers

The complete procedure for the recording of cash is outlined in Unit 3. Where the procedure involves cash records that have already been studied, they will be briefly reviewed.

The business routine that will be studied in connection with the recording of cash is as follows:

Step 1. Operating the Cash Register
2. Preparing Cash Register Reports
3. Preparing Bank Deposits
4. Recording in the Checkbook
5. Classifying Accounts—The Fundamentals of Bookkeeping
6. Recording Cash Receipts; Posting
7. Recording Cash Payments; Posting
8. Recording Miscellaneous Cash Items
9. Preparing Bank Reconciliation Statements
10. Recording in the Petty Cash Journal

Step 1

Operating the Cash Register

The method of handling cash most generally used in retail business involves the use of a cash register. The outstanding advantage of the cash register is that it provides a record of every sale and of every payment made by the business except those made by check.

Illustration No. 45 shows a type of cash register that may be used in a retail store. A register of this size provides each of four salespersons with his own cash drawer in which to place his change in the morning

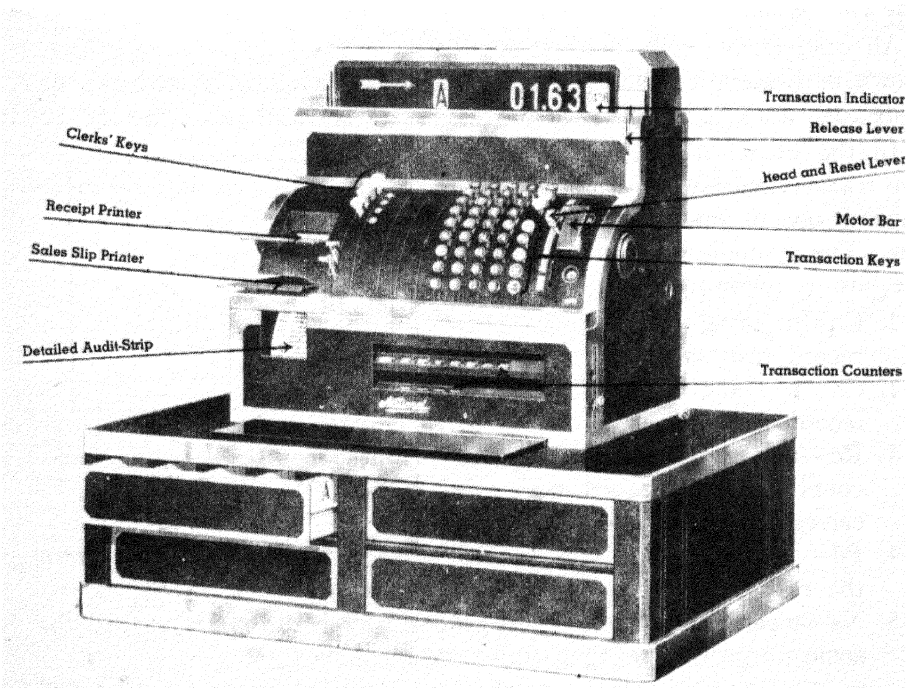


Illustration No. 45 — A Cash Register.

and all money taken in by him during the day. Some stores use a cash register for each salesperson or for each department, in which case the register may have only one or two cash drawers. It is not advisable to have more than one person use a cash drawer. Otherwise it is difficult to place the responsibility in case of error.

Arrangement of Keys. Illustration No. 46 is a chart of the arrangement of the keys of the cash register shown in Illustration No. 45. Since this register has four cash drawers, there are four control keys, one for each of the cash drawers. Each key is designated by the same letter as the drawer that it controls, namely A, B, D, and E. The letter C is not used as it might be confused with the letter D. The figure keys permit the recording, at one operation, of an amount up to $99.99. If it is desired to record a sum amounting to $100 or more, it is necessary to register two or more amounts that will total the sum required. Thus, in recording a sale amounting to $150, the clerk would register two amounts, such as $75 and $75, or $90 and $60.

The first two columns of figure keys from the left are used for the recording of dollars, the first column for tens and the second for units. The two remaining columns are for the recording of cents.

All cash registers do not necessarily have the keys in the position shown in Illustration No. 46. Some registers may have more keys, or more cash drawers, others may have fewer of each.

In the model illustrated there are five transaction keys on each of which appears one of the symbols listed below. The symbols, their meaning and use, are as follows:

1. Ca—meaning "Cash"; used to record cash sales
2. Ch—meaning "Charge"; used to record charge sales
3. Rc—meaning "Received on Account"; used to record money received from a charge customer
4. Pd—meaning "Paid Out"; used to record payments made from the cash register
5. Ns—meaning "No Sale"; used when a cash drawer is opened for some purpose other than those stated above

A	9	9	9	9	
B	8	8	8	8	
D	7	7	7	7	
E	6	6	6	6	
	5	5	5	5	Cash
	4	4	4	4	Charge
	3	3	3	3	Recd Acct
	2	2	2	2	Paid Out
	1	1	1	1	No Sale

Illustration No. 46 — Standard Key Arrangement.

Operation of the Register. Let us suppose that the salesperson in charge of cash drawer B, whom we will call Clerk B, wishes to record a cash sale amounting to $2.85. He will press the keys in the following order:

1. The clerk's identification key—B
2. The figure keys—$2, 80¢, and 5¢
3. The cash key—Ca

The Motor Bar. The clerk then inspects the depressed keys in order to be sure that he has not made an error, and then, if the register is operated by electricity, he presses the motor bar. The operation of the motor bar registers the transaction and at the same time opens the cash drawer. As each registration is completed, indicators at the top of the register show in large size figures and letters the following: (1) the initial assigned to the salesperson, (2) the amount of the transaction, (3) the type of transaction.

Machines that are not operated electrically are provided with a handle in place of the motor bar. When the handle is turned, it performs the same function as the motor bar.

The Release Lever. If, before operating the motor bar, the clerk finds that he has made an error, as for example pressing the 70¢ key instead of the 80¢ key in recording the amount $2.85, he pulls down the release lever. The operation of this lever releases *all* the keys that have been pressed, and the clerk then proceeds to record the correct amount.

Recording Cash Sales—Receipts. A record of each transaction is printed by the cash register on a roll of paper similar to that used in adding machines. This paper or tape is called the detailed audit-strip. Most registers have an additional roll, usually of a more substantial type

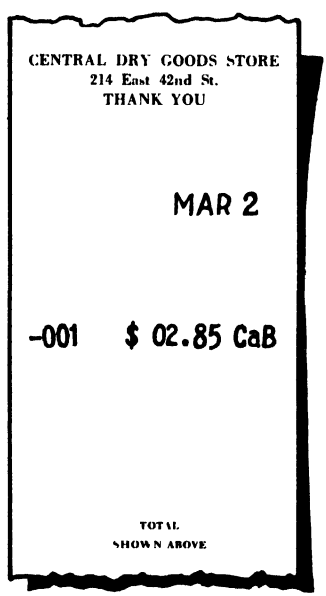


Illustration No. 47
Receipt for a Cash Sale.

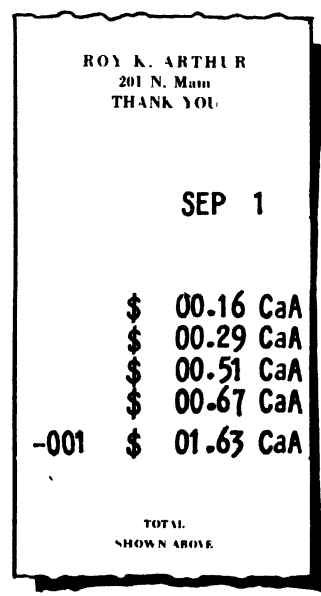


Illustration No. 47a
Receipt for a Cash Sale Showing Amount of Each Item Making Up the Sale.

of paper, on which the record of the transaction is also printed, in the form shown in Illustration No. 47. The slip containing this second record is cut from the roll and ejected by the register at the time the transaction is recorded. In the case of a cash sale, the slip serves as a receipt which is handed to the customer. Printed on the slip are the following items: (1) the date, (2) the transaction number, (3) the amount of the sale, (4) the type of transaction, namely, Ca, or cash sale, (5) the identification letter of the clerk recording the transaction.

Most types of cash registers will list the several items in a transaction and automatically show the total amount (see Illustration No. 47a).

Recording Charge Sales. In Unit 2 the student had the experience of preparing sales slips for charge sales. It is advisable to use a sales slip when it is desired to have a record of charge sales included on the cash register tape. The procedure follows:

1. A sales slip in triplicate is prepared.

2. The original and the first carbon copy are torn out of the sales book. Both copies are inserted in the slip printer of the register. The amount of the sale is recorded on both slips by pressing the keys in the following order:

a. The clerk's key
The amount keys
c. The charge key (Ch)
d. The motor bar

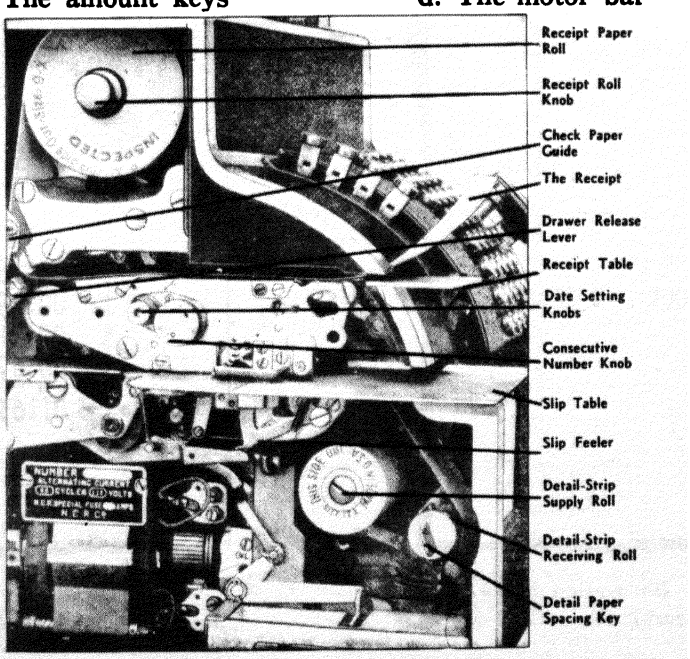
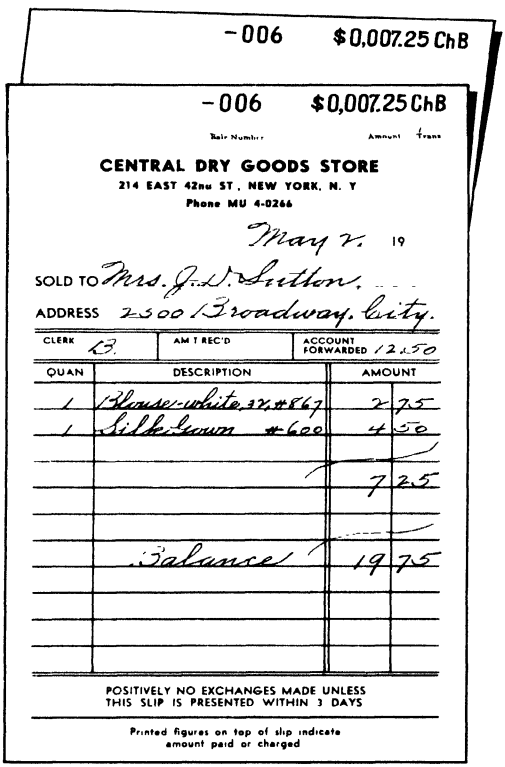


Illustration No. 48 — View of Left Side of Cash Register with Cover Removed.

A receipt is not issued by the register, and is not necessary, since the record of the transaction is printed on the duplicate sales slip that is handed to the customer (see Illustration No. 49). The original copy of the sales slip, which also contains the printed record of the transaction, is placed in the cash drawer of the clerk who has made the sale.

In some concerns, the amount of the old balance owed by the customer is entered on the sales slip in the space provided for the purpose after the words "Account Forwarded". To this amount is added the amount of the sale itemized on the sales slip, and the new balance owed



-006 $0,007.25 ChB

-006 $0,007.25 ChB

Clerk Number Amount Trans

CENTRAL DRY GOODS STORE
214 EAST 42nd ST., NEW YORK, N. Y
Phone MU 4-0266

May 7. 19

SOLD TO Mrs. J. D. Sutton.

ADDRESS 2500 Broadway, City.

CLERK K.	AM'T REC'D	ACCOUNT FORWARDED 12.50

QUAN	DESCRIPTION	AMOUNT	
1	Blouse-white 32 #867	2	75
1	Silk-fawn #600	4	50
		7	25
	Balance	19	75

POSITIVELY NO EXCHANGES MADE UNLESS THIS SLIP IS PRESENTED WITHIN 3 DAYS

Printed figures on top of slip indicate amount paid or charged

Illustration No. 49 — A Sales Slip in Duplicate Showing Record Printed by the Cash Register for a Charge Sale.

by the customer is then indicated at the foot of the sales slip. This method was followed in the preparation of the sales slip shown in Illustration No. 49.

Recording Cash Received on Account. Cash receipts from charge customers are handled in various ways, depending upon the size of the business and upon the particular method preferred by the management.

One method makes use of the cash register. In smaller retail concerns, the amount paid by a charge customer is recorded on the cash register by the salesclerk to whom the money is handed. The procedure in this method of recording a payment on account is as follows:

a. The amount received by the clerk is entered on a sales slip. The top of the slip is filled out, as in the case of a charge sale, with the date,

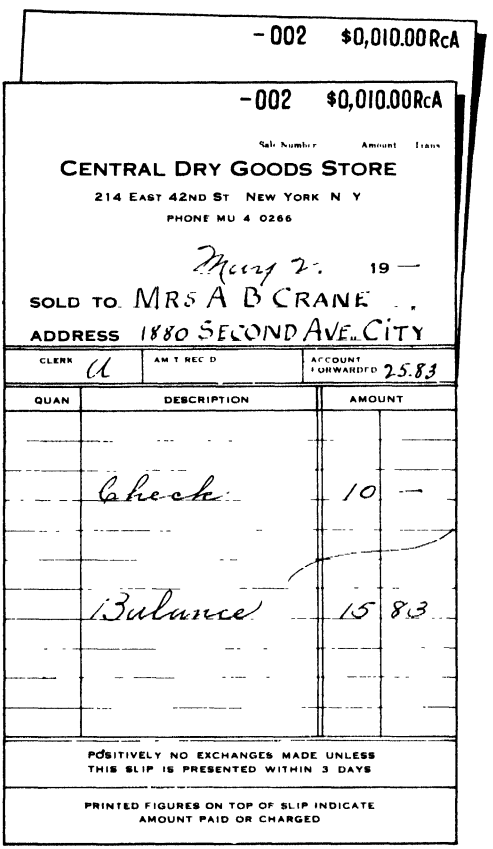


Illustration No. 50 — Sales Slip in Duplicate Showing Record Printed by a Cash Register for Cash Received on Account.

and the name and address of the customer. The amount owed by the customer before this payment is written after the words "Account Forwarded". The amount of the payment is then deducted from the old balance, and the new balance is shown at the foot of the sales slip. If the procedure of showing the old and the new balance is also followed in the preparation of the slips for charge sales, the sales slips will provide a continuous and up-to-date record of the customer's account.

b. Both the original and the carbon copy of the sales slip are inserted in the sales slip printer of the register. The amount of the payment is recorded on both slips by pressing the keys in the following order:

a. The clerk's key
b. The amount keys
c. The "received on account" key (Rc)
d. The motor bar

As in the case when a charge sale is recorded, the register does not issue a receipt slip. The original copy of the sales slip is placed in the cash drawer; the duplicate copy is handed to the customer—no other receipt is therefore necessary.

In some establishments, a charge customer makes a payment on account to a cashier, who issues a receipt. This receipt is made out in duplicate, and shows the old balance, the amount received from the customer, and the new balance, if any. The original copy of the receipt is handed to the customer. The receipts are numbered consecutively, the duplicate bearing the same number as the original.

In instalment sales, a card or a book somewhat similar to the passbook of a savings bank is used to record the amount of the sale, payments on account, and the new balance after each payment. A special type of cash register may be used in the recording of instalment payments.

Recording "Paid Outs". Payments of cash by the business that are not made by check may be paid from the money in the cash register. Usually, only small sums are paid from this source, for purposes such as the following:

(1) For the payment of carfares, express charges on merchandise delivered to the store

(2) For refunds to a cash customer

The "Paid Out" key (Pd) is used in recording a payment from the register. The payment is registered by pressing the keys in the following order:

(1) The clerk's identification key
(2) The amount keys
(3) The "paid out" key (Pd)
(4) The motor bar

A slip as shown in Illustration No. 51 (similar to the receipt slip for a cash sale shown in Illustration No. 47) is issued by the register. This slip should be signed by the person receiving the money, or it should be attached to a receipted bill or invoice. If there is no bill, the purpose for which the payment is made is written on the receipt. The clerk files the receipt in his cash drawer.

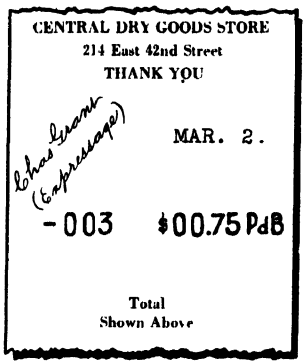


Illustration No. 51
Receipt for Money Paid Out.

The "No Sale" Key. The "No Sale" key (NS) is used whenever a cash drawer is opened for some purpose other than

a. To record a cash sale
b. To record a charge sale
c. To record cash received on account
d. To record money paid out

Let us suppose that Clerk A asks Clerk E for change of a five dollar bill. Clerk E opens his cash drawer for this purpose. He presses the keys in the following order:

(1) The clerk's identification key, E
(2) The "No Sale" key, NS
(3) The motor bar

A slip is also issued from the receipt roll when the "No Sale" key is used to open the cash drawer.

The Detailed Audit-Strip. Every operation of the register is recorded on the detailed audit-strip. The consecutive number of the transaction, the salesperson's initial, and the amount and the type of the transaction are printed on this tape. Illustration No. 52 shows part of a detailed audit-strip on which is printed the first six transactions of the day. Notice that each transaction is numbered in the order of its occurrence.

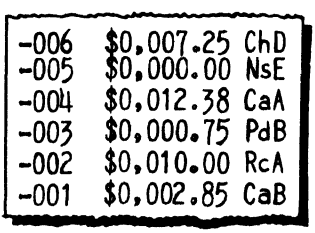


Illustration No. 52
Detail Slip Showing Record of First Six Transactions of the Day.

Transaction No. 1. A cash sale by Clerk B amounting to $2.85. (See Illus. No. 47)
2. $10 was received on account by Clerk A. (See Illus. No. 50)
3. Clerk B paid out 75¢. (See Illus. No. 51)
4. A cash sale by Clerk A amounting to $12.38
5. Clerk E opened his cash drawer for a purpose other than recording a transaction
6. A charge sale amounting to $7.25 by Clerk D.

Apprentice Experiences
Recording in the Cash Register
No. 70

The transactions listed below took place at the CENTRAL DRY GOODS STORE on May 1. Indicate the proper order of the keys to be pressed to register each transaction.

a. Cash sale by Clerk B; amount $8.70.

b. Charge sale to Mrs. E. Edwards, 1400 Second Ave., City, by Clerk A; amount $22.95. Previous balance, $6.47.

c. Clerk D received $10 on account from William Freed, 1650 Third Ave., City, a charge customer. Previous balance, $33.68.

d. Charge sale to Mrs. Andrew Greene, 22 West 40 St., City, by Clerk A; amount $9.50. Previous balance, $14.83.

e. Clerk A paid out 20¢ for carfares to errand boy, William Hamlin.

f. Cash sale by Clerk E amounting to $11.45. In registering the amount, the clerk pressed the following keys: $10, $1, 50¢, 5¢. He then discovered his error. Give the procedure to be followed in order to record the sale correctly.

g. Cash sale by Clerk B; amount, $1.19.

h. Clerk B asked Clerk D for change of a ten dollar bill.

i. Charge sale to Frank Parkers, 132 East 58 St., City, by Clerk D; amount $8.59. Previous balance, $7.50.

j. Received by Clerk E, $6.36 from Miss Jessica Brant, 1300 Third Ave., City. Previous balance, $6.36.

k. Refund of $1.25 made to a cash customer (Miss Anna Peters) by Clerk B.

l. Clerk E paid out 75¢ to the Allen Express Co. for express charges on merchandise received from The Williams Co., Boston, Mass.

No. 71

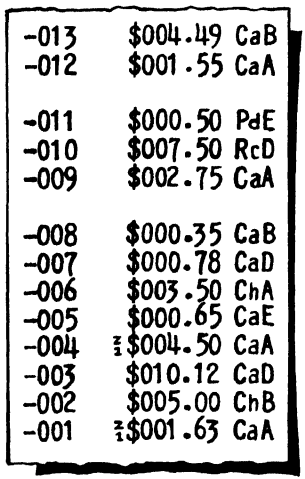
In which of the transactions mentioned in Experience No. 70 will cash register receipt slips be issued? Prepare a written copy of the receipt slip that the register will issue in two different types of transactions listed in the above experience.

No. 72

Make out the sales slips for charge sales listed in paragraphs *b* and *d*, Experience No. 70, following the form shown in Illustration No. 49. Write the record that would be printed by the register.

No. 73

Make out the slips required in Experience No. 70 for the cash received from the charge customers listed in paragraphs *c* and *j*. Follow the form shown in Illustration No. 50, inserting in handwriting the record that would be printed by the cash register.



No. 74

Part of the tape or detailed audit-strip taken from the cash register of the CENTRAL DRY GOODS STORE is given at the left. Write out the meaning of each record listed on the tape. Note: The symbol $\frac{\text{Z}}{\text{I}}$ indicates that the amount recorded is the total of a number of items. (See Illustration No. 47a). The spacing after transactions 8 and 11 was made by the proprietor so that he might know what transactions were recorded during his absence.

Step 1—*Continued*

Operating the Cash Register

Transaction Counters. On the front of most cash registers is a series of indicators which show the total number of each type of transaction that the register is designed to record. These indicators are called transaction counters. The transaction counters appearing on the model illustrated in this unit are shown in Illustration No. 53.

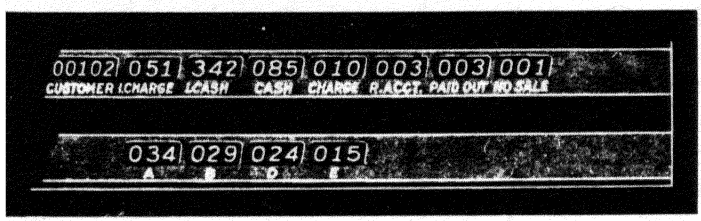


Illustration No. 53 — Transaction Counters.

The counters A, B, D, and E are clerk's "industry" counters. They indicate the number of transactions handled by each clerk during the day, and are thus useful for purposes of comparing the number of sales made by one clerk with the number made by another.

The counters on the upper row indicate the following: (1) the number of times the register is opened—this counter is labeled "Customers", (2) the number of items of merchandise involved in charge sales, (3) the number of items involved in cash sales, (4) the number of cash sales, (5) the number of charge sales, (6) the number of "received on account" slips, (7) the number of "paid outs", and (8) the number of times the register was opened for "no sale".

The Read and Reset Lever. The "Read and Reset" lever is used whenever the proprietor or other person authorized by him wishes to "take a reading of the register" or to "clear the totals" of the register.

1. *Reading the Register.* Let us suppose that the proprietor wishes to know the total amount of the sales made by Clerk B up to midday, or, to use the business expression, he wishes to "take a reading of the register" to obtain this information. To "read" the register it is necessary to take the following steps:

a. Unlock the "Read and Reset" lever, and move it down to the "Read" position (This lever is otherwise kept locked in the neutral position.)
b. Press the B key
c. Press the motor bar
d. Return the "Read and Reset" lever to the neutral position, and lock it

The total amount of Clerk B's sales is shown on the detailed audit-strip preceded by the symbol ½.

A similar procedure is followed in taking a "reading" of the record of any other type of transaction.

2. *Clearing the Totals.* At the end of each day it is necessary to obtain the totals of all transactions registered from opening to closing, and to prepare the register for the following day's business. This procedure is called "clearing the totals" in the register.

In clearing the totals, the usual practice is to take first the separate total of the sales made by each clerk, and then to obtain the totals for cash sales, amounts received on account, charge sales, and paid outs.

To obtain the total amounts of the sales made by the different clerks it is necessary to take the following steps:

a. Move the "Read and Reset" lever to the "Reset" or bottom position
b. Press the clerk's identification key, A, B, D, or E
c. Press the motor bar

By following this procedure for each clerk, the respective totals will be printed on the audit-strip preceded by the symbol ⅖ (see Illustration No. 54).

To obtain the total amounts of the different types of transactions, the following steps are necessary:

a. Set the "Read and Reset" lever in the "Reset" position
b. Press the respective transaction key, Ca, Ch, Rc, or Pd
c. Press the motor bar

When this procedure has been completed, the audit-strip will show the total amount for each type of transaction—Cash, Charge, Received on Account, and Paid Out. The symbol ⅗ precedes each total (see Illustration No. 54). The "Read and Reset" lever is returned to the neutral position, and locked. It is advisable to follow the same order each day in clearing the totals.

When the totals are cleared, the recording devices are automatically set back to register zero, which is not the case when the register is merely "read".

Before the register totals are cleared, a record should be made of the total number of each type of transaction that is indicated by the transaction counters. These numbers are not recorded on the audit-strip. After the totals are cleared, the mechanism that records the date is reset for the following day.

Illustration No. 54 shows part of an audit-strip taken from the register when the totals have been cleared. Note that the total amount of the sales made by each clerk is preceded by the symbol $\frac{Z}{2}$, while the total of each type of transaction is preceded by the symbol $\frac{Z}{3}$. Note also that a transaction number appears before each total.

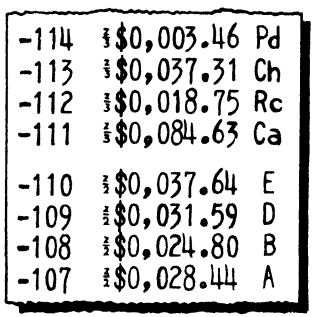


Illustration No. 54
Detail Slip Showing Totals at the End of the Day.

Transaction No. 107. The business transacted by Clerk A amounted to $28.44.

108. The business transacted by Clerk B amounted to $24.80.

109. The business transacted by Clerk D amounted to $31.59.

110. The business transacted by Clerk E amounted to $37.64.

111. The total cash sales for the day amounted to $84.63.

112. The "received on account" transactions amounted to $18.75.

113. The total charge sales for the day amounted to $37.31.

114. The "paid outs" for the day amounted to $3.46.

The Day's Procedure. At the beginning of the day, each salesperson who handles the register must have in his cash drawer a sum of money sufficient to take care of his needs for making change. Usually, he is provided with a fixed amount, from $10 to $20, made up of coins and bills of various denominations. This money (sometimes called "The Bank") is handed to him in a change bag at the beginning of the day. He should check the amount before placing the various coins and bills in their respective compartments in his cash drawer.

At the end of the day, this same sum of coins and bills in change is taken out of the cash drawer, placed in a change bag which bears the clerk's name or number, and put into the safe until the next morning. In some concerns, this change is removed from the cash drawer at a stated time in the afternoon, for example, at 4 P.M., or at 5 P.M.

In addition to the change kept in the cash drawer of the register, an additional sum of money, called the Petty Cash Fund, is, in some cases,

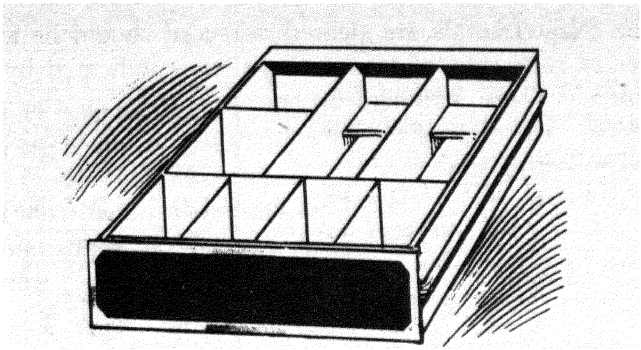


Illustration No. 55 — A Cash Drawer.

kept on hand by the proprietor for the purpose of taking care of any unusual demands for change.

Apprentice Experiences

Reading and Resetting the Cash Register

No. 75

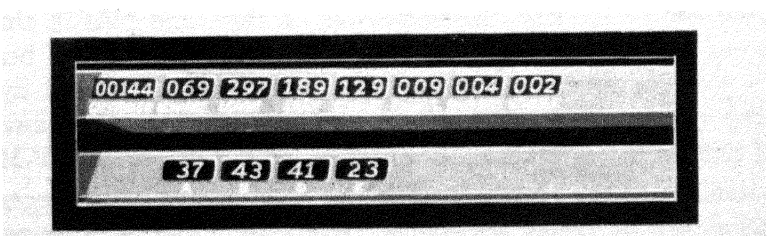
The proprietor of the CENTRAL DRY GOODS STORE ran a special sale on Monday, May 3, up to 1 P.M., at which time he wanted to know the total amount of sales. Indicate the procedure followed in obtaining this information from the cash register.

No. 76

On the same day as in Experience No. 75, the proprietor asked the bookkeeper to clear the register at the end of the day. Prepare a written description of the steps followed by the bookkeeper in performing this task.

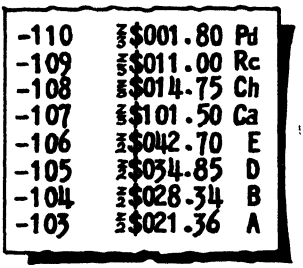
No. 77

At the close of business on May 3, the transaction counters showed totals as given below. State in writing the information to be obtained from these totals.



No. 78

At the right is given part of the tape or detailed audit-strip taken by the bookkeeper from the cash register of the CENTRAL DRY GOODS STORE at the close of business on Mar. 4. State in writing the meaning of each record listed on the tape.



No. 79

What is the procedure followed at the beginning of the day by each salesperson who handles a cash drawer?

No. 80

What procedure is followed at the end of the day with respect to each cash drawer?

Step 2

Preparing Cash Register Reports

1. The Daily Cash Register Report. At the close of business for the day, each salesperson who has exclusive use of a cash drawer in the register is required to turn in a report of the money and the slips that are in his drawer. An example of a daily cash register report is given in Illustration No. 56. This illustration shows the report made by Clerk A at the close of business on May 2. The steps taken by Clerk A in preparing this report may be used as an example of the procedure required for the preparation of a daily cash register report.

Note that the report is divided into three parts under the following headings:

a. Money in the Drawer
b. The Cash Sale Record
c. The Charge Sale Record

The salesperson is required to fill in the first ten items. The remaining items are filled in by the bookkeeper.

Money in the Drawer. As his first step, therefore, Clerk A arranges the money in the cash drawer according to denomination, and the total of each denomination is entered on the form. The total of the checks in the drawer is also listed. (Note that checks are not accepted by a salesperson unless authorized by a person in charge, who will initial the check to show that he has advised its acceptance.) The total of this column provides Item 1—Total Cash in Drawer, amounting to $17.01.

The Cash Sale Record. As the next step, Clerk A assorts the slips in the cash drawer which are as follows:

Paid Outs: 25¢, $1, 40¢; Refund on Cash Sale: $1.25.
Received on Account: $6.
Charge Sales: $1.40, 68¢, 77¢, $5.83.
Charge Sale Credit: $2.25.

The amount of each paid out slip, and the amount of each refund on cash sales are recorded, and the total of these, $2.90, is entered as Item No. 2. The money paid out was part of the cash taken in. It is therefore necessary to add the total of "Paid Outs" to Item No. 1—Total Cash in Drawer.

DAILY CASH REGISTER REPORT

Clerk *A* Date *May 2* 19 —

A. MONEY IN DRAWER		
Pennies		31
Nickels		60
Dimes	1	10
Quarters	3	50
Halves	1	50
Silver Dollars	1	—
Currency	3	—
Checks (Total)	6	—
1. TOTAL CASH IN DRAWER	17	01
B. THE CASH SALE RECORD		
2. ADD — Paid Out & Refund Slips:		
25 Ref 1 25		
1 —		
40	2	90
3. Total Cash Received	19	91
4. LESS — Cash Rec'd on Acc't:		
6 —	6	—
5. Total Cash Sales	13	91
6. LESS — Refund on Cash Sales:		
1 25	1	25
7. NET CASH SALES	12	66
C. THE CHARGE SALE RECORD		
8. Charge Sales:		
1 40 77		
68 5 83	8	68
9. LESS — Charge Sales Ret'd:		
2 25	2	25
10. NET CHARGE SALES	6	43
CHECKED WITH REGISTER READING		
11. Total Cash Received (Item 3 above)	19	91
12. Total Charge Sales (Item 8 above)	8	68
13. TOTAL	28	59
14. Register Total, Drawer	28	44
15. SHORT (if #14 is larger than #13)	−	
16. OVER (if #13 is larger than #14)	+	15

THIS DIFFERENCE (SHORT OR OVER) MUST BE RECORDED ON THE DAILY SUMMARY REGISTER REPORT

Signed *Frank French*

Illustration No. 56 — Daily Cash Register Report.

The total of Items No. 1 and No. 2 gives Item No. 3—Total Cash Received, amounting to $19.91.

Each "Received on Account" slip is listed, and the total of these is entered as Item No. 4. As these receipts under Item No. 4 refer to sales made on previous occasions, this total is deducted from Item No. 3, in order to obtain the amount of actual cash sales for the day, which is entered as Item No. 5. Item No. 5 in this case amounts to $13.91.

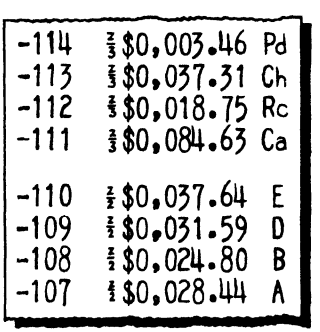
The total of refunds on cash sales is entered as Item No. 6. (Note that refunds on cash sales are also listed in Item No. 2.) Item No. 6, amounting to $1.25, is subtracted from the total cash sales, Item No. 5, in order to obtain the net cash sales, Item No. 7. Clerk A's net cash sales for the day are, therefore, $12.66.

The Charge Sale Record. The charge sales slips are listed and totaled as Item No. 8. Charge sales returns are entered as Item No. 9. Item No. 9 is deducted from Item No. 8, in order to obtain the net charge sales for the day, Item No. 10. Clerk A's net charge sales for the day amount to $6.43.

Clerk A dates and signs his report, and then places in a bag provided for the purpose all the money, checks, and slips. The bag and the report are handed to the bookkeeper, who counts the money and checks both the amount of money and the slips against the cash register record for A's cash drawer. He completes Items 11 to 16 on the report, obtaining his information from A's total already entered on the report and from the register audit-strip for May 2. The register audit-strip is shown below.

Cash Short and Over. A comparison of the total of cash sales and charge sales entered on A's report—$28.59, Item No. 13—with the register total for A's cash drawer—$28.44, Transaction No. 107 shows that A has 15¢ "over". The cause of this difference may be one of the following errors:

a. A mistake in making change
b. A mistake in registering the amount of a sale
c. An omission of a cash sale
d. A mistake in the amount of money paid out"



These errors or differences are sometimes difficult to trace. Care must be taken by the clerks to avoid such errors in the operation of the reg-

ister, in the handling of the cash and the slips, and in the making of change.

If the amount of cash in the drawer is less than it should be, it is called "cash short". If it is more than it should be, it is "cash over". Cash short or cash over is recorded on the report by the bookkeeper under Item 15 or Item 16, as the case may be.

Apprentice Experiences

Preparing Daily Cash Register Reports

No. 81

At the close of business on May 3, the salesclerks of the CENTRAL DRY GOODS STORE turned in the money and slips listed below. Using forms similar to Illustration No. 56, prepare the Daily Cash Register Report for each clerk, and, for the bookkeeper, complete items 11 to 16 on each report.

Money turned in:	A	B	D	E
Pennies	$ .24	$ .18	$ .23	$ .39
Nickels	1.10	.55	.75	.65
Dimes	.60	.50	.80	.90
Quarters	1.75	2.25	1.50	2.50
Halves	2.50	1.50	1.00	2.00
Silver Dollars	—	1.00	—	2.00
Bills	49.00	48.00	44.00	42.00
Checks	—	—	4.38	6.00
"	—	—	—	7.88
Slips turned in:				
Paid Outs	.60	.40	—	.50
" "	—	.35	—	—
" "	—	1.20	—	—
" " —Refund	.95	—	—	1.75
Received on Account	5.00	12.00	18.00	7.00
" " "	7.50	5.00	—	8.50
Charges	3.50	3.86	4.38	1.55
"	2.45	5.25	—	6.00
"	3.50	—	—	7.88

Names of the clerks:

A. Frank French
B. Mildred Brown
D. Rose Parker
E. Norma White

Register readings on the audit-slip:

A. $66.24
B. 65.04
D. 56.94
E. 82.00

No. 82

At the close of business on May 4, the salesclerks of the CENTRAL DRY GOODS STORE turned in the money and slips listed below. Using forms similar to Illustration No. 56, prepare the Daily Cash Register Report for each clerk, and, for the bookkeeper, complete items 11 to 16 on each report.

Money turned in:	A	B	D	E
Pennies	$ .28	$ .33	$ .45	$ .51
Nickels	1.10	.75	1.05	.90
Dimes	1.30	1.20	.90	1.40
Quarters	2.50	1.75	3.00	2.25
Halves	2.50	2.00	3.50	3.00
Silver Dollars	—	—	1.00	—
Bills	51.00	47.00	54.00	49.00
Checks	10.00	—	5.75	15.00
"	—	—	4.83	—
Slips turned in:				
Paid Outs	—	.75	1.20	.25
" "	—	—	—	.58
" " —Refund	—	—	.95	1.00
Received on Account	10.00	—	4.75	15.00
" " "	—	—	4.83	—
" " "	—	—	6.00	—
Charges	5.95	3.95	—	1.88
"	6.50	—	—	3.75
"	—	—	—	2.25

Names of clerks:	Register readings:
A. Frank French	A. $81.13
B. Mildred Brown	B. 57.63
D. Rose Parker	D. 76.88
E. Norma White	E. 81.77

2. The Daily Summary Register Report. The information entered on the daily cash register reports of the different salesclerks is brought together on a form called the Daily Summary Register Report. This report provides the proprietor with a picture of the day's business. The columns of the report are similar to those shown in Illustration No. 57. This form is filled in by the bookkeeper, usually at the end of the day, after he has received the daily cash register reports from all the clerks and after he has cleared the totals of the register. As previously explained, the bookkeeper checks the cash received from each clerk, and checks each clerk's daily cash register report against the audit-strip taken from the register.

DAILY SUMMARY REGISTER REPORT

19—

A. REGISTER TOTALS from tape				B SUMMARY OF CLERKS' DAILY CASH REGISTER REPORTS												
	Short	Over	Register Readings	1 Cash in Drawer	2 Paid Out & Ref	3 Total Cash Received	4 Rec'd on Acct	5 Total Cash Sales	6 Cash Sales Ref	7 Net Cash Sales	8 Charge Sales	9 Charge Sales Returns	10 Net Ch Sales	15 Cash Short	16 Cash Over
A			2.40	17.01	2.90	19.91	4.00	23.91	1.25	22.66	37.65	2.25	35.40		.25
B			14.80	15.44	4.60	20.40		20.40		20.40	5.40		5.40		
D	.10		31.79	21.77		21.77	5.20	26.97		26.97	9.72	1.60	8.12	.10	
E			37.64	24.53	.10	24.63	7.50	32.13		32.13	13.01		13.01		
Totals	.10	.25	122.47	81.75	3.46	85.21	16.75	102.46	1.25	101.21	65.78	3.85	61.93	.10	.25

REGISTER READINGS (tape)	
Total Cash Sales	64.46
Total Rec'd on Acct	18.75
Charge Sales	37.31
TOTAL	122.52
Cash Drawer Totals as above	122.47
Diff. for the day + over — short	+ .05
Paid outs	3.46

a Numerals at top of each column correspond to the item numbers on the clerk's daily Register Report
b Amount to be deposited — total of column 3 ($85.21)
c Net Sales for the day col 7 + col 10
d Items in Column 8 are to be recorded individually in the Sales Journal
e Items in Column 9 are to be recorded individually in the Sales Returns and Allowances Journals
f Items in Column 4 are to be recorded individually in the Cash Receipts Journal
g Cash Sales for the day are to be recorded in the Cash Receipts Journal Take the total of column 5 and add the total of Cash Short and deduct the total of Cash Over. ($66.46 + 10 — 15 = $66.41, the amount to be recorded)

Illustration No. 57 — Daily Summary Register Report.

Preparation of the Daily Summary Register Report

a. The date entered on the report is that of the business day to which the report relates. The same date is placed on the corresponding audit-strip taken from the register.

b. Under "Register Totals" in the upper left section of the report is entered each clerk's total that is recorded on the register tape. In the lower left section of the report is entered the total for each type of transaction that is also recorded on the register tape. Note that any difference between the amount of cash turned in by the clerks and the amount recorded by the register is recorded in this section. This difference should correspond to the difference between columns 15 and 16 at the right of the report.

c. The headings and numbers in the right section of the summary report correspond to the item numbers of the clerks' reports. For example, Item 1 on Clerk A's report, amounting to $17.01, is entered in column 1 on line A, in the summary report; Item 2 on A's report, amounting to $2.90, is entered in column 2, line A, in the summary report, etc. It is, therefore, a simple matter to transfer the figures from the daily cash register reports to their proper columns in the summary report.

d. All the columns of the summary report are totaled. These totals show the results of the day's business.

e. While many small retailers usually deposit in the bank the amount shown as the total of column 1, Cash in Drawer, it is a better practice to deposit the amount of the total of column 3, Total Cash Received. In order to be able to deposit the total amount of cash received, the bookkeeper must obtain from the Petty Cash Fund an amount equal to the total "Paid Outs". This sum added to the cash in the drawer gives the total of cash received, and this amount is deposited in the bank the next business day. The treatment of "Paid Outs" through the Petty Cash Record will be taken up in Step 10.*

*See alternative method, page 279.

Apprentice Experiences

Preparing Daily Summary Register Reports

No. 83

-122 $0,005.75 Pd
-121 $0,038.37 Ch
-120 $0,063.00 Rc
-119 $0,168.90 Ca
-118 $0,082.00 E
-117 $0,056.94 D
-116 $0,065.04 B
-115 $0,066.24 A

Prepare the Daily Summary Register Report, using the information given in the Daily Cash Register Reports prepared in Experience No. 81 and the detailed audit-strip shown on the left. Use a form similar to Illustration No. 57.

No. 84

-139 $0,004,73 Pd
-138 $0,024,28 Ch
-137 $0,041,58 Rc
-136 $0,232,40 Ca
-135 $0,081,77 E
-134 $0,076,88 D
-133 $0,057,63 B
-132 $0,081,13 A

Prepare the Daily Summary Register Report, using the information given in the Daily Cash Register Reports prepared in Experience No. 82 and the detailed audit-strip shown on the left. Use a form similar to Illustration No. 57.

Apprentice Experiences

Preparing Daily Cash Register Reports and Daily Summary Register Reports

No. 85

At the close of business on June 1, the salesclerks of FRANK CRANE, GROCER, turned in the money and slips listed below. Using forms similar to Illustrations No. 56 and No. 57, prepare the necessary reports.

Money turned in:	Clerk A	Clerk B	Clerk D	Clerk E
Number of Pennies	42	63	35	57
" " Nickels	18	21	16	14
" " Dimes	23	20	18	25
" " Quarters	17	14	22	16
" " Halves	10	8	17	15
" " Silver Dollars	—	1	—	—
" " $1 Bills	18	15	16	10
" " $2 Bills	1	—	2	—
" " $5 Bills	4	6	5	7
" " $10 Bills	3	2	4	—
Checks	$3.25	$ —	$5.00	$1.25
"	8.00	—	—	7.50
"	—	—	—	4.36
Slips turned in:				
Paid Outs	—	.35	.55	.30
" "	—	—	—	.88
" " —Refund	—	—	1.95	1.50
Received on Account	10.00	3.00	5.00	—
" " "	8.00	1.88	2.75	—
" " "	—	—	1.95	—
Charge Sales	3.35	4.95	3.67	4.36
" "	—	8.00	—	—
" "	—	3.37	—	—
" " —Return	—	—	1.55	—

Names of clerks

A. Marion Roberts
B. George Young
D. Chester Roberts
E. Sally Lane

-142 $0,005.53 Pd
-141 $0,027.70 Ch
-140 $0,032.58 Rc
-139 $0,324.58 Ca
-138 $0,080.37 E
-137 $0,113.12 D
-136 $0,093.85 B
-135 $0,097.67 A

No. 86

At the close of business on June 2, the salesclerks of FRANK CRANE, GROCER, turned in the money and slips listed below. Using forms similar to Illustrations No. 56 and No. 57, prepare the necessary reports.

Money turned in:	Clerk A	Clerk B	Clerk D	Clerk E
Number of Pennies	37	42	39	57
" " Nickels	25	31	44	23
" " Dimes	39	37	41	32
" " Quarters	35	29	32	30
" " Halves	14	11	8	9
" " Silver Dollars	—	1	—	—
" " $1 Bills	45	39	56	41
" " $2 Bills	1	—	2	—
" " $5 Bills	16	11	19	17
" " $10 Bills	4	5	4	3
" " $20 Bills	—	1	1	—
Checks	$5.00	$3.69	$4.50	—
"	2.75	—	10.00	—
"	—	—	3.39	—
Slips turned in:				
Paid Outs	—	.40	.25	.30
" "	—	—	1.10	—
" " —Refund	1.50	—	.98	1.25
Received on Account	5.00	—	4.50	3.00
" " "	—	—	10.00	—
Charge Sales	—	1.75	1.95	10.00
" "	—	—	8.70	—
" " —Return	—	—	—	2.50

Names of clerks

A. Marion Roberts
B. George Young
D. Chester Roberts
E. Sally Lane

-153 $0,005.78 Pd
-152 $0,022.40 Ch
-151 $0,022.50 Rc
-150 $0,791.39 Ca

-149 $0,184.47 E
-148 $0,265.06 D
-147 $0,189.26 B
-146 $0,197.50 A

Step 3

Preparing Bank Deposits; Checking for Counterfeit Money

Preparing Bank Deposits. As was explained in Step 2, usually all cash receipts are turned over to the bookkeeper at the end of the day. As the bookkeeper receives the money too late in the day to deposit it in the bank, he places it in a safe. In the morning of the following business day, the money is deposited in the bank where it is credited to the account of the retailer.

Before he takes the deposit to the bank, it is necessary for the bookkeeper to sort the money and to prepare a deposit slip. For the sake of convenience in counting and in handling, coins are arranged in stacks according to denomination and placed in wrappers. The coin wrappers, which are usually supplied free of charge by banks, are prepared to hold the following amounts:

20	halves, totaling	$10
40	quarters, "	$10
50	dimes, "	$5
40	nickels, "	$2
50	pennies, "	50¢

The depositor's name is written, or in some cases printed, on the outside of each wrapper, for the purpose of identification in case of error. Of course, usually there are odd amounts of coin in addition to the stacks placed in the wrappers, and these are delivered unwrapped to the bank. A business concern that receives a large amount of coin usually uses a coin sorting and counting machine.

Bills are arranged, face up, according to denomination.

The amount to be deposited is listed on a deposit slip under the following headings:

Coin or Silver
Bills
Checks

The totals of coin and bills are entered; checks are listed individually. Each check must be indorsed, as explained in the next step, before it is deposited. The items on the deposit slip are added, and the total is placed underneath the last entry.

Illustration No. 58 shows the deposit slip of the CENTRAL DRY GOODS STORE prepared for the cash receipts of Feb. 28. Note that the receipts are deposited on the following business day.

DEPOSITED TO THE CREDIT OF

Central Dry Goods Store

March 1, 19—

IN

Central School Bank

PLEASE OMIT ALL DOLLAR SIGNS.

		DOLLARS	CENTS
SILVER		26	23
BILLS		107	—
CHECKS		5	75
LIST EACH CHECK SEPARATELY		13	62
		15	—
		1	—
		168	60

CHECKS CREDITED SUBJECT TO PAYMENT

Cash Receipts of February 28

58	Pennies	$ .58
43	Nickels	2.15
25	Dimes	2.50
62	Quarters	15.50
11	Halves	5.50
28	$1 Bills	28.00
2	$2 "	4.00
5	$5 "	25.00
3	$10 "	30.00
1	$20 "	20.00
Check for		5.75
	"	13.62
	"	15.00
	"	1.00

Illustration No. 58 — A Deposit Slip.

The deposit, the deposit slip, and the bank passbook are handed to the receiving teller at the bank, who records in the passbook the date of the deposit, his name or initials, and the amount of the deposit. If the passbook is not taken along when a deposit is made, it is necessary to write out a duplicate deposit slip at the bank. In this case, the deposit and both deposit slips are handed to the receiving teller, and he will return the duplicate slip initialed or signed to acknowledge receipt of the deposit. The entry in the passbook can be made at any future time when the passbook is presented to the teller with the duplicate deposit slip. If a deposit is to be made by mail, two deposit slips are forwarded to the bank. One will be signed by the receiving teller and returned to the depositor.

Apprentice Experiences
Preparing Deposit Slips
No. 87

Prepare a deposit slip for the money taken in by the CENTRAL DRY GOODS STORE on May 3, listed in Experience No. 81.

No. 88

For the CENTRAL DRY GOODS STORE, prepare a deposit slip for the cash receipts listed in Experience No. 82.

No. 89

Prepare a deposit slip for the cash receipts of FRANK CRANE, GROCER, on June 1, listed in Experience No. 85.

No. 90

Prepare a deposit slip for FRANK CRANE'S cash receipts on June 2, listed in Experience No. 86.

Checking for Counterfeit Money. Most retail stores receive comparatively few checks from customers. The bulk of retail sales are paid for in currency. It is necessary to examine carefully the currency received from customers, since a certain amount of counterfeit money is in circulation.

Counterfeit coins usually weigh less and are smoother than genuine United States money, and when they are dropped, the "ring" is not clear. It is advisable to drop a doubtful coin on the glass shelf on the cash register that is provided for such testing.

It is more difficult to detect counterfeit paper currency. Study the details of the engraving, and the shade of the green or black ink. In a genuine note, the engraving is sharp and clear. Examine the quality of the paper. In genuine money, fine silk threads are distributed throughout the paper. These can be seen by holding the note up to the light.

Apprentice Experience
No. 91
Checking for Counterfeit Money

Examine a United States paper bill. Write answers to the following questions:

1. What is the denomination?
2. What is the name of the Treasurer of the United States that appears on the bill? The name of the Secretary of the Treasury?
3. Whose portrait appears on the note?
4. What is the serial number?
5. What kind of border or scroll work appears on the front of the note? On the back of the note?
6. What is the color of the engraving on the front of the note? The seal? The serial number? The back of the note?
7. In what year was the series issued?

Step 4

Recording in the Checkbook

In Step 9 of the Purchases Recording Unit the method of making out checks was discussed. There are a number of terms used in business, in connection with checks, with which the student should be familiar. He should also know how to keep, in the checkbook, records of deposits and payments.

Terms Used in Connection with Checks

Drawer. The person who signs the check. This person requests the bank to pay out money from his account to the order of the person or firm named on the check.

Drawee. The bank that is requested by the drawer to make the payment.

Payee. The person or firm whose name appears after "Pay to the order of", to whose order the payment will be made.

Bearer Check. A check made payable to "Bearer", "Cash", or to "Payroll", or any other designation to indicate that payment is to be made to the holder of the check. A bearer check is payable to the person who presents it.

Certified Check. A check on which the bank has written its certification that payment will be made when the check is presented. The bank deducts the amount of the check from the drawer's (depositor's) account. This money is set aside for payment of the check. A bank official writes or stamps "Certified", or "Accepted", or "Good when properly indorsed" on the check, and signs his name and title. The date, also, is frequently included as part of the certification.

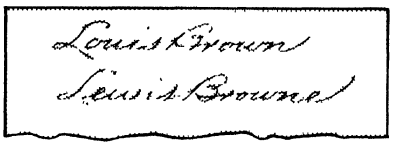
Bank Draft. A check drawn by one bank on another bank.

Counter Check. A loose check which a depositor may obtain at his bank. If a depositor desires to draw a check, and does not have with him a check from his checkbook, the bank will supply him with a counter check. It is important to include a record of any counter checks on the stubs of the depositor's checkbook.

Blank Check. A check printed without the name of a bank, and obtainable from stationers. In using a blank check, the drawer must write, in the space provided on the check, the name and address of his bank. Many stores keep blank checks available for the use of their customers.

Indorsement. The writing of the holder's name on a check in order to transfer ownership to another person. The indorsement is custom-

arily placed on the back of a check, at the left end. The payee must write his name exactly as it is spelled on the face of the check. If the name on the face of the check is incorrectly spelled, the indorsement is made by first writing the name as it appears and then writing, below, the correct spelling. Thus, if Lewis Browne received a check drawn to the order of Louis Brown, he should indorse it as follows:



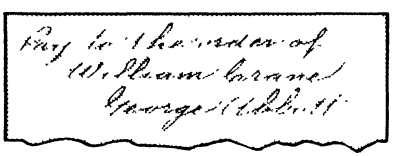
Anyone who indorses a check makes himself liable for payment of the amount of the check. If the check is not honored, that is, payment is not made by the bank, the indorser can be held liable for payment by any party who holds the check after the indorser has transferred it. A check may bear any number of indorsements.

There are three important forms of indorsement with which every business man should be familiar:

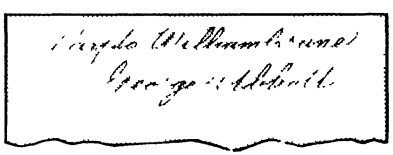
Blank Indorsement. The payee or the holder of the check writes only his name. This makes the check payable to anyone who holds it. The disadvantage of this form of indorsement is that if a check bearing a blank indorsement is lost or stolen, the drawer of the check may be required to pay it.

The same danger applies to bearer checks. A bearer check, or a check having a blank indorsement, need not be indorsed in order to transfer its ownership. In accepting such a check, see that it is indorsed by the person from whom you accept it.

Full or Special Indorsement. The payee or holder of the check writes not only his name but also indicates above it the person to whom he is transferring the check. The indorsement is written as follows:



or

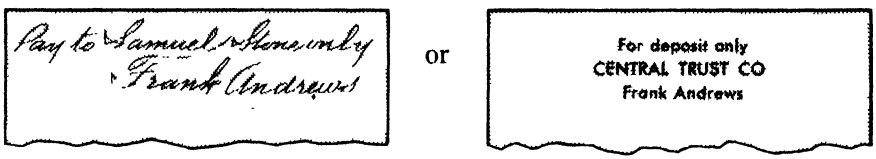


The advantage of this form of indorsement is that if the check is lost or stolen, no one but the person to whom the check is made payable in the indorsement has the right to again indorse the check.

If you have a check bearing a blank indorsement and do not expect to cash or deposit it immediately, the blank indorsement can be converted

to a full indorsement by writing "Pay to" followed by your name above the blank indorsement.

Restrictive Indorsement. The payee or holder of the check writes above his name in the indorsement the name of the person or the bank who is to collect the check for him, thus,



When depositing a check, either the second form given above or the full indorsement should be used. Firms having many checks to deposit usually make the indorsement by means of a rubber stamp.

Points to Remember About Checks

1. Do not cash checks for strangers or for persons about whose financial condition or honesty you are in doubt.

2. Do not send bearer checks or checks having a blank indorsement through the mails, or carry them about your person.

3. Do not accept checks that appear to be irregular or that have an erasure.

4. Do not sign checks before they have been filled out.

Check Hints

One well-known New York bank prints the following list of hints in every checkbook it issues:

Never date your checks ahead. . . . Fill out the stub before the check. . . . Enter in your checkbook all counter checks drawn. . . . Be sure the amount of the check agrees in words and figures. . . . Enter all items of deposit separately on your stub. . . . Always remember that checks, like money, are a medium of exchange and should be guarded as carefully as money.

Total of Deposits. Deposits made by the firm are entered on the *back* of the check stubs. Proceed as follows: On the back of the stub opposite the first check that is issued in any month, write the date and the balance at the beginning of the month as shown by the ledger account "Cash". This is followed by the date and the amount of each deposit made during the month (see Illustration No. 59). If, before the end of the month, the bottom of the page is reached, add the amounts on this page and carry the total forward to the top of the back of the next stub.

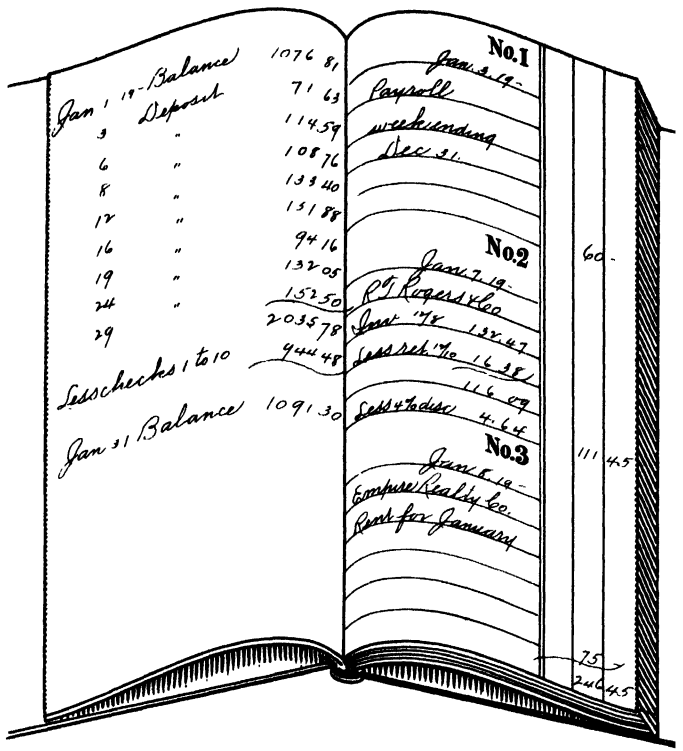


Illustration No. 59 — Recording Deposits and Balancing a Checkbook.

Balancing the Checkbook. At the end of the month, the total of the checks issued is written underneath the total of deposits. Note that the total of deposits includes the balance at the beginning of the month. The difference between the total of deposits and the total of checks drawn, therefore, represents the amount of money available in the bank at the end of the month. This balance is carried forward to the back of the page of stubs opposite the first check drawn the following month.

Apprentice Experiences
Recording in the Checkbook
No. 92

During the month of April, 19—, the FAIR DEAL JEWELRY CO. made the following deposits:

Apr.	1	$182.64	Apr.	9	$373.11	Apr. 22	$665.89
	2	273.58		10	299.18	23	222.45
	3	359.91		14	486.95	25	167.88
	5	212.07		17	510.50	28	593.66
	7	381.55		19	210.25	29	194.00

Checks were issued during April as follows:

#1	$150.00	# 7	$ 10.00	#13	$ 75.00
2	27.75	8	400.00	14	361.50
3	361.50	9	755.00	15	229.79
4	317.48	10	361.50	16	410.05
5	145.00	11	18.75		
6	361.50	12	522.67		

The balance shown by the Cash account on April 1 was $2,106.58. Make a record, such as would be kept on the back of a check stub, of the deposits, and find the balance as of April 30.

No. 93

The record of cash receipts of the FAIR DEAL JEWELRY CO. for the month of October was given in Unit 2, Experience No. 67, page 149; the cash payments for the month were recorded in the checkbook prepared in Unit 1, Experience No. 34, page 75. Prepare on the back of the checkbook stubs, a record of the deposits for October. Total the checks issued during October, and find the balance as of October 31. Remember that the cash receipts of one day are deposited the following business day. The receipts of October 31 were, in this case, deposited on November 2 and are not, therefore, to be included in the October deposits.

No. 94

This Experience is a continuation of Experience No. 93. Bring forward the balance of October 31 to the back of the check stub opposite the first check issued in November. Record the deposits made during November, find the total of the checks issued during the month and find the balance as of November 30.

No. 95

Answer the following questions regarding checks.

a. On each check illustrated on page 53, who is (a) the drawer? (b) the drawee? (c) the payee?

b. You have a check transferred to you by indorsement as follows:

Charles Moran

You expect to hold the check about a week. What should you do with the check in order to protect yourself against loss?

c. A check has these indorsements:

Pay to the order of Henry James

Robert Morse

Henry James

For deposit only in the American National Bank

Frank Martin

Name each kind of indorsement on the check.

Step 5

Classifying Accounts—The Fundamentals of Bookkeeping

We have learned that purchases of merchandise on credit are entered in the purchases journal, and that sales of merchandise on account are recorded in the sales journal. The entries in each of these journals consist of items of only one kind.

In the cash journals are recorded receipts of money from customers and, also, payments to creditors. In addition to these two types of transactions, many other kinds of transactions are recorded in the cash journals. In order to record them correctly, it is necessary to know how these transactions are classified in the ledger accounts of the business. Business records are grouped according to certain principles so that the accounts will accurately show the condition of the business.

All entries that are recorded in the journals are posted to accounts in the ledger which come under one of the following five classifications: (1) Assets, (2) Liabilities, (3) Capital, (4) Income, (5) Expenses.

Assets. All properties belonging to the business are called *assets*. The common forms of assets are listed below. A separate account is kept for each kind of asset.

1. *Cash.* Cash includes currency, checks, money orders, and bank drafts. The items in the net cash columns on both sides of the cash journal (cash receipts and cash payments) are posted to the same ledger account under the heading "Cash", the receipts being posted to the debit side, the payments of cash being posted to the credit side of this account.

2. *Accounts Receivable.* Amounts due from customers to whom goods are sold on account are included under the group name for all charge customers—Accounts Receivable. A separate account is kept for each customer, in which are shown charges, payments, returns, and the balance due. As we learned in Unit 2, charges are recorded on the debit side of customers' accounts, and payments and returns made by customers are posted to the credit side of their accounts.

3. *Merchandise.* The term "merchandise" refers to all goods that are bought by the business for the purpose of resale. The records of merchandise are kept in the following accounts:

a. The Merchandise Inventory account, which shows the value of

merchandise on hand at the beginning of a business year or other fiscal period. It is necessary for the business to have a summary of its operations for a stated period. In many concerns this period embraces the calendar year, from January 1 to December 31. Some concerns find it more convenient to use a fiscal period that does not start with the beginning of the calendar year. The fiscal year, for example, may embrace the period from April 1 to March 31, or from July 1 to June 30, etc.

b. The Merchandise Purchases account, which records the purchases of merchandise, as shown in Unit 1.

c. The Purchases Returns and Allowances account, which was also studied in Unit 1. Sometimes, purchases and purchase returns and allowances are recorded in the same account. In this case, purchases are entered on the debit side of the account and returns and allowances are entered on the credit side.

d. The Freight In account, in which is recorded the cost of freight, expressage, postage, cartage, etc., on merchandise purchases, i.e., the cost of delivering the goods to the merchant's place of business. "Freight In" is considered a part of the cost of the merchandise purchased.

4. *Furniture and Fixtures.* Included under this heading are assets in the form of equipment that is needed for the operation of the business, such as desks, chairs, showcases, cash registers, shelving, counters, safes, typewriters, adding machines, filing cabinets, display fixtures, scales, etc.

5. *Delivery Equipment.* Equipment used by the business for the delivery or carrying of merchandise is also an asset. Delivery equipment may include motor trucks, hand trucks, bicycles, etc.

Note that desks and chairs offered for sale by a furniture dealer would be regarded as merchandise, while in the accounts of a retailer of gloves, desks and chairs would be regarded as furniture and fixtures.

When assets are purchased for cash, the transaction involves two assets. Thus, if an adding machine is bought for cash, the asset "Cash" is involved (through making payment by check or in currency) as well as the asset "Furniture and Fixtures". Similarly, two assets are involved in a cash purchase of merchandise, or in the payment of freight, or expressage on merchandise.

In addition to the assets listed above, there are other assets which will be discussed later.

Asset accounts usually have a *debit* balance.

Apprentice Experiences
Classifying Assets
No. 96

Classify under the proper group name the assets of FRANK CRANE, GROCER, that are listed below. In order to make this classification, prepare a table similar to that shown in the following illustration, in which, as an example, two assets have already been classified.

Name of Asset	Cash	Accts. Rec.	Merchandise			Equipment	
			Mdse. Inv.	Purchases	Freight In	Fur. & Fix.	Delivery
1. Currency in the register	√						
2. Canned goods on hand at the end of the fiscal period			√				

a. Debit balance in the account of John Henry Adams, a customer.
b. Canned goods bought from a wholesaler and placed on the shelves in the store.
c. A money order in the cash register.
d. Five boxes of prunes bought from a wholesaler and placed in the storeroom.
e. Counters in the store.
f. Bicycle bought to be used for the delivery of goods sold.
g. Butter bought from a wholesaler and placed in a refrigerator.
h. Checks in the cash register.
i. A delivery truck.

No. 97

Classify the two assets that are involved in each of the transactions listed below. Prepare a table similar to that shown in the following illustration, in which, as an example, the two assets involved in each of two transactions have been classified.

Name of Asset	Cash	Accts. Rec.	Merchandise			Equipment	
			Mdse. Inv.	Purchases	Freight In	Fur. & Fix	Delivery
1. Bought canned goods from Wm. Webster Co. and paid cash	√			√			
2. Paid 70¢ to express company for delivery of the above canned goods	√				√		

a. Received from John Henry Adams (customer) $25 in full of account.

b. Bought a cash register and gave a check in full payment.

c. Bought a bicycle for the business to be used for the delivery of goods sold and gave a check in full payment.

d. Robert Franz, a customer, paid $10 to apply on his account.

e. Bought 10 tubs of butter from the Fairmont Butter Co. and paid cash in full.

f. Gave $1 to the express company in payment for the delivery of the above butter.

g. The Dixie Furniture Co. put in a new showcase, which was paid for in cash.

h. Received $8.75 from Mrs. Franklin Foster (customer) to settle the balance of her account.

i. Bought 15 cases of canned goods and paid cash for them. Canned goods were placed in the storeroom.

2. Liabilities. When a business buys anything on credit, whether it is merchandise, equipment, supplies, or services, it goes into debt. These debts are called *liabilities* of the business. There are various forms of liabilities. In this step, we shall limit ourselves to one, namely, *accounts payable*. Under this heading are included amounts that are due to creditors from whom merchandise that is to be resold has been bought on account. A separate account is kept for each creditor. Creditors' accounts, or accounts payable, were studied in Unit 1.

When merchandise or equipment is bought on credit, both an asset and a liability are involved. It was learned in the first unit that a purchase of merchandise on account is credited to the wholesaler's account (in order to show the debt or *liability* to the wholesaler), while at the end of the month the *asset* account Merchandise Purchases was debited.

Liability accounts usually have a *credit* balance.

Apprentice Experiences
Classifying Assets and Liabilities
No. 98

Indicate whether each of the items listed below is an asset or a liability of the CENTRAL DRY GOODS STORE. Arrange your paper as shown in the following illustration.

	ASSET	LIABILITY
1. Handkerchiefs in stock	Mdse. Purchases	
2. A credit balance in the account of The Williams Co.		Accounts Payable

a. Checks in cash register.
b. Debit balance in the account of Russell Greene (a customer).
c. Blouses in stockroom.
d. Credit balance in the account of John Doyle (a creditor).
e. Debit balance in the account of William Blaine (a customer).

No. 99

Both an asset and a liability are involved in each of the transactions of FRANK CRANE, GROCER, listed below. Indicate which asset and which liability are involved in each transaction, arranging your paper as shown in the following illustration.

	ASSET	LIABILITY
1 Bought butter from Fairmont Butter Co. on terms n 30 days	Mdse. Purchases	Accounts Payable (Fairmont Butter Co.)
2 Bought a typewriter from the Regal Typewriter Co., terms n 30	Fur & Fix	Regal Typewriter Co.

a. Bought canned goods from Francis Lane & Co. on terms N/30.
b. Ten days later, mailed a check in full payment to Francis Lane & Co.
c. Bought a truck from the Chevvy Motor Co., terms N/90.
d. Sent a check to the Chevvy Motor Co. in full payment for the truck.
e. Bought a lot of cereals and crackers from R. C. Wills & Co., terms 1/10.

3. Capital and the Fundamental Equation. If a business has total assets amounting to $10,000 and total liabilities amounting to $2,000, the net worth of the proprietor is $8,000. Net worth is another name for capital or ownership. *Capital* represents the proprietor's interest in or ownership of the business assets. The capital of a business is found by deducting the total liabilities from the total assets.

The relationship between assets, liabilities, and capital may be expressed in the form of an equation, thus,

Assets ($10,000) — Liabilities ($2,000) = Capital ($8,000)

This equation may be stated in another form, thus,

Assets ($10,000) = Liabilities ($2,000) + Capital ($8,000).

The above equations are frequently expressed as a formula, thus,

$$A - L = C, \text{ or}$$
$$A = L + C$$

The capital accounts are the following:

a. The Capital account of the proprietor, which is usually headed with the name of the proprietor followed by the word *capital,* thus, "John Smith, Capital".

b. The Personal account of the proprietor, in which is kept a record of money or other property that is drawn by the proprietor from the business. This account is sometimes referred to as the Drawing or the Private account. It is usually headed "John Smith, Drawing".

In the case of a partnership, there will be as many capital and drawing accounts as there are partners.

The Capital account usually has a *credit* balance. The Drawing account usually has a debit balance, since it shows the drawings of the proprietor from the business, and therefore records a decrease in his investment in the business.

Apprentice Experience
No. 100
Classifying Assets, Liabilities, and Capital

Classify the following accounts of Fred. Williams to show whether each is an asset, a liability, or a capital account.

a. Robert Taylor, a creditor's account.
b. Fred. Williams—investment in the business.
c. Samuel Baker, a customer's account.
d. Furniture and Fixtures.
e. Fred. Williams—withdrawals from the business.

4. Income. The laborer's income is derived from wages; the lawyer's income is derived from fees; the retailer's or wholesaler's income is derived from profit on the sales of merchandise.

In the distributive trades, therefore, the main source of income is recorded in the Sales account. This account was discussed in Unit 2.

In addition to the income from sales, there may be other minor sources of income. One of these is Discount on Purchases, which arises from the saving or earning that results from deducting the discount offered by creditors for the prompt payment of invoices. This account was discussed in Unit 1.

"Cash Short or Over" is also an income account if the account has a credit balance, i.e., if there is more cash "over" than cash "short".

Income accounts have a *credit* balance. (The Sales Returns and Allowances account has a debit balance. Why?)

5. Expenses. Expenses are usually classified in two groups, namely, (a) *supplies,* and (b) *services.*

(a) Under *supplies* are included items that are used up in the operation of the business, such as wrapping paper, cord, postage, containers, stationery, advertising circulars, etc. These items generally can be used only once, whereas items classified as equipment, such as furniture and fixtures, can be used over and over again. It is important to distinguish between equipment items and supplies.

(b) Under *services* are included items of expense that are necessary in operating the business, such as the wages of office workers and salespeople, or the cost of telephone service, electric service, repairs to equipment, rent, advertising, insurance, etc.

When supplies and services are acquired, they are called assets because they have a money value to the business. However, after these items have been used up, they become business expenses, as shown in the following examples.

Example. On January 2, a business took out a fire insurance policy for $5,000 for one year and paid a premium of $60. This item is classified on January 2 as an asset with a value of $60. On April 1, three months after the policy date, one-fourth of the insurance service would be used up; therefore, the value of the policy on April 1 is $45, while the insurance expense for these three months would be $15. What is the asset value of the policy on July 1? On October 1? On December 31? What is the insurance expense from January 2 to June 30? From January 2 to September 30? From January 2 to December 31?

Example. If the business paid $150 in advance for rent for the month of January, one-third of this asset would be used up by the 10th of the month, at which time the asset value is $100 and the expense $50; two-thirds would be used up by the 20th of the month, at which time the asset value is $50 and the expense $100; the entire asset is used up by the end of the month.

This may be summarized by saying that prepaid services and supplies on hand are considered as assets, while services and supplies that have been used up are considered as expenses. Ordinarily, it is not necessary for the bookkeeper to distinguish between expense as an asset and expense as a cost of doing business. He simply records each expense in its respective account, such as, Insurance, Rent, Office Supplies, etc. It is only when inventories are taken that it is necessary to distinguish between the part of the expense that is unused and is an asset to the business, and the part that is used up and is, therefore, recorded as an actual expense.

All expenses could be kept under one heading, but this would be of very little help to the proprietor since, in order to determine whether the business is operating efficiently, he must know the cost of each type

of expense so that he can compare the expenses of one period with those of another.

As was stated at the beginning of this step, assets are grouped according to the use to which they are put in the business. Thus, in the accounts of a dealer in typewriters, typewriters would be classed as merchandise, but in the accounts of a dry goods retailer a typewriter would be classed as furniture. Paper for use in a typewriter in a stationery store would be considered merchandise, but if bought by a retailer of dry goods it would be classified as an expense and recorded in the Store and Office Supplies account.

There are some expense accounts which cannot be classified either as Supplies or Services. Two of these follow:

a. Discount on Sales. The items in this account represent an expense to the business that results from allowing customers to deduct a cash discount when they make payments in accordance with the invoice terms. While such cash discounts may appear to be a total loss to the business, they serve to encourage prompt payment of invoices, and thus reduce the likelihood of losses through failure to pay.

b. Bad Debts. In this account is recorded any loss that is incurred when an account is uncollectible.

The accounts that are commonly kept for the recording of expenses are listed below. The name of the account generally indicates the items that are included under that heading.

Payroll or Salaries
Rent
Advertising
Cash Short and Over (if the account has a debit balance)
Taxes
Interest Cost
Store and Office Supplies
Light and Heat (and Power)
Delivery Expense (expenses in connection with the delivery of merchandise to customers)
Traveling
Telephone and Telegraph
Repairs
Insurance
General Expenses (In this account are recorded any items that may not be classified under one of the foregoing headings.)

Expense accounts (whether the item of expense is used or unused, or whether a cost or an asset) usually have a *debit* balance.

Apprentice Experiences
Classifying Accounts
No. 101

During the month of September, the checks listed below were issued by FRANK CRANE, GROCER. Prepare a table similar to that illustrated. If the check was issued in payment of a creditor's account, extend the amount into the Accounts Payable column; if the payment was for expenses, extend the amount into the Expense column and state the name of the account; if for a general item, extend the amount into the General Payments column and name the account in which the item should be recorded.

	Acct Pay	Expense		General Payments	
		Name of Acct	Am't	Name of Acct	Am't
A. Gave check for $15 to Rex Garage Co. for storage of truck for Sept.		Delivery	15 00		
B Gave check for $100 to Wm. Johnson in payment of mdse inv. of Aug. 20	100 00				
C. Bought from the National Scale Co. a weighing machine for $75 cash				Fur. & Fix	75 00

1. Check to Aster Realty Co. for rent for September, $100.
2. " to Reed & Co. for mdse. invoice of Aug. 22, $106.30.
3. " to Frank Bacon for purchase of wrapping paper, $10.
4. " to Alice Fay, an employee, for a week's salary, $18.
5. " to Edison Electric Co. for bill for August current, $15.
6. " to Etna Insurance Co. for 1 year's premium on fire insurance policy on stock and fixtures, $25.
7. " to Union Machine Co. for purchase of cash register, $195.
8. " to Bell Telephone for September service, $8.50.
9. " to Martin Auto Co. for repair of truck, $12.
10. " to Frank Crane, for personal use, $20.
11. " to Ben Franklin Co. for mdse. invoices of Aug. 28 and 30, $142.70.
12. " to Alice Fay for commissions earned during August, $14.50.
13. " to the N. Y. Railroad for freight charges on mdse. purchased from Reed & Co., $7.75.
14. " to John Ford, buyer, to cover cost of trip to Boston to purchase merchandise, $25.

15. Check to Rex Garage Co. for gasoline and oil for truck, $5.40.
16. " to Frank Bacon for purchase of a ribbon for the typewriter, 75¢.
17. " to N. Y. Herald for ¼ page ad. of a special sale, $50.
18. " to Mariotte & Co. for removing rubbish during August, $7.
19. " to Bell Telephone Co. for service in Mr. Crane's home, $4.75.
20. " to Miss Mary Arnold, a charge customer, for refund of $1, representing an overpayment on her account.

No. 102

Indicate how each of the items listed below would be classified by Joseph Hull, a retail stationer. Prepare a table similar to that illustrated, in which two items are already classified.

	Asset	Liabilities	Capital	Income	Expense
A. Bought fountain pens to be sold	Mdse Purchases				
B. Wrapping paper used					St & Off Supplies

1. Currency in the register.
2. Fire insurance premium.
3. Payments to salesclerks for services.
4. Account of John Fuller, customer.
5. Rent.
6. Sales slips for sale.
7. Sales slips used in store.
8. Showcases.
9. Account of Muller Co., creditor.
10. Payment for telephone service.
11. Journals for sale.
12. Wagon used for delivery.
13. Electric bulbs.
14. Postage stamps.
15. Cash register.
16. Account of Joseph Hull, Cap.
17. Typewriter used in office.
18. Typewriter for sale.
19. One month's rent left as security with the landlord.
20. Account of Joseph Hull, Personal.
21. Insurance on truck.
22. Repair of furniture.
23. Interest paid on borrowed money.
24. Advertising circulars.
25. Electric current.
26. Total Sales as listed in ledger.
27. Cash Receipts.
28. Cash Payments.
29. Purchases Discount.
30. Sales Discount.

No. 103

Solve the following:

a. Total assets, $7,500; total liabilities, $2,300. What is the proprietor's capital?

b. Total liabilities, $3,400; the capital is $10,000. What are the total assets?

c. Total assets are $15,800; the capital is $9,300. What are the liabilities?

d. Total assets are $8,000; the liabilities are $8,000. What is the capital?

No. 104

Copy the following and complete by finding the amount that belongs in the blank space.

	Assets	*Liabilities*	*Capital*
a.	$ 4,689.00	$ 948.75	_____
b.	10,469.75	_____	$ 7,369.49
c.	_____	3,775.85	15,046.80
d.	5,468.49	_____	3,784.76
e.	_____	6,349.00	14,463.33
f.	7,986.90	7,864.25	_____
g.	14,897.55	_____	14,000.00
h.	13,634.67	1,499.00	_____
i.	9,460.00	_____	6,400.50
j.	20,107.85	_____	5,000.00

Step 6

Recording Cash Receipts; Posting

A. Recording Cash Receipts from Charge Customers and from Cash Sales. The recording of receipts from charge customers, and the posting of these receipts to the credit of the customers' accounts and to the Sales and the Cash accounts, were studied in Unit 2. The recording in the cash receipts journal of the items on the cash register reports will now be considered.

There are four items in the Daily Summary Register Report that are entered in the cash receipts journal, namely, (1) Cash Sales, (2) Cash Short or Over, (3) Accounts Receivable (receipts from charge customers), and (4) Amount Deposited. In addition, occasionally there may be receipts from miscellaneous sources.

The entry for May 2 in Illustration No. 60 was obtained from the Daily Summary Register Report of Illustration No. 57. The procedure in recording from the cash register report is as follows:

(1) *Cash Sales.* Enter in the Cash Sales column of the cash receipts journal the total amount shown in column 5 of the Daily Summary Register Report for each day, unless the report shows that there is an error in the cash. In case there is an error, the total must be changed before it is possible to record the proper amount of the cash sales for the day. Since the report of Illustration No. 57 shows a net difference of 5¢ "over" for the day, it is necessary to subtract this amount from the cash sales to obtain the *actual* cash sales. In this case, the net cash sales would be \$66.41 (\$66.46 – 5¢), and this amount is entered in the Cash Sales column of the cash journal. If the net error is "Cash Short", the difference is *added* to the total of column 5 of the daily summary report to obtain the correct amount of sales. Place a check mark in the folio column of the cash journal to indicate that no posting is to be done until the end of the month.

(2) *Cash Short or Over.* On the same line with the day's cash sales, record in the proper money column any amount that is "short" or "over" for the day. In the illustration, 5¢ is entered in the Cash Over column. The check mark already placed in the folio column indicates that the total amount of cash short or over is posted at the end of the month.

(3) *Accounts Receivable.* List in the column headed "Account Credit" the individual names of the charge customers who have made payments. The customers' names are obtained from the slips turned in by the clerks. Enter the amount to be credited to each customer in the Accounts Re-

Cash Receipts Journal. May 19-

Date		Account Credit	Explanation	✓	Accts Rec.	General Receipts	Cash Sales	Cash Over	Cash Short	Amount Deposited
May	19- 2	Sales	For the day	✓			66 41	05		
	2	John Lireux	On account		6 -					
	2	Mrs Richard Davis	Sale of 4/18		5 20					
	2	Mrs Alice Long	Sale of 4/10 less ret.		7 55					85 21
	3	Sales	For the day	✓			7 36		20	
	3	Louis Mmetty	On account		10 -					
	3	Mrs. N. Earth	Sales of 4th and 4/17		8 56					
	3	Frank I. Morrison Cap.	Investment			400 -				
	3	Furniture & Fixtures	Sale of discarded showcase			35 -				
	3	Store & Office Supplies	Received stamps			10				524 87
	31	Sales	For the day	✓			59 14			59 14
		Totals			392 10	475 10	453 50	1 90	2 10	544 72
	31	Summary								
		Cash (Deposit Column) Debit			544 72					
		Cash Short Debit			2 10					
		Sales (for cash) Credit				453 50				
		Cash Over Credit				1 90				
		Accounts Receivable Credit		✓		392 10				
		General Receipts Credit		✓		475 10				
					544 80	544 80				

Illustration No. 60 — A Cash Receipts Journal.

ceivable column. On May 2, there were three such receipts — for Clerk A, $6, for Clerk D, $5.20, and for Clerk E, $7.55.

(4) *Amount Deposited.* The amount to be deposited is given in column 3 of the Daily Summary Register Report and is entered in the Amount Deposited column of the cash journal. This column is also called the Net Cash column. As a further check on the accuracy of the entries, total the amounts for the day in the different columns. The total for the day should equal the amount deposited, thus,

Cash Sales		Cash Over		Accounts Receivable		Amount Deposited
$66.41	+	.05	+	6.00 + 5.20 + 7.55	=	$85.21

Cash "short" would be deducted. If there are any entries in the General Receipts column for the day, these amounts would be included in the addition shown above.

B. Recording Miscellaneous Cash Receipts. To provide for the recording of cash receipts from sources other than sales, it is necessary to include in the cash receipts journal a column headed "General Receipts". Receipts of the kind entered in the General Receipts column are comparatively infrequent, and usually consist of items such as the following:

(1) The investment by the proprietor of an additional amount of money in the business. To record this type of transaction, enter the name of the account to be credited, which in this case is the name of the proprietor followed by the word "Capital". (See the entry under date of May 3 in Illustration No. 60.) If the money added by the proprietor is not to be considered as a part of his capital investment, it should be credited to his personal account or to a loan or exchange account, depending upon the purpose for which the money was put into the business.

(2) Money received from a transaction relating to an equipment or an expense account. For example, a cash receipt resulting from the sale of some discarded equipment would be credited to the Furniture and Fixtures account, since the cost of the equipment was originally included in that account. (See the entry under date of May 3 in Illustration No. 60.) Similarly, the sale of stamps from office supplies is credited to the Store and Office Supplies account, since the purchase of the stamps was debited to that account. (See entry under date of May 3 in Illustration No. 60.)

Note that a sale of discarded fixtures or a sale of stamps is not recorded in either the Sales account or in the Cash Sales column of the cash receipts journal. This is because entries in the Sales account and in the Cash Sales column are limited to sales of the merchandise in which the

business is trading. For the same reason, the purchase of fixtures, such as a filing cabinet, or supplies, such as stationery, is not entered under Purchases in the cash payments journal, since only purchases of merchandise bought for resale purposes are included in the Purchases account.

As stated previously, the amount of any general receipts is included with the other receipts in order to obtain the amount to be deposited, e.g., the receipts of May 3—

Cash Sales		Cash Short		Accounts Receivable		General Receipts		Amount Deposited
$71.36	—	.20	+	10.00 + 8.56	+	435.10	=	$524.82

Closing the Cash Receipts Journal. As we have learned, those items that are check marked in the cash receipts journal, such as daily cash sales and cash "short" or "over", are posted to the ledger as a total at the end of the month. The items that are not check marked are posted daily to the credit of the account listed.

At the end of the month, pencil-foot all money columns in the cash receipts journal. Before writing the totals in ink, prove the additions by checking the total of the Amount Deposited column and the Cash Short column against the total of the other columns, thus,

Debit Columns		*Credit Columns*	
$ 2.10	Cash Short	$4,575.70	Cash Sales
5,442.70	Amt. Deposited (Net Cash)	1.90	Cash Over
$5,444.80	Total	392.10	Acct. Receivable
		475.10	General Receipts
		$5,444.80	Total

Next, prepare the Summary as of the last day of the month, as shown in Illustration No. 60. In making the summary, list the debit columns first and enter their respective totals in the first money column. Note that the total deposits are listed as "Cash" instead of "Amount Deposited", since this total is debited to the Cash account. Then indent and list the names of the credit columns and enter their totals in the second money column. Pencil-foot the summary (the totals must always be equal in amount), and enter the totals in ink. Note that the headings of the columns in the cash receipts journal do not apply to the summary, in which the left money column indicates "debit" and the right money column "credit".

Posting. With the exception of General Receipts and Accounts Receivable, the totals listed in the summary are posted to the accounts indicated. A check mark is placed in the folio column for General Receipts and for Accounts Receivable to indicate that the individual entries in these columns have been posted during the month.

Apprentice Experience
No. 105
Recording and Posting Cash Receipts

As bookkeeper for Nancy Lee, owner of the NANCY COSMETIC SHOP, record in a sales journal and in a cash receipts journal the transactions listed below. Use a sheet of two-column paper for the sales journal. For the cash receipts journal, use a sheet of six-column paper with the following column headings: Accounts Receivable, General Receipts, Sales for Cash, Cash Over, Cash Short, and Net Cash. The amounts given as daily "Sales for Cash" represent the cash sales as given in column 5 of the Daily Summary Register Report; make the necessary adjustment when there is cash "short" or cash "over".

Set up a ledger, allowing seven lines for each account. The ledger page numbers are to start with page 1; the sales journal page is to be numbered 10, and the cash receipts journal, 16.

Jan. 1 Wednesday—holiday

2 Sales for cash, $41.15.
Charge sale #6-44 to Mrs. J. Alcott, 116 S. Main St., City, $14.45.

3 Sales for cash, $61.72.
Charge sale #6-45 to Mrs. D. Phillips, 40 N. Broadway, City, $8.91.

4 Sales for cash, $77.44.
Charge sale #6-46 to Mrs. F. Golden, 201 First Ave., City, $16.75.

6 Sales for cash, $68.76.

7 Sales for cash, $59.94; cash short, 20¢.
Charge sale #6-47 to Mrs. Benj. Engel, 161 York Ave., City, $21.
Received from Mrs. Alcott, $5 on account.

8 Sales for cash, $68.18.
Miss Nancy Lee invested $500 in the business.
Received from Mrs. D. Phillips, $8.91 in full of account.

9 Sales for cash, $54.39.

10 Sales for cash, $71.18; cash short, 15¢.
Charge sale #6-48 to Mrs. J. Alcott, 116 S. Main St., City, $7.50.
Received from Mrs. F. Golden, on account, $10.

11 Sales for cash, $66.54.
Charge sale #6-49 to Mrs. D. Phillips, 40 N. Broadway, City, $3.76.

Jan. 13 Sales for cash, $79.81.
Sold for cash, stamps amounting to 25¢.
Charge sale #6-50 to Mrs. T. Nolan, 330 Broadway, City, $7.60.

14 Sales for cash, $60.44.
Charge sale #7-01 to Mrs. S. Irwin, 550 Grand St., City, $3.44.

15 Sales for cash, $59.63; cash over, 25¢.
Received from Mrs. J. Alcott, for balance of bill of Jan. 2, $9.45.

16 Sales for cash, $63.60.
Sold for cash an old adding machine, $14.

17 Sales for cash, $68.45.
Received from Mrs. B. Engel, on account, $10.

18 Sales for cash, $84.90; cash short, 50¢.
Charge sale #7-02 to Mrs. Charles Douglass, 1418 Second Ave., City, $7.85.

20 Sales for cash, $51.36.

21 Sales for cash, $55.03.

22 Sales for cash, $67.88; cash over, 14¢.
Charge sale #7-03 to Mrs. Wm. Morgan, 18 Second St., City, $15.
Received from Mrs. Benj. Engel, $5 on account.

23 Sales for cash, $62.19.
Miss Nancy Lee invested an additional $500 in the business.

24 Sales for cash, $71.40.
Charge sale #7-04 to Mrs. D. Phillips, 40 N. Broadway, City, $9.40.

25 Sales for cash, $88.98; cash over, $1.
Received from Mrs. D. Phillips for bill of Jan. 11, $3.76.

27 Sales for cash, $61.22.
Charge sale #7-05 to Mrs. J. Alcott, 116 S. Main St., City, $3.56.

28 Sales for cash, $54.05.

29 Sales for cash, $55.10; cash short, 25¢.
Charge sale #7-06 to Mrs. Benj. Engel, 161 York Ave., City, $8.95.
Miss Nancy Lee returned $15 of the $75 she took a week ago for traveling expense for the business.

30 Sales for cash, $60.17.
Charge sale #7-07 to Mrs. T. Nolan, 330 Broadway, City, 75¢.

31 Sales for cash, $61.11.
Received from Mrs. S. Irwin $3.44 for bill of Jan. 14.
Received from Mrs. Benj. Engel balance due on bill of Jan. 7, $6.

Step 7

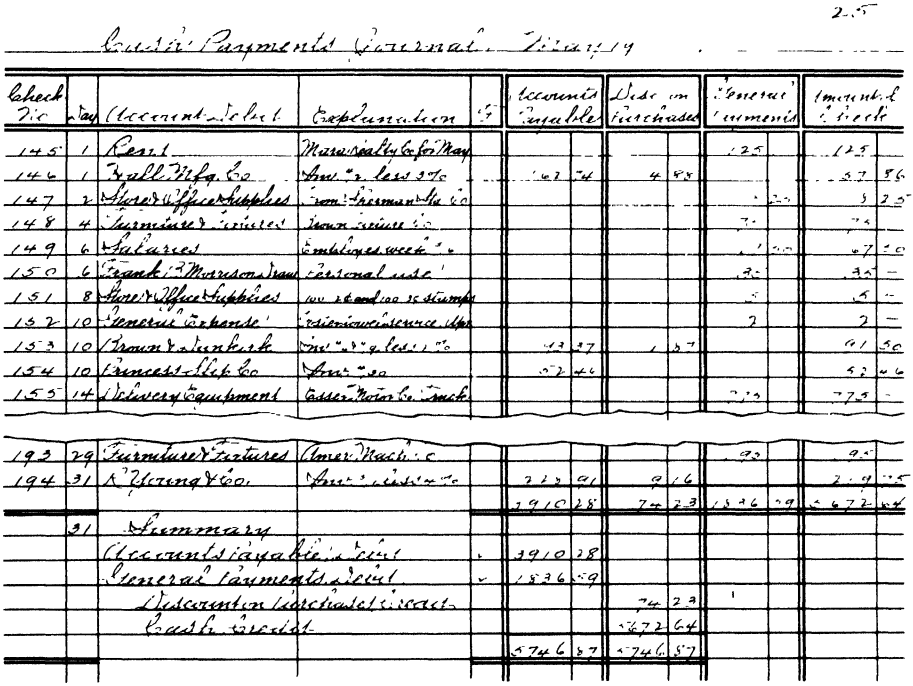
Recording Cash Payments; Posting

The cash payments journal studied in Unit 1, or one quite similar in form, is generally used in business and will be considered further in this step. The use of the three money columns, Accounts Payable, Discount on Purchases, and Net Cash (Amount of Check), has already been explained. Note that the Accounts Payable column is reserved for the recording of payments for merchandise bought for purposes of resale. The purpose and use of the General Payments column in the cash payments journal will now be presented.

The items entered in the General Payments column fall into four groups. These groups, and the method of recording the items classified in the groups, are as follows:

1. *Money taken by the proprietor for his personal use.*

In the column headed "Account Debit" enter the name of the proprietor followed by the word "Drawing", and record the amount in the



Check No.	Day	Account Debit	Explanation	✓	Accounts Payable		Disc. on Purchases		General Payments		Amount of Check	
145	1	Rent	Monthly Rent for May						125		125	
146	1	Hall Mfg. Co.	Inv. 2, less 5%		62	74	4	88			57	86
147	2	Store & Office Supplies	Inv. Freeman & Co						3	25	3	25
148	4	Furniture & Fixtures	Inv. 1211						74		74	
149	6	Salaries	Employees week 2						67	50	67	50
150	6	Frank J. Morrison, Drawing	Personal use						35		35	
151	8	Store & Office Supplies	Inv. 24 and 100 2¢ stamps						5		5	
152	10	General Expense	Insurance premium						7		7	
153	10	Brown & Lenbark	Inv. 207, less 1%		43	27	1	57			41	50
154	10	Princess Slip Co.	Inv. 200		52	46					52	46
155	14	Delivery Equipment	Essex Motor Co. truck						775		775	
193	29	Furniture & Fixtures	Elmer Mach. Co.						95		95	
194	31	K. Herring & Co.	Inv. 2, less 2%		223	91	9	16			214	75
					1910	28	74	23	1836	59	2672	64
	31	Summary										
		Accounts payable credit		✓	1910	28						
		General payments credit		✓	1836	59						
		Discounts on purchases credit					74	23				
		Cash credit							2672	64		
					3746	87	74	23	3746	87		

Illustration No. 61 — A Cash Payments Journal.

General Payments and the Net Cash columns. (See the entry for check 150 in Illustration No. 61.) The amount is debited to the proprietor's drawing account.

If the proprietor withdraws a part of his capital invested in the business, the debit would be charged to the capital account instead of to the drawing account.

2. *Payments made for expenses incurred in operating the business.*

In the Account Debit column write the name of the expense account to which the payment is to be debited, and record the amount in the General Payments and the Net Cash columns. (See the entries for checks 145, 147, 149, 151 and 152 in Illustration No. 61.)

In order to know the expense account that is to be debited, the bookkeeper should be familiar with every expense account kept in the ledger. The usual expense accounts kept in a retail business are listed on page 227.

3. *Payments made for equipment.*

In the Account Debit column indicate whether the Furniture and Fixtures or the Delivery Equipment account is to be debited, and in the explanation column write the name of the firm from whom the equipment was bought. Record the amount in both the General Payments and the Net Cash columns. (See the entries for checks 148 and 155 in Illustration No. 61.) Be careful to distinguish between operating expense and equipment. The equipment accounts are debited with the original cost of the equipment. No debit is made thereafter to these accounts unless it adds to the cost of the equipment. If repairs are made to a truck, or a new tire is bought to replace a worn out one, which account is to be debited? Since neither the repair nor the new tire *adds* anything to the original cost of the truck, the Delivery Expense account is debited. If, on the other hand, a truck chassis is bought and a body is added to it, the cost of the body is debited to Delivery Equipment.

4. *Payments made for other purposes.*

Occasionally, payment may be made for purposes other than those listed above. The treatment of these payments will be explained in Step 8.

It is necessary to post the items daily to the debit side of the accounts listed.

Closing the Cash Payments Journal. At the end of the month, pencil-foot all columns. Prove the additions before writing the totals in

ink. The sum of the debit columns should equal the sum of the credit columns, thus,

Debit Columns		*Credit Columns*	
$3,910.28	Accts. Payable	$ 74.23	Disc. on Pur.
1,836.59	Gen. Payments	5,672.64	Net Cash
$5,746.87	Total	$5,746.87	Total

Since the totals are equal in amount, it is assumed that the individual entries for the month are correct.

Record the summary as of the last day of the month, as shown in Illustration No. 61. The totals of the debit columns are entered in the first money column; the totals of the credit columns are entered in the second money column. Note that the "Amount of Check" or the "Net Cash" column is listed as "Cash" since this total is credited to the Cash account. The totals "Discount on Purchases" and "Cash" are credited to the respective accounts in the ledger under these headings. Note that the totals "Accounts Payable" and "General Payments" are not posted from the summary, since the items comprising these totals have already been posted during the month.

The Cashbook. Most business concerns keep cash receipts and cash payments in the same book. Cash receipts are entered on the left-hand page, and cash payments on the right-hand page. If the volume of business is large, it is advisable to keep receipts and payments in separate books, so that one person may record cash receipts while another is at work recording cash payments.

Apprentice Experience
No. 106
Recording and Posting Cash Payments

On a sheet of journal paper having four money columns, prepare a cash payments journal, using the same headings as given in Illustration No. 61. Record the checks issued in Experience No. 101, page 228. The respective dates of these checks are: September 2, 3, 5, 9, 9, 10, 12, 14, 14, 16, 17, 19, 19, 19, 21, 23, 24, 25, 26, 28. Close the journal and prepare the summary entry. Post the entries from this journal to a ledger, allowing six lines for each account.

Step 8

Recording Miscellaneous Cash Items

The work of the bookkeeper or the bookkeeping department chiefly consists of keeping accounts of transactions of the type recorded in the preceding experiences. In addition, there are certain less frequent business transactions which the bookkeeper must know how to record. Several of the less common kinds of transactions will now be considered.

1. *Loans and Exchanges.*

A loan made to someone by the proprietor is recorded in the General Payments column of the cash payments journal. The name of the ledger account to be debited is the Loan account. The name of the person to whom the loan is made is entered in the Explanation column of the journal and also in the ledger account.

Repayment of the loan, whether made in full in one payment or in a number of payments, is recorded in the cash receipts journal, in the General Receipts column, and credited to the Loan account. Again use the name of the person as part of the explanation in both the journal and the ledger.

A similar procedure is followed if the proprietor borrows money from some person or firm and later repays it, except that in this case the loan is recorded first in the cash receipts journal and the repayment is recorded in the cash payments journal.

Example Frank Crane lent $200 to J Byrd on July 8, and $150 to B Josephs on July 22. On July 14, J Byrd returned $100 to Frank Crane, and on July 20, $50, while B. Josephs returned the entire $150 on July 31. The entries for these transactions in the cash journals would appear as follows.

CASH PAYMENTS — Page 11

19--	Account Dr	Explanation	F	Gen Payments	Net Cash
July 8	Loan Acc't	Loan to J Byrd	17	200 00	200 00
22	Loan Acc't	Loan to B Josephs	17	150 00	150 00

CASH RECEIPTS — Page 10

19--	Account Cr	Explanation	F	Gen Receipts	Net Cash
July 14	Loan Acc't	Rec'd from J Byrd on acc't	17	100 00	100 00
20	Loan Acc't	Rec'd from J Byrd on acc't	17	50 00	50 00
31	Loan Acc't	Rec'd from B Josephs	17	150 00	150 00

The ledger would appear as follows:

LOAN ACCOUNT Page 17

19—				19—			
July 8	J. Byrd	C11	200 00	July 14	J Byrd	C10	100 00
22	B. Josephs	C11a	150 00	20	J. Byrd	C10	50 00
				31	B. Josephs	C10a	150 00

Sometimes, money loaned is recorded in a Loans Receivable account, and money borrowed is recorded in a Loans Payable account. It is advisable to keep separate accounts if loans are numerous.

Exchanges. The proprietor, on other occasions, may make an exchange with some other person of checks of the same amount, either for his own benefit or for the benefit of the other party. The checks exchanged may bear the same date or they may bear different dates. The check received should be deposited either on the date that appears on the check or on a date indicated by the drawer of the check, and entered in the cash receipts journal.

The ledger account in which transactions of this kind are recorded is called the Exchange account. Sometimes, one account is kept for both loans and exchanges under the name of Loans and Exchanges, but it is better to have separate accounts. It is important in using these accounts to enter in the explanation space on both the debit and the credit side the names of the persons or firms to whom checks are given and from whom money is received.

Example. Frank Crane on July 11 exchanged checks with Fred Allen, each check being for $175, each dated July 11. On July 25, Crane handed a check for $300 to Wm. Waring in exchange for a check of the same amount dated July 30. The cash journal and the account would appear as follows:

CASH PAYMENTS Page 11

19—	Account Dr	Explanation	F	Gen Payments	Net Cash
July 11	Ex'g Acc't	Exchanged checks with Fred Allen	18	175 00	175 00
25	Ex'g Acc't	Exchanged checks with Wm. Waring for check dated July 30	18	300 00	300 00

CASH RECEIPTS Page 10

19—	Account Cr	Explanation	F	Gen Receipts	Net Cash
July 11	Ex'g Acc't	Exchanged checks with F. Allen	18	175 00	175 00
30	Ex'g Acc't	Wm. Waring for ck. given on July 25	18	300 00	300 00

EXCHANGE ACCOUNT

19—				19—			
July 11	Fred Allen	C11a	175 00	July 11	Fred Allen	C10a	175 00
25	Wm. Waring	C11b	300 00	30	Wm. Waring	C10b	300 00

2. Customers' Checks Returned by the Bank.

Occasionally, a check received from a customer and deposited in the firm's bank will be returned by the bank because it is unable to collect the amount of the check from the customer's bank. The customer's bank may have refused to honor the check because it is incorrectly drawn, or because there are insufficient funds in the customer's account, or for some other reason. In returning the check to us, the bank notifies us that our account has been charged with the amount of the check, which means that the amount has been deducted from our bank balance. In addition, the bank may charge us a "protest" fee to cover the expense to which it has been put in connection with the transaction.

To keep our records correct, and in agreement with those of the bank, it is necessary to enter in our accounts the amount of the check and the amount of any protest fee. Particulars of the returned check are therefore entered on a checkbook stub, either between two stubs or on the next blank stub, marking the check attached to the stub "void" and removing the voided check. On the stub are recorded the date of the notice from the bank, the name of the customer whose check is returned, and the amount, including any protest fee. From this stub an entry of the full amount charged to us is made in the cash payments journal. Since the customer's account was credited when he gave us the check, it is now necessary to charge or debit his account by posting the item from the cash payments journal, writing in the explanation column of his account "Check returned N. G." Returned checks are referred to as "N. G." (no good) checks. The customer should be immediately notified. He may issue another check to cover the amount of the original check plus any protest fee, or he may instruct us to redeposit the original check and send us the amount of the protest fee. In either case, it is necessary to record in the cash receipts journal the full amount of the payment, from which journal the item is posted to the credit of the customer's account.

Example. Frank Crane received a check from C. A. Shaw for $25 in part payment of an account amounting to $42.50. This check was deposited on July 11. On July 14, the check was returned by the bank together with a notice that the check had not been honored because of "insufficient funds" and that the $25, and in addition a protest fee of $1, had been charged against Mr. Crane's account. Mr. Shaw was at once notified. On July 16, Mr. Shaw re-

quested Mr. Crane to redeposit the check and gave $1 to cover the protest fee. The entries to record these facts follow:

CASH RECEIPTS 10

19—	Account Cr	Explanation	F	Acc'ts Rec.	Net Cash
July 11	C. A. Shaw	On Acc't	108	25 00	25 00
16	C. A. Shaw	Ret'd ck. redeposited	108	25 00	25 00
16	C. A. Shaw	To cover protest fee on above check	108	1 00	1 00

CASH PAYMENTS 11

19—	Account Dr	Explanation	F	Gen Payments	Net Cash
July 14	C. A. Shaw	Check $25.00 ret'd N. G.—protest fee $1.00	108	26 00	26 00

C. A. SHAW 108

19—				19—			
July 1	Balance		42 50	July 11	On acc't	C10	25 00
14	Ck. ret'd N.G.	C11a	26 00	16	Ck. redep'd	C10a	25 00
	Protest fee $1 00			16	Protest fee on above check	C10a	1 00

3. *Payments or Receipts in Connection with Sales Returns and Exchanges of Merchandise.*

If a cash customer returns merchandise and is handed a refund in cash, the refund is recorded on the clerk's Daily Cash Register Report and deducted from the cash sales for the day, as explained previously in this unit.

If a cash customer returns an article and accepts another of the same price, the exchange has no effect on the day's sales.

If a cash customer returns an article and takes another that sells for less, a refund for the amount of the difference is made. This refund slip is recorded on the Daily Cash Register Report, as explained previously.

Returns of merchandise by credit customers are recorded in the Sales Returns and Allowances journal, as noted in Unit 2. All returns and exchanges must be approved by someone in authority.

4. *Salesmen's Commissions and Drawing Accounts.*

In many stores, each salesclerk is paid a fixed weekly salary and also a commission that is based on the volume of his sales. In some cases, the salesclerk is paid a commission on the total amount of his sales; in other cases, he receives a commission only on sales in excess of an amount that is set as his quota. Thus, the total earnings of the salesman depend upon the amount of his sales. Usually, the commission is paid at the beginning of the month on sales made the preceding month. The amount of the salary is debited to the salaries or payroll account. The amount of the commission may, in some firms, be debited to the salaries account, but the usual practice is to enter commissions in a separate account.

Example. On July 6, Frank Crane gave to his clerk, George Young, a check for $24.58 covering his salary for the week amounting to $18, and commissions due him for the month of June amounting to $6.58. The entries in the cash payments journal and in the ledger account were made as follows:

CASH PAYMENTS 11

19—	Account Dr	Explanation	F	Gen Payments	Net Cash
July 6	Salary	George Young wk ending July 6	23	18 00	
6	Commission	Due Geo Young for June	24	6 58	24 58

The ledger accounts

SALARIES 23

19—							
July 6	Geo. Young	C11	18 00				

COMMISSION 24

19—							
July 6	Geo Young	C11	6 58				

When an employee is paid solely on a commission basis, sometimes an arrangement is made whereby he may draw monthly or oftener against commissions earned or to be earned.

5. *Overpayment by a Customer.*

Occasionally a charge customer overpays his account, i.e., makes payment of an amount greater than the balance of his account. The overpayment may be handled in one of two ways:

(a) A check for the amount of the overpayment is sent to the customer. In this case, the amount of the customer's payment is entered in the cash receipts journal, and the amount returned is entered in the cash payments journal and debited to the customer's account, as shown below.

CASH RECEIPTS 10

19—	Account Cr.	Explanation	F	Acc't Rec	Net Cash
July 18	Henry Martin	In full acct.	115	11 50	11 50

CASH PAYMENTS 11

19—	Account Dr	Explanation	F	Gen Payments	Net Cash
July 18	Henry Martin	Overpaid his account	115	1 00	1 00

HENRY MARTIN 115

19—				19—			
July 1	Balance	√a	10 50	July 18	In full	C10a	11 50
18	To cover over-payment	C11a	1 00				

(b) The second method of handling an overpayment is to notify the customer of his error and to allow the overpayment to stand as a credit in the customer's account against future purchases. In this case, the customer's account will show a credit balance. In what respect will the account now resemble a creditor's account?

An overpayment made to a creditor would be treated in the accounts of the retailer as follows: If the amount of the overpayment is received from the creditor, it is entered in the cash receipts journal and from there posted to the credit side of the wholesaler's account in the ledger. If the amount of the overpayment is not returned, it stands as a debit in the wholesaler's account against future purchases by the retailer.

6. *Use of More Than One Bank Account.*

If the firm's money is kept in more than one bank, it is necessary to have as many Net Cash columns in both the cash receipts and the cash payments journals as there are bank accounts. Although all bank accounts may be kept in the same cash account in the ledger, it is advisable to keep a separate ledger account for each bank.

Cash Receipts Journal. November 19-

Date		Account Credited	Explanation	✓	Accts. Receivable	Cash Sales	Cash Over	Cash Short	General Receipts	Net Cash	School City Bank	General City Bank
Nov.	1	Balances	On banks	✓						2076 20	847 79	1228 41
	1	Sales	For cash	✓		115 69				115 69		
	1	Loans Payable	From Sam'l Davis						250 -	250 -		
	1	J. Arnold, Capital	Additional investment						800 -	800 -		1165 69
	2	Sales	For cash	✓		108 16				108 16		
	2	Francis Horn	On account		10 -					10 -	118 16	
	3	Sales	For cash	✓		105 57		1 -		105 57	105 57	
	4	Sales	For cash	✓		144 12				144 12		
	4	Bert Moore	For Sale "34		13 27					13 27		
	4	Marquis Booth	For Sales "33 & "34		21 43					21 43		178 82
	6	Sales	For cash	✓		92 79				92 79		
	6	Exchange	With Edw. Gates check						300 -	300 -		392 79
	7	Sales	For cash	✓		107 58				107 58		107 58
	8	Sales	For cash	✓		93 19	50			93 69	93 69	
	9	Sales	For cash	✓		133 12				133 12		
	9	Francis Horn	On account		10 -					10 -		
	9	Jos. F. Golden	On account		12 50					12 50	155 62	
	10	Sales	For cash	✓		99 81				99 81		99 81
	11	Hafter G. Phillips	For Sale "20		8 95					8 95		
	11	Sales	For cash	✓		147 92	0			147 92		156 87
	13	Furniture & Fixtures	Sale of old shelving						15 -	15 -		
	13	Sales	For cash	✓		96 34				96 34	111 34	
	14	Sales	For cash	✓		123 59				123 59	123 59	
	15	LeRoy Brooks	In full of account		18 70					18 70		
	15	Edward Fane	In full of account		6 64					6 64		
	15	Sales	For cash	✓		118 1		35		117 76		
	15	Francis Horn	In full of account		16 -					16 -		159 10
	16	Sales	For cash	✓		107 36				107 36		107 36
	17	Sales	For cash	✓		119 38				119 38		
	17	Bert Moore	On Sale "34		19 05					19 05		
	17	Loans Payable	Loan from Samuel Fox						400 -	400 -	538 43	
	18	Sales	For cash	✓		166 43				166 43		
	18	Loans Receivable	From Arthur Millerm &						25 -	25 -		
	18	Arthur M. Rolfe	On account		7 50					7 50	-	198 93
	20	Sales	For cash	✓		102 11	48			102 59		
	20	Earl Kester	In full of account		14 40					14 40		
	20	Loans Receivable	Arthur Millerm &						25 -	25 -		141 99
	20	Totals carried forward to page		38	158 44	1981 67	1 08	1 35	1815 -	3954 84	1246 40	2708 44

Illustration No. 62 — A Cashbook Showing Use of Special Columns.

Cash Payments Journal December 19—

Check No	Day	Account Debit	Explanation	✓	Accts Payable	Disc on Purchases	General Payments	General Expense	B Arnold Drawing	Net Cash	Federal City Bank	Central City Bank
116	1	Rent	Pacific Realty Co. Nov				150 -			150 -		150 -
117	3	Loans Payable	Ret of loan to Leon Evans				250 -			250 -		250 -
118	3	Forbes & Co	Inv "A" less 6%		181 70	9 09				172 61		172 61
347	4	Salaries	Employees week ending 7th				90 -			90 -	90 -	
348	4	Commission	For Oct Edwin Farnham 2% on 4500				22 18			22 18	22 18	
119	4	B Arnold Drawing	Personal	✓					45 -	45 -		45 -
120	4	Exchange	Fees on hamper & Gen Gates				300 -			300 -		300 -
344	6	General Expense	Elem Barnes rubbish	✓				2 -		2 -	2 -	
345	7	B Arnold Drawing	Personal home rent	✓					60	60	60 -	
346	8	Varsity Mfg Co	Inv "A" less 10%		214 60	2 15				212 48	212 48	
347	8	General Expense	Barnes Window Cleaning Co	✓				2 50		2 50	2 50	
121	9	Telephone	Bill to Sept on behalf of Mrs				8 65			8 65		8 65
122	10	Freight In	Harlem Rail Co for Oct				6 50			6 50		6 50
123	10	Clyde B Berg	Inv "B" 7% less 30%		162 97	4 89				158 08		158 08
124	10	Thomas Mitchell & Co	Inv "C"		233 66					233 66		233 66
125	10	Pontiac Mfg Co	Inv "D" less 6%		91 10	5 47				85 63		85 63
126	10	Montell Wagster	Inv "E" less 30 less 2%		53 70	1 07				52 63		52 63
348	11	Salaries	Employees week ending 11th				90 -			90	90 -	
349	11	B Arnold Drawing	Personal	✓					45 -	45 -	45 -	
350	11	Repairs	Harper Cabinet Co				6 -			6 -	6 -	
127	13	Loans Receivable	Loan to Arthur Miller				175 -			175 -		175 -
351	15	Electric & Gas	Jones Elec Co bill 14th				12 16			12 16	12 16	
352	15	Frances Dunn	Refund overpayment				2 -			2 -	2 -	
353	16	General Expense	Hometown Water Co. Oct	✓				2 25		2 25	2 25	
354	16	Store Office Supplies	Harwood & Co.				3 50			3 50	3 50	
355	16	Furniture & Fixtures	Harper Cabinet Co				80 -			80 -	50 -	
128	18	Salaries	Employees week ending 18				90			90 -		90 -
129	18	B Arnold Drawing	Personal	✓					45 -	45 -		45 -
130	21	Addis Bros	Inv "B" less 1%		86 54					86 54		86 54
131	21	Delivery Expense	Norfolk Express Co bill 7th				16 35			16 35		16 35
356	22	J Arnold Drawing	General Life Ins Co	✓					81 52	81 52	81 52	
357	23	Blackman & Troy	Inv "A" less 5%	✓	152 37	5 57				146 80	146 80	
358	23	Store Office Supplies	For Inc-24 Stamps				4 -			4 -	4 -	
—	24	Earl Foster	Check cancelled Inc not dep				14 40			14 40	14 40	
132	24	Sales Ret & Allow	Refund to Peter Kuron				2 60			2 60		2 60
133	25	Salaries	Employees week ending 25th				90 -			90 -		90 -
134	25	J Arnold Drawing	Personal	✓					45 -	45 -		45 -
—	25	Totals carried forward to page		19	1176 67	28 24	1213 38	6 75	321 52	2890 04	876 79	2013 25

Illustration No. 62 — A Cashbook Showing Use of Special Columns.

Cash Receipts Journal November 19–

Date		Account Credited	Explanation	✓	Accts Receivable	Cash Sales	Cash Over	Cash Short	General Receipts	Net Cash	School City Bank	Central City Bank
Nov	20	Totals brought	forward from page	36	158 44	1981 67	1 08	1 35	1815 –	3954 84	1246 40	2708 44
	21	Sales	For cash	✓		104 87				104 87		
	21	Paper & Office Supplies	Sold 10 – 2¢ stamps						30	30	105 17	
	22	Sales	For cash	✓		116 17				116 17		116 17
	23	Sales	For cash	✓		103 68	1 70			104 28		
	23	K. C. Sampson	On account		15 –					15 –		119 28
	24	Sales	For cash	✓		167 58				167 58		
	24	Loans Payable	From Roland Frazier						300 –	300 –	467 58	
	25	Sales	For cash	✓		173 19				173 19		
	25	Loans Receivable	From Arthur Miller on ✎						25 –	25 –		
	25	Oliver Tonsurrin	Sale ✎		9 90					9 90		
	25	David R. Wall	Sale ✎		16 50					16 50		
	25	Justin N. Stone	On account		20 –					20 –		244 59
	27	Sales	For cash	✓		89 69				89 69		
	27	David E. Jones	On account		15 –					15 –		
	27	Harold B. Saunders	On account		10 –					10 –		114 69
	28	Sales	For cash	✓		99 97		10		99 87		
	28	K. C. Sampson	Bal of account		8 41					8 41		108 28
	29	Sales	For cash	✓		119 23				119 23		
	29	Exchange	Both Ernest Ware checks						500 –	500 –		
	29	Loans Receivable	From Arthur Miller on ✎						25 –	25 –	644 23	
					233 25	2955 45	2 78	1 45	2665 30	5874 83	2463 98	3411 45
	30	Summary										
		Cash in School City Bank – Debit			2463 98							
		Cash in Central City Bank – Debit			3411 45							
		Cash Short – Debit			1 45							
		Cash Over – Credit				2 28						
		Accounts Receivable – Credit		✓		253 25						
		Sales – Credit				2955 45						
		General Receipts – Credit		✓		2665 30					–	
					5876 28	5876 28						

Illustration No. 62 — A Cashbook Showing Use of Special Columns.

Cash Payments Journal. November 19-

Check No.	Day	Account Debit	Explanation	F	Accts Payable	Disc on Purchases	General Payments	General Expense	B Arnold Drawing	Net Cash	School City Bank	Central City Bank
-	25	Totals brought	forward from page	37	1176 67	28 24	1413 34	6 75	321 52	2890 04	876 79	2013 25
135	27	Repairs	Goode Glass Co. repairs				3 50			3 50		3 50
136	27	Advertising	"The Herald" ad "4, "6, "15				75 -			75 -		75 -
137	27	Loans Payable	Daniel Fin. part of loan				50 -			50 -		50 -
138	27	Paramount Mfg. Co.	On acct. inv "21		200 -					200 -		200 -
359	28	B. Arnold Drawing	Magazine subscription	✓					5 -	5 -	5 -	
360	28	Discount on Purch	Excess disc'd Blackman				1 -			1 -	1 -	
139	28	Loans Receivable	To Everett Arnold				350 -			350 -		350 -
140	28	Bennett Title Co.	Inv "10 less 6%		51 40	3 08				48 32		48 32
141	29	Loans Payable	Daniel Fin. part of loan				50 -			50 -		50 -
361	29	General Expense	Hanger Hardware Co	✓				6 24		6 24	6 24	
-	29	David A. Jones	6 check #15 "4 "10 rec'd per cent less 2.5				16 25			16 25		16 25
142	29	Exchange	With Ernest Hare				500 -			500 -		500 -
362	29	B Arnold Drawing	Frank Evans Grocer	✓					5 52	5 52	5 52	
363	29	General Expense	Supper - overtime	✓				4 50		4 50	4 50	
					1428 07	31 32	2459 09	17 49	332 04	4705 37	899 05	3306 32
	30	Summary										
		Accounts Payable Debit		✓	1428 07							
		General Payments Debit		✓	2459 09							
		General Expense Debit			17 49							
		B Arnold Drawing Debit			332 04							
		Discount on Purchases Credit				31 32						
		Cash School City Bank Credit				899 05						
		Cash Central City Bank Credit				3306 32						
					4236 69	4236 69						

Illustration No. 62 — A Cashbook Showing Use of Special Columns.

7. *Special Columns in the Cash Receipts Journal.*

The purpose of special columns in the cash receipts journal is to avoid the work of posting the individual entries; instead, the total of the special column is posted at the end of the month. The special columns used so far are the Cash Sales, Cash Over, and Cash Short columns. An entry in one of these columns is checked in the folio column to indicate that the posting is postponed to the end of the month when the summary entry is made.

8. *Special Columns in the Cash Payments Journal.*

In order to save work, special columns are also used in the cash payments journal. The Discount on Purchases column is an example. A special column is usually set up whenever a certain type of entry occurs frequently enough to justify its use. Thus, if there are many payments for salaries, a Salaries column may be used in the cash payments journal. A special column may be used for General Expense, or Freight In, or for any other kind of frequently occurring payment. For each entry in such a column, a check mark is placed in the folio column, and the posting of the total is postponed to the end of the month.

Study Illustration No. 62 carefully—observe the use of the special columns and also the use of two columns for two bank accounts.

Apprentice Experience No. 107
Recording Miscellaneous Cash Items

Arrange cash journals with the following columns: Cash receipts—Accounts Receivable, Cash Sales, General Receipts, Net Cash. Cash payments—Accounts Payable, Discount on Purchases, General Payments, Net Cash. Number the pages 14 and 15.

Separate ledger accounts are to be opened for Loans Receivable, Loans Payable, and Exchanges, as well as for the other accounts necessary to record the transactions given below.

Apr. 2 The proprietor, John Hull, borrowed $250 cash from his friend, Henry Irving.

3 Mr. John Hull and Mr. Warren Hastings exchanged checks for $300. The check received by Mr. Hull was deposited April 7.

Deposited a check for $15 from Tommy Atkins to apply on account.

5 Mailed a check for $175 to Henry Irving on account of loan made on the 2nd.

7 The bank notified Mr. Hull that a check for $15 which was deposited on the 3rd was returned marked "no account" and was charged to his account. This check was received from a charge customer, Tommy Atkins.

8 A cash customer, Mrs. Clinton Hall, returned an article sold to her for $8 and took in exchange a similar one selling for $6. Gave her a check for the difference.

Gave Henry Irving $75 for balance of loan.

9 Lent $70 to Mr. Hull's nephew, Benjamin Hull.

10 Mr. Hull and Mr. Charles Burke exchanged checks for $200. The check received by Mr. Hull was deposited April 14.

14 Received $25 from Benj. Hull on account of loan made to him.

15 Received another check for $15 from Tommy Atkins to replace the "n.g." check of April 7.

18 A cash customer, George Wayne, returned an article sold to him for $15 and took in exchange another selling at $18. Received from him $3 in cash.

21 Gave a check to Miss Harriet Lee for $38.63 covering her salary of $25 for the week ending April 19, the balance representing her March commissions.

24 Received a check from Martin Cowen for $14.75 in full of account.

25 Mr. Hull and Mr. Charles Dickens exchanged checks for $200. The check received by Mr. Hull was deposited today.

26 Received notice from the bank that the check of Martin Cowen deposited April 24 was returned because of "insufficient funds". Protest fee, $1.50.

Mr. Hull borrowed $400 from Charles Frohman.

27 Raymond Page borrowed $100 from Mr. Hull.

29 Received $45 from Benj. Hull to cover the balance of the loan made to him.

30 Gave a check for $100 to Charles Frohman as part payment of loan.

31 Received a check from Martin Cowen for $16.25 to cover returned check of $14.75 and protest fee of $1.50.

Close the journals and make the summary entries.

Post to a ledger, allowing six lines for each account. Number the accounts starting with page 1. Take a trial balance.

Apprentice Experience
No. 108
Recording in the Cash Payments Journal Using Special Columns

Set up an eight-column cash payments journal—Accounts Payable, Discount on Purchases, General Payments, General Expense, Salaries, Net Cash, Central School Bank, School Trade Bank. Number the journal page 25. Record the following transactions in this journal.

Nov. 1 Issued check No. 1 on the School Trade Bank to the Dixie Realty Co. in payment of November rent, $100.

Issued check No. 2 on the School Trade Bank to the Forester Mfg. Co. for merchandise invoice of October 21 for $375.50 less 2%.

2 Issued check No. 1 on the Central School Bank to Martin Grant (Proprietor) for his personal use, $45.

3 Issued check No. 2 on the Central School Bank to the Essex Towel Co. for towel service for October, $2.50.

4 Issued check No. 3 on the Central School Bank to the Union Stationery Co. for the purchase of loose-leaf ledger outfit for $7.50.

5 Issued check No. 3 on the School Trade Bank to the Empire Hardware Co. for electric bulbs, etc., $1.75.

6 Issued check No. 4 on the School Trade Bank for payroll and drawing for the week ending Nov. 6 — salaries of employees, $75, Mr. Grant, drawing, $35.

8 Issued check No. 5 on the School Trade Bank to the New York Express Co. for express charges on merchandise bought last month, $12.60.

9 Issued check No. 4 on the Central School Bank to Miss Vera Martin for refund on a cash sale, $3.75.

10 Issued check No. 6 on the School Trade Bank to the American Mfg. Co. for merchandise invoice of Oct. 20 for $181.75 less 4%.

Issued check No. 5 on the Central School Bank to Matucci Bros. for rubbish removal during October, $5.

12 Issued check No. 7 on the School Trade Bank to the Bell Telephone Co. for service during November, $7.50.

13 Issued check No. 8 on the School Trade Bank for payroll, etc., —salaries of employees, $75; Mr. Grant, drawing $35; miscellaneous expenses $3.80.

15 Issued check No. 6 on the Central School Bank to Gordon & Co. for merchandise invoice of Nov. 5 for $230 less 3%.

Issued check No. 9 on the School Trade Bank to the Rapid Machine Co. for purchase of an adding machine for $85.

18 Issued check No. 10 on the School Trade Bank to the Passaic Spring Water Co. for November service, $3.50.

20 Issued check No. 11 on the School Trade Bank for payroll, etc., — salaries of employees, $75; Mr. Grant drawing $35.

23 Issued check No. 7 on the Central School Bank to the Edison Electric Co. for service during October, $9.36.

27 Issued check No. 8 on the Central School Bank for payroll, etc., — salaries of employees, $75; Mr. Grant, drawing $35; for miscellaneous expenses $4.70.

29 Issued check No. 12 on the School Trade Bank to the Union Insurance Co. for premium on life insurance for Mr. Grant, $46.72.

Issued check No. 13 on the School Trade Bank to Watson & Ryan for merchandise invoices of Nov. 20 and 21, $143.75 and $18.20, less 1%.

30 Issued check No. 9 on the Central School Bank to Gordon & Co. on account of merchandise invoice of Nov. 20, $300.

Close the cash journal and make the summary entry. Post to a ledger, allowing six lines for each account. Number the accounts, starting with page 15. Take a trial balance.

Step 9

Preparing Bank Reconciliation Statements

As we have seen, the money that is deposited in the bank by the business is recorded in three places—

(1) In the Amount Deposited or Net Cash column of the cash receipts journal.

(2) On the back of the check stubs.

(3) In the bank passbook.

The checks drawn by the business are listed on the stubs of the checkbook and from there transferred to the cash payments journal.

In the firm's accounts, the amount is regarded as paid when the check is drawn and forwarded to the payee. However, the amount of the check is not actually paid by the drawer's bank until the check is presented to it for payment. Thus, some time may elapse before the bank makes the payment.

The Bank Statement. Errors are always possible, even by the banks. It is customary, therefore, for banks to mail to their depositors a statement of account on the last business day of the month. This statement reaches the depositor on or about the first business day of the following month.

The bank statement permits the depositor to compare his records with those of the bank, so that any errors on the part of the bank may be brought to its attention, or any errors made by the depositor's bookkeeper may be promptly corrected.

A form of monthly bank statement is shown in Illustration No. 63. With this statement the bank also sends the canceled checks, that is to say, the checks that were paid by the bank during the month out of the depositor's account. The canceled checks are sometimes called *vouchers*. Stamped on each is the date of payment, and the checks are arranged according to the order in which they were paid by the bank.

Notice the arrangement of the statement. At the right is the Deposit column. The balance in the bank at the beginning of the month appears at the top of this column. In this column are recorded the date and the amount of each deposit made during the month. At the foot of the column appears the balance that remains in the bank at the end of the month. The checks paid out by the bank are listed at the left, preceded by the date of payment. When two or more checks are paid out the

CENTRAL SCHOOL NATIONAL BANK

IN 100 Wyoming Avenue

ACCOUNT

WITH

Fair Deal Jewelry Co.

305 Wayne Ave.

Scranton, Pa.

CL—Collection CC—Certified Check
L—Loan CM—Credit Memo
LST—List DM—Debit Memo
D—Discount EX - Exchange

DATE				DATE	
			YOUR FORMER BALANCE	APR. 1 '--	2,106.58
	CHECKS CHARGED TO YOUR ACCOUNT—READ ACROSS			DEPOSITS MADE	
				APR. 1	182.64
				2	273.58
				3	359.91
APR. 4	27.75-				
				5	212.07
7	150.00-	361.50-		7	381.55
				9	373.11
10	317.48-			10	299.18
14	361.50-			14	486.95
15	400.00-	10.00-	145.00-		
16	755.00-				
				17	510.50
				19	210.25
21	361.50-				
				22	665.89
23	522.67-			23	222.45
24	75.00-CC	18.75-			
				25	167.88
28	361.50-			28	593.66
29	2.50-DM			29	194.00
30					
			Your present balance	APR. 30 '--	3,370.05

This statement is furnished to our customers instead of balancing the passbook. It will be rendered upon customer's request, and will be ready for delivery the afternoon of the following business day. If no error is reported within ten days, the account will be considered correct.

Illustration No. 63 — A Bank Statement. (See Experience No. 92, page 218.)

same day, they are listed in the same line. If many checks are paid out by the bank on any one day, the total of these checks is listed on an adding machine tape which is attached to the checks. Frequently, the total number of checks returned is also indicated.

Some of the amounts on the statement may have a letter notation after them. The meaning of the notations can be determined from the key that is printed on the statement, in which all the reference marks are explained. Thus, "CC" is usually used to indicate a certified check.

Occasionally, the bank may make a charge for a service that it has rendered. The amount of the charge appears on the statement followed by the letters "DM" (debit memorandum), or some other notation to indicate the charge against the account. Usually, the bank inserts among the canceled checks a slip on which is indicated the nature of the charge. A service charge, for example, may be made for the collection of a check that is drawn on an out of town bank. The bank may also make a service charge if the depositor's average balance, that is, the amount in the possession of the bank during the month, is not sufficient to compensate the bank for the work involved in paying out the number of checks drawn by the depositor. Another occasion for a service charge would be the printing of a special checkbook for the depositor. It will be seen, therefore, that there may be charges against the account of which the depositor does not have a record until he receives the statement from the bank.

The bank statement may also record a credit item on the deposit side. This would probably be indicated by the letters "CM" (credit memorandum). For example, if the bank incorrectly made a service charge on the previous month's statement, it would show as a "CM" item on this month's statement.

Finding the Cashbook Balance. Upon receipt of the bank statement, it is necessary to compare it with the firm's records of deposits and payments, and also to record any bank charges or credits that have not been previously entered. The procedure in finding the correct cash balance is as follows:

(1) On the last day of the month, after all entries have been made in both the cash receipts and the cash payments journals, pencil-foot all money columns and prove the additions on a piece of scrap paper. It is preferable to defer the closing of the journals until the bank statement is received, in order that any errors found by a comparison of the statement with the firm's records may be corrected, and any bank charges or credits may be included before the journals are closed. The deposits and payments recorded in the checkbook are added, but the

checkbook is not summarized for the same reason until the bank statement is received.

(2) The next step is to compare the deposits listed on the back of the stubs in the checkbook with the deposits listed on the statement. If there is an error in the checkbook, it is necessary to make the correction at once. Thus, if a deposit is correctly recorded by the bank as $117.58 but entered on the check stubs and in the cash receipts journal as $117.85, cross out the incorrect amount in these records and write the correct amount above it in small figures. It will also be necessary to change the totals in accordance with the correction.

(3) Next, check the "DM" (and "CM") items on the statement. The amount of each "DM" item must be recorded both on the check stubs and in the cash payments journal. There will, of course, be no check number for this item. (See first entry of November 24 in Illustration No. 62). If an item represents a "N. G." check, the entry has probably been made previously during the month, since it is the custom of banks to notify their depositors immediately of the return of such checks. If the entry has not been made, it should be recorded after the last entry made in the checkbook and in the cash payments journal. A "DM" item that represents a bank charge is recorded as a general expense. "CM" items should be recorded in both the checkbook and in the cash receipts journal.

(4) Since the canceled checks received from the bank are arranged in the order in which they were paid by the bank, it is necessary to rearrange them in numerical order.

(5) The next step is to compare the amount of each check with the amount recorded on the check stub. If the amounts agree, place a small check mark in pencil, ink, or colored crayon above the amount on the check and also above the amount on the stub. Some bookkeepers prefer to check against the amount of the check entered in the Net Cash column of the cash payments journal by placing a small check mark after the amount. If a check was drawn for an amount different from that entered on the books, it is necessary to make the correction at once; when the correction affects a posting that has been made to the ledger, the ledger entry must also be corrected.

In case an error is discovered in connection with a check issued the previous month, but which is included among the canceled checks of the month under examination, it is necessary to make the correction in the following manner. If the entry on the books is for a larger amount than that appearing on the check, reduce the payments by the amount of the difference. For example, if the amount of the check is $50.44, but the item was entered on the books as $55.44, add $5 to the receipts side

of the check stubs and in the cash receipts journal; credit the account which was previously debited for the $55.44 with $5. If the entry on the books is for a smaller amount than that appearing on the check, increase the payments by the amount of the difference. For example, if a check amounting to $50.44 is entered on the books as a payment of $40.44, add $10 to the payments side of the check stubs and in the cash payments journal; debit the account which was previously debited for the $40.44 with $10.

Since, as a result of the procedure outlined above, all errors have been corrected, and any "DM" or "CM" items have been recorded, the additions both on the check stubs and in the cash journals may now be completed, and the cash balance at the end of the month is found in the cashbook. Illustration No. 64 shows the cash balance as of April 30 for Experience No. 92, page 218, after including the "DM" charge shown on the bank statement of Illustration No. 63. This statement is written in the cash journal underneath the payments.

Cashbook Balance, April 1, 19—	$2,106.58
Deposits	5,133.62
	7,240.20
Payments	4,509.99
Cashbook Balance, April 30, 19—	$2,730.21

Illustration No. 64 — Finding the Cashbook Balance.

The student should compare Illustration No. 64 with the records prepared in Experience No. 92.

The Bank Reconciliation Statement. After finding the cashbook balance, it is necessary to prepare a statement that reconciles this balance with the balance shown on the bank statement. This statement shows that the firm's records agree with those of the bank, and is called a *Bank Reconciliation Statement.*

The only difference now between the bank statement and the cashbook balance should be caused by outstanding checks and omissions of deposits, or other omissions from or additions to the bank statement. These will now be considered.

No Outstanding Checks. It was mentioned previously that all vouchers returned by the bank are checked against the cash payment entry (or check stub). If this procedure shows that all checks issued have been returned by the bank, then the cashbook balance should agree with the balance shown on the bank statement. Note that although upon

receipt of the bank statement it may be apparent that the balances shown by the bank and the cashbook are in agreement, it is advisable to check in the manner described in order to discover any offsetting errors.

The bank reconciliation statement would appear as shown in Illustration No. 64a, assuming that all checks issued in Experience No. 92 were returned by the bank.

Bank Reconciliation Statement, April 30, 19—	
Cashbook Balance, April 30	$2,730.21
Outstanding Checks	none
Bank Balance as per Bank Statement, April 30	$2,730.21

Illustration No. 64a
Bank Reconciliation Statement Showing No Outstanding Checks.

To the Student: Work Apprentice Experience No. 109a, page 262.

Outstanding Checks. When the procedure already outlined is followed, the absence of a check mark alongside an amount in the cash payments journal (or above an amount on the check stubs) indicates that the check has not been returned by the bank. A very small circle is placed alongside any such amount in the cash journal (or above the amount on the check stubs) to indicate that the check is outstanding. As the bank has not yet paid the outstanding checks, the balance shown by the bank will be larger than the checkbook balance by the total amount of any such checks. Illustration No. 64b shows the bank reconciliation statement for Experience No. 92 and Illustration No. 63.

Bank Reconciliation Statement, April 30, 19—		
Cashbook Balance, April 30		$2,730.21
Add, Checks Outstanding		
#15	$229.79	
#16	410.05	639.84
Bank Balance as per Bank Statement, April 30		$3,370.05

Illustration No. 64b
Bank Reconciliation Statement Showing Outstanding Checks.

It is important to remember that the cash available in the bank is shown by the balance in the cashbook and not by the balance appearing on the bank statement.

To the Student: Work Apprentice Experiences No. 109b and No. 109c, pages 263 and 264.

Deposits Not Recorded by the Bank. Deposits received by the bank after three P.M. are not credited to the depositor's account until the next business day. If, therefore, on the last day of the month the day's cash receipts are not deposited until after three P.M., a record of the deposit will not appear on the bank statement for that month. As the day's receipts have been entered in the cash receipts journal on the last day of the month, it is necessary to subtract the amount of the receipts from the checkbook balance in order to arrive at the balance shown by the bank. Illustration No. 64c shows the treatment in the bank reconciliation statement of receipts of April 29, assuming that they were not deposited until May 1 and therefore not recorded by the bank on the April statement of Illustration No. 63.

Bank Reconciliation Statement, April 30, 19—	
Cashbook Balance, April 30	$2,730.21
Add, Checks Outstanding	
#15 $229.79	
#16 410.05	639.84
	$3,370.05
Less, April 29 Receipts Deposited in Bank May 1.	194.00
Bank Balance as per Bank Statement, April 30	$3,176.05

Illustration No. 64c
Bank Reconciliation Statement Showing Treatment of Deposit Not Recorded by the Bank.

To the Student: Work Apprentice Experiences No. 109d and No. 109e, pages 265 and 266.

Certified Checks. When the bank certifies a check, it deducts the amount of the check immediately from the depositor's account. If a certified check is included with the vouchers returned by the bank, it is treated as any other check. If the certified check is not returned with the canceled checks, it is listed as an outstanding check but the amount is not added to the total of outstanding checks, since it has already been deducted on the bank statement. Illustration No. 64d indicates the treatment of an outstanding certified check in the bank reconciliation statement of Illustration No. 64b, assuming that the check listed as certified on the bank statement of Illustration No. 63 is not among the canceled checks returned by the bank.

Bank Reconciliation Statement, April 30, 19—	
Cashbook Balance, April 30	$2,730.21
Add, Checks Outstanding	
#13 (certified—$75.00)	
#15 $229.79	
#16 410.05	639.84
Bank Balance as per Bank Statement, April 30	$3,370.05

Illustration No. 64d
Bank Reconciliation Statement Showing the Treatment of an Outstanding Certified Check.

When the bank reconciliation statement has been completed, a copy of it is placed in the checkbook or in the cash journal. Upon receipt of the bank statement at the beginning of the following month, it is necessary to ascertain whether the outstanding checks of the preceding month are included with the canceled checks. Occasionally, a check may remain outstanding for a number of months, and such a check must not be overlooked.

To the Student: Work Apprentice Experiences No. 109f, No. 109g, and No. 110, pages 268, 270 and 272.

Daily Proof of Cash. Since in a retail business the receipts of one day are not deposited until the following business day, the record of deposits in the cash receipts journal and in the checkbook will not agree. The cashier may be required to prepare daily a statement that reconciles the cashbook balance with the checkbook balance. This statement is known as a *Proof of Cash.* Illustration No. 65 shows the "Proof of Cash" prepared on Saturday, April 12, for Experience No. 92, page 218. It is assumed that the deposit of April 14 amounting to $486.95 represented the receipts of April 12, and that checks #1 through #5 were issued up to April 12. The student should check the correctness of the figures given in Illustration No. 65.

Proof of Cash, April 12, 19—	
Checkbook Balance, April 12	$3,186.89
Add, Cash on Hand	486.95
Cashbook Balance, April 12	$3,673.84

Illustration No. 65
A Proof of Cash Statement.

Apprentice Experiences

Preparing Bank Reconciliation Statements

The record of the deposits and of the checks issued by CHARLES B. RICE, retail dealer in radios, for the seven months beginning January 2, 19—, is given below and on the following pages. The bank statement received each month is also shown. You are to prepare a bank reconciliation statement for each month. If an error is found, correct it by adding the item to the receipts or to the payments. Re-add the deposits and payments to find the correct cashbook balance at the end of the month.

No. 109 a

JANUARY 19—

Receipts		*Checks Issued*		
Jan. 3	$ 71.63	Jan. 3,	check #1	$ 60.00
6	114.59	7	2	111.45
8	108.76	8	3	75.00
12	133.40	10	4	243.93
16	151.88	10	5	60.00
19	94.16	14	6	5.00
24	132.05	17	7	60.00
29	152.50	23	8	209.10
		24	9	60.00
		31	10	60.00

The cashbook balance on January 1 was $1,076.81. (See Illustration No. 59.)

The statement received from the bank on February 2 is shown below:

STATEMENT

			Deposits		
Jan. 3	60.00		Jan. 2	Balance	1,076.81
			5		71.63
9	111.45	75.00	7		114.59
10	60.00		9		108.76
12	243.93		13		133.40
17	5.00	60.00	17		151.88
24	60.00		20		94.16
27	209.10		26		132.05
31	60.00		30		152.50
			31	Balance	1,091.30

No. 109 b

FEBRUARY 19—

Receipts		*Checks Issued*		
Feb. 2	$143.19	Feb. 2,	check #11	$ 8.55
5	120.00	4	12	21.30
7	158.62	5	13	75.00
11	166.70	7	14	60.00
14	194.21	10	15	215.45
17	122.55	10	16	136.24
21	78.60	10	17	153.77
23	184.36	14	18	60.00
25	210.65	17	19	132.50
27	177.30	18	20	5.25
		21	21	60.00
		27	22	122.81
		28	23	60.00
		28	24	33.94

The cashbook balance on February 2 (February 1 falls on a Sunday) will be found on the previous Bank Reconciliation Statement under date of January 31.

The statement received from the bank on March 2 is shown below:

STATEMENT

				Feb. 2	Balance	1,091.30
Feb. 4	8.55			3		143.19
6	21.30	75.00		6		120.00
7	60.00			9		158.62
13	136.24	153.77	215.45	12		166.70
14	60.00			16		194.21
19	5.25	132.50		18		122.55
21	60.00			23		78.60
				24		184.36
				26		210.65
28	60.00			28		177.30
				28	Balance	1,659.42

No. 109 c

MARCH 19—

Receipts		*Checks Issued*		
Mar. 3	$116.74	Mar. 2, check	#25	$ 14.26
5	139.18	3	26	198.37
6	111.52	5	27	75.00
9	153.91	7	28	60.00
12	160.70	10	29	211.50
14	144.59	10	30	143.88
18	171.45	10	31	94.00
21	152.80	12	32	3.10
24	156.75	14	33	60.00
26	140.03	16	34	.92
28	167.88	20	35	10.00
30	158.90	21	36	60.00
		27	37	253.91
		28	38	60.00
		30	39	122.50
		31	40	107.70

The cashbook balance on March 2 (March 1 falls on a Sunday) will be found on the previous Bank Reconciliation Statement under date of Feb. 28.

The statement received from the bank on April 1 is shown below:

STATEMENT

Mar. 2	122.81			Mar. 2	Balance	1,659.42
4	14.26	33.94		4		116.74
				6		139.18
7	75.00	60.00	198.37	7		111.52
				10		153.91
12	143.88	94.00		13		160.70
14	60.00					
16	211.50	3.10		16		144.59
				19		171.45
21	60.00	10.00		23		152.80
				25		156.75
				27		140.03
28	60.00			30		167.88
				31		158.90
				31	Balance	2,287.01

No. 109 d

APRIL 19—

Receipts		*Checks issued*		
Apr. 2	$156.32	Apr. 2, check #41		$310.72
4	163.59	3	42	14.26
6	141.17	4	43	70.00
9	176.90	9	44	75.00
11	164.36	10	45	304.75
13	159.85	10	46	186.98
15	633.72	10	47	254.40
18	166.51	11	48	70.00
20	147.20	15	49	500.00
22	143.39	15	50	149.98
24	155.17	18	51	70.00
25	326.90	20	52	233.45
27	138.62	20	53	150.00
28	129.77	25	54	42.50
29	131.57	25	55	70.00
30	106.24	27	56	200.00
		28	57	.87

The cashbook balance on April 1 will be found on the previous Bank Reconciliation Statement under date of March 31.

The statement received from the bank on May 1 is shown below:

STATEMENT

Apr. 1	253.91	.92		Apr. 1	Balance	2,287.01
2	122.50			3		156.32
3	107.70			6		163.59
4	70.00			7		141.17
7	310.72	14.26		10		176.90
11	75.00	70.00		13		164.36
13	186.98	304.75		14		159.85
14	254.40			16		633.72
18	500.00	70.00	149.98	20		166.51
				21		147.20
22	233.45	150.00		23		143.39
				25		155.17
25	70.00			27		326.90
				28		138.62
				29		129.77
				30		131.57
				30	Balance	2,277.48

No. 109 e

MAY 19—

Receipts		*Checks Issued*		
May 2	$174.43	May 1, check	#58	$ 3.00
4	162.59	1	59	216.92
6	163.77	2	60	70.00
7	142.15	2	61	137.49
9	151.70	6	62	75.00
11	162.79	8	63	219.55
13	155.38	9	64	176.24
15	167.57	9	65	10.00
16	540.08	9	66	70.00
18	162.90	11	67	334.63
20	171.19	11	68	188.91
22	169.94	15	69	326.10
23	158.48	16	70	400.00
26	181.05	16	71	70.00
27	138.50	18	72	139.98
28	159.88	20	73	4.17
29	117.40	22	74	2.25
		23	75	70.00
		25	76	20.00
		27	77	.75
		28	78	277.96
		29	79	70.00

The cashbook balance on May 1 will be found on the previous Bank Reconciliation Statement under date of April 30.

The statement received from the bank on June 1 is shown below:

STATEMENT

May 1	.87	42.50		May 1	Balance	2,277.48
2	70.00			1		106.24
4	200.00	3.00	216.92	4		174.43
6	137.49			5		162.59
				7		163.77
8	75.00			8		142.15
9	70.00			11		151.70
12	10.00	176.24	219.55	12		162.79
15	334.63	188.91		14		155.38
16	70.00			16		167.57
				18		540.08
19	400.00	326.10		19		162.90
21	139.98			21		171.19
23	70.00			23		169.94
25	2.25			25		158.48
				27		181.05
28	20.00			28		138.50
29	70.00			29		159.88
				29	Balance	2,502.68

No. 109 f

JUNE 19—

Receipts		*Checks Issued*		
June 1	$ 92.75	June 1,	check #80	$214.78
2	100.00	1	81	3.66
3	111.54	2	82	188.54
4	126.90	4	83	75.00
5	94.30	6	84	70.00
6	135.62	8	85	500.00
8	510.38	10	86	342.97
9	98.55	10	87	150.00
10	122.60		88	void
11	104.37	10	89	40.00
12	125.00	12	90	266.84
13	94.25	13	91	70.00
15	85.00	17	92	12.00
16	118.60	20	93	7.75
17	107.78	20	94	142.29
18	145.00	20	95	182.95
19	105.30	20	96	70.00
20	158.20	25	97	73.42
22	94.40	25	98	68.54
23	98.75	27	99	100.00
24	116.65	27	100	70.00
25	135.70	29	101	364.81
26	96.00	30	102	78.97
27	110.50	30	103	25.00
29	124.36			
30	142.92			

The cashbook balance on June 1 will be found on the previous Bank Reconciliation Statement.

The statement received from the bank on July 1 is shown below (Check #103 is also among the outstanding checks):

STATEMENT

June 1	4.17	.75		June 1	Balance	2,502.68
				1		117.40
				2		92.75
3	214.78	277.96	3.66	3		100.00
				4		111.54
5	188.54			5		126.90
6	70.00	75.00		6		94.30
				8		135.62
				9		510.38
10	500.00			10		98.55
				11		122.60
				12		104.37
13	40.00	150.00	70.00	13		125.00
15	342.97	266.84		15		94.25
				16		85.00
				17		118.60
				18		107.78
				19		145.00
20	12.00	70.00	142.29	20		105.30
				22		158.20
23	7.75	182.95		23		94.40
				24		98.75
25	73.42CC	9.50DM		25		116.65
				26		135.70
27	70.00			27		96.00
				29		110.50
30	25.00CC			30		124.36
				30	Balance	3,035.00

No. 109 g

JULY 19—

Receipts		*Checks Issued*		
July 1	$136.55	July 1, check #103		$ 27.90
2	108.40	1	104	216.38
3	159.73	3	105	70.00
6	138.45	6	106	42.59
7	112.60	9	107	75.00
8	97.70	10	108	334.67
9	133.56	10	109	185.52
10	142.29	10	110	96.24
11	122.00	10	111	313.48
13	94.30	11	112	70.00
14	128.38	15	113	400.00
15	407.29	17	114	10.00
16	136.20	18	115	70.00
17	112.23	22	116	2.50
18	92.72	22	117	58.96
20	146.60	24	118	24.38
21	142.63	25	119	245.77
22	155.00	25	120	70.00
23	88.60	27	121	42.05
24	134.91	27	122	438.93
25	128.27	29	123	24.60
27	109.10	30	124	35.00
28	87.79	31	125	163.77
29	126.50	31	126	39.90
30	135 00	31	127	18.75
31	144.75			

The cashbook balance on July 1 will be found on the previous Bank Reconciliation Statement under date of June 30.

The statement received from the bank on August 1 is shown below. (Included among the vouchers returned by the bank is check #103 issued June 30. Check #124 issued this month is not among the canceled vouchers returned by the bank)

STATEMENT

July	1	100.00			July	1	Balance 3,035.00
						1	142.92
	2	364.81				2	136.55
	3	27.90	68.54	70.00		3	108.40
		78.97				6	159.73
	6	216.38				7	138.45
						8	112.60
	9	75.00	42.59			9	97.70
						10	133.56
	11	70.00				11	142.29
	13	334.67	96.24	313.48		13	122.00
	14	185.52				14	94.30
	15	400.00	12.50DM			15	128.38
						16	407.29
						17	136.20
	18	70.00	10.00CC			18	112.23
						20	92.72
						21	146.60
						22	142.63
						23	155.00
						24	88.60
	25	58.96	2.50	70.00		25	134.91
						27	128.27
						28	109.10
						29	87.79
	30	438.93	2.00DM	35.00CC		30	126.50
						31	135.00
						31	Balance 3,410.73

Apprentice Experience No. 110

Posting from a Special Column Cash Journal and Preparing Bank Reconciliation Statements

a. Copy the cashbook — both receipts and payments — of Illustration No. 62, up to the closing. The cashbook is *not* to be closed until instructions are given to do so.

b. The statements received from the banks on December 1 are given on the following pages.

On October 31, the following checks drawn on the School City Bank were outstanding — #338 for $62.35, #340 for $176.42 and #341 for $8.94; the receipts of October 31 amounting to $148.96 were omitted on the previous bank statement.

The following checks drawn on the Central City Bank were outstanding on October 31 — #111 for $36.70, #112 for $239.88, #113 (certified) for $85, and #115 for $92.48. Use a small check mark in checking the entries on each bank statement against your copy of the cashbook and be sure to take into consideration the information given above. Use a small circle to mark off unchecked items. Check #113 was included among the canceled vouchers received from the Central City Bank on December 1, and one of the checks not returned on that date was #139.

Record in the cashbook all "DM" and "CM" items not yet recorded. On the statement of the School City Bank, the "DM" of November 24 represents the charge against the account of the "n. g." check of Earl Kester (see Cash Payments). On the statement of the Central City Bank, the "DM" of November 25 represents a charge for a special checkbook, while the "DM" of November 29 is the "n. g." check of David A. Jones; the "CM" of November 29 represents the check of $15 of David A. Jones which he instructed Mr. Arnold to redeposit.

Assume the statements received from the banks are correct; make whatever other corrections in the cashbook that may be necessary. Check #111 was drawn on the Central City Bank, Oct. 30, to the order of the Harper Cabinet Co. for furniture. The amount was incorrectly listed in the cash payments journal for Oct. as $36.70; it should have been $38.70. Close the cashbook and make the summary entries.

c. Open ledger ("T") accounts, allowing seven lines for each account. Number the accounts beginning with page 1. Post from your cashbook to these accounts.

d. Prepare a trial balance. The student should note that since there is no sales or purchases journal and that the balances of the customers' and creditors' accounts have not been brought forward from the previous month, these accounts will show balances that they do not ordinarily show — there will be customers' accounts with credit balances and creditors' accounts with debit balances.

School City Bank

STATEMENT

Nov. 1	176.42	62.35		Nov. 1	Balance		941.54
4	90.00			1			148.96
				3			118.16
8	22.18			4			105.57
10	60.00	2.00		8			93.69
11	90.00	45.00		10			155.62
14	2.50	6.00	212.48	14			111.34
				15			123.59
18	2.00	2.25	12.16	18			538.43
20	3.50	80.00					
23	4.00			22			125.17
24	14.40DM			25			467.58
25	146.80	81.25					
29	4.50			29	Balance		1,789.86

Central City Bank

STATEMENT

Nov. 2	239.88	38.70		Nov. 1	Balance		1,602.47
3	92.48			2			1,165.69
6	250.00	150.00	45.00	6			178.82
7	172.61			7			392.29
8	300.00			8			107.58
11	6.50			11			99.81
13	233.66	158.08	8.65	13			156.87
14	52.63	175.00					
16	85.63			16			159.10
17	90.00	45.00		17			107.36
				20			198.93
				21			141.99
23	86.54	16.35		23			116.17
				24			119.28
25	90.00	2.50DM		27			244.59
28	350.00CC			28			114.69
				29			108.28
				29			15.00CM
29	3.50	16.25DM		29	Balance		2,319.96

Step 10

Recording in the Petty Cash Journal

The Petty Cash Fund is a sum of money set aside for the purpose of making small payments that are not made by check. All payments from the fund are recorded in the *Petty Cash Journal.* It has already been observed that only payments by check are recorded in the cash payments journal.

We learned in Step 3 of this unit that the amount deposited each day is the amount shown on the Daily Summary Register Report as the item "Total Cash Received". When any "Paid Out" items are recorded on the register, the amount of these payments is obtained by the bookkeeper or cashier from the Petty Cash Fund and included in the deposit, in order that the amount deposited may be the same as the amount of the total cash received.

The sums paid out from the cash register usually cover such items as payments for carfares, postage stamps, expressage on merchandise bought, and miscellaneous small expenses. Occasionally, the payment of an advance on salary to an employee, or money taken by the proprietor for his personal use, or some similar item, is paid out of the cash in the register instead of by check.

From time to time it is necessary to draw a check to replace in the Petty Cash Fund the money that has been taken from it to cover the "Paid Out" items. Usually it is necessary to do this two or three times a month, in order to prevent the fund being reduced to too small an amount. The amount of the check is usually the amount that has been spent from the fund, so that the fund is brought back to its original amount. This method of keeping a petty cash fund with the amount spent always being replaced is known as the "Imprest Fund" system.

A petty cash journal is shown in Illustration No. 66. The illustration shows the balance of $100 (the amount to which the fund is brought when a check is drawn to replace payments from the fund) on April 1, the payments made from the fund to cover the "Paid Out" items for the first part of the month until April 6, when a check was drawn to replace the money spent up to that time.

Note carefully the arrangement of this journal. As in the case of other cash records, the petty cash record has the receipts on the left, and the payments on the right side.

Petty Cash Journal

Date		Item	Vo No	Receipts	Payments	Distribution of Payments: General Expense Dr	Store & Office Supplies Dr	Expressage Dr	General Payments: Acct'd	F	Payments Amount
Apr.	1	Balance	—	100							
	1	Carfares	1		20	20					
	1	100-2¢ stamps	2		2 -		2 -				
	2	Express-Aladdin Mfg Co.	3		1 55			1 85			
	2	Salary advance-Clerk A	4		5 -				Salaries		5 -
	3	50-1¢ post cards	5		50		50				
	3	Refund on cash sale	6		1 35				Sales Ret		1 35
	3	Towel service-March	7		1 50	1 50					
	4	Carfares	8		30	30					
	4	Rubbish removal	9		50	50					
	5	Window washer	10		75	75					
	5	Refund on cash sale	11		4 75				Sales Ret		4 75
	6	Express-Mdse from Boston	12		98			98			
	6	100 ledger sheets	13		1 -		1 -				
	6	For proprietor	14		3 -				Drawn		3 -
				100 -	23 68	3 25	3 50	2 83			14 10
	6	Summary									
		General Expense Dr		3 25							
		Store & Office Supplies Dr		3 50							
		Expressage Dr		2 83							
		General Payments Dr	✓	14 10							
		Petty Cash Fund Cr			23 68						
				23 68	23 68						
Apr.	6	Balance	✓	76 32							
	6	Check No 73	✓	23 68							

Illustration No. 66 — A Petty Cash Journal.

The headings and uses of the columns are as follows:

1. *Date.* The same date column is used in recording either a receipt or a payment.

2. *Item.* In this column, list the check number in the case of a receipt by the fund. In the case of a payment from the fund, indicate the purpose for which it is made.

3. *Voucher No.* In Step 3, Preparing Bank Deposits, it was stated that the "Paid Out" slips are refunded from the Petty Cash Fund. The bookkeeper numbers these slips, and the numbers are entered in the column headed "Voucher No."

In some firms, instead of payments being made through the cash register, petty cash payments are made directly from the Petty Cash Fund. Details of the payment are recorded on a *Petty Cash Voucher* (see Illustration No. 67). The voucher must be approved by some person in authority, signed by the person who receives the money, and presented to the cashier who makes the payment. The vouchers are numbered in consecutive order.

PETTY CASH VOUCHER No 1

April 1 19—

PAY TO Edward Byrnes. .20

For Carfares for deliveries

Approved by Robert Morse
Manager

Payment Received Edward Byrnes

Illustration No. 67 — A Petty Cash Voucher.

4. *Receipts.* In this column is entered the amount of the check that is drawn to replenish the fund.

5. *Payments.* The amount of the voucher or "Paid Out" slip is entered.

6. *Distribution of Payments.* A payment that is classified as General Expense, Store and Office Supplies, or Expressage (Freight In) is entered in its respective column. A payment that does not fall within these classifications is recorded under the heading "General Payments". In the Account Dr. column under General Payments state the purpose of

the payment, and enter the amount in the amount column. Study carefully the items entered in the illustration, particularly "Advance on salary to clerk A" on April 2, "Refund on Cash Sales" on April 3 and on April 5, and "For Proprietor" on April 6. (Note that a petty cash journal need not have the same columns as those shown in Illustration No. 66.)

When it is thought advisable to draw a check to replace the money spent, draw a line across all money columns and enter the total of each column. Rule double lines across all the money columns and the date column. Make the summary entries for the payments, as shown in the illustration.

Posting. Since there are special columns for General Expense, Office and Store Supplies, and Expressage, the totals of these columns are posted when the journal is closed to replenish the fund. The amounts given in the summary are posted to the accounts indicated. The individual items in the General Payments column are posted daily, and, therefore, the total of this column is check marked in the summary. The letters used in the folio column of the ledger to indicate the petty cash journal are "PC".

The bookkeeper in charge of the Petty Cash Fund hands to the cashier, or other authorized person, the vouchers showing the various amounts spent. In the case of Illustration No. 66 the total spent is $23.68. A check, usually made out to "Petty Cash", is drawn for the amount of this total. The check is cashed at the bank and the money is recorded by the person in charge of the Petty Cash Fund as a receipt in the petty cash journal.

The entry for the check drawn for the $23.68 is recorded in the cash payments journal, as follows

CASH PAYMENTS 15

19—	Account Debit	Explanation	F	Gen. Payments	Net Cash
Apr. 6	Petty Cash Fund	Ch. #73 To replenish fund	24	23 68	23 68

The Petty Cash Fund ledger account after the entries of April 1 to April 6 have been recorded in it is shown below. Notice that the ledger account shows that on April 6 the amount in the fund is $100.

PETTY CASH FUND 24

19—				19—			
Apr. 1	Balance	✓	100 00	Apr. 6		PC6	23 68
6	Check #73	C15	23 68				

Apprentice Experience
No. 111
Recording in the Petty Cash Journal

The CENTRAL DRY GOODS STORE started a Petty Cash Fund on May 1. As bookkeeper in charge of the fund, record the transactions listed below.

The columns to be used in the petty cash journal for the recording of payments from the fund are General Expense, Store and Office Supplies, Freight In, and General Payments. Use a sheet of 7 column paper, numbering it page 1.

The checks drawn to start and to replenish the fund are to be recorded in a cash payments journal having two columns — General Payments and Net Cash. Number the journal page 17.

Set up a ledger, allowing six lines for each account. Number the accounts, starting with page 11.

May 1 Check #154 is drawn for $75 to start a Petty Cash (Imprest) Fund.

2 Voucher #1. Box of carbon paper, 75¢.

3 Voucher #2. Carfares, 25¢.

3 Voucher #3. 3 electric bulbs, 60¢.

4 Voucher #4. 100 2¢ stamps and 50 3¢ stamps.

4 Voucher #5. Express charges on merchandise bought from The Williams Co., $1.25.

4 Voucher #6. Large bottle of ink, 60¢.

6 Voucher #7. Carfares, 30¢.

6 Voucher #8. Advance on clerk's (Frank French's) salary, $2.

7 Voucher #9. Express charges on merchandise bought from the Troy Shirt Co., 70¢.

8 Voucher #10. Money taken by proprietor (William B. Morrison) for his personal use, $3.

8 Voucher #11. Ink pad and date stamp, $1.25.

10 Voucher #12. Carfares, 30¢.

Close the Petty Cash Journal. Make the summary entry. Post the entries to the ledger. Bring down the balance. Check #183 is issued to replenish the fund. Continue recording the following transactions.

May 11 Voucher #13. Supper money, clerks A, E, and bookkeeper, $3.

11 Voucher #14. 200 1½¢ stamps.

13 Voucher #15. Carfares, 20¢.

15 Voucher #16. Advance on clerk's (Rose Parker's) salary, $5.

17 Voucher #17. Express charges on merchandise bought from the Queen Hosiery Co., 85¢.

17 Voucher #18. Refund on cash sale, 45¢.
20 Voucher #19. Carfares, 20¢.
20 Voucher #20. For proprietor's personal use, $6.
20 Voucher #21. Binder for ledger sheets, $1.35.

Close the Petty Cash Journal. Make the summary entry. Post the entries to the ledger. Bring down the balance. Check #204 is issued to replenish the fund. Continue recording the following transactions.

May 21 Voucher #22. Refund on cash sale, 42¢.
21 Voucher #23. Journal from stationers, $1.55.
23 Voucher #24. Removal of rubbish, 50¢.
24 Voucher #25. Carfares, 30¢.
27 Voucher #26. For proprietor's personal use, $4.50.
27 Voucher #27. Staples for stapling machine, $1.
29 Voucher #28. Advance on clerk's (Norma White's) salary, $4.
29 Voucher #29. 200 2¢ stamps.
29 Voucher #30. Express charges on merchandise bought from The Williams Co., $1.25.
31 Voucher #31. Repairs to shelving, $1.50.
31 Voucher #32. Express charges on merchandise bought from Troy Shirt Co., 95¢.

Close the Petty Cash Journal. Make the summary entry. Post the entries to the ledger. Bring down the balance. Check #227 is issued to replenish the fund. Prepare a trial balance of the accounts in the ledger.

Alternative Method of Recording Cash Sales. In Step 2 it was stated that the amount to be deposited should be the amount given in the "Total Cash Received" column of the Daily Summary Register Report. This necessitates recording the cash sales refunds through the petty cash journal. If these refunds occur frequently, it is advisable to have a special column in this journal headed "Cash Sales Refunds".

Another method that could be followed would be to deposit the amount given in the "Total Cash Received" column less the amount of column 6—"Cash Sales Refunds". If this method is followed, the amount to be recorded in the cash receipts for cash sales would be the net cash sales for the day, thereby eliminating any record of cash sales refunds through the petty cash journal.

SUPPLEMENTARY UNIT

Miscellaneous Recordings

1. The General Journal

The journals used in Units 1, 2, and 3 are known as *special journals,* since each journal is limited to a record of transactions of one kind. The transactions that have been recorded in these special journals have been purchases and sales of merchandise, purchases returns and sales returns, and cash receipts and cash payments. Miscellaneous transactions that do not fall within one of these classifications are recorded in a journal known as the *General Journal.*

The general journal is a two-column journal. The following information with respect to each transaction must be recorded in this journal: the date of the transaction, the name of the account and the amount to be debited, the name of the account and the amount to be credited, and, lastly, a brief explanation of the transaction. The complete date is written above the first transaction recorded on a page. The name of the account to be debited is written first and close to the vertical line at the left, while the amount to be debited is entered on the same line in the

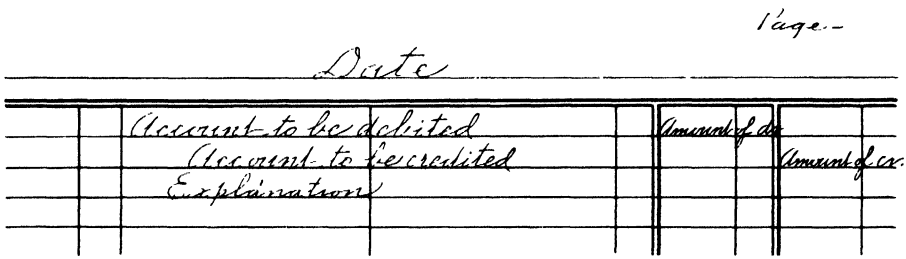


Illustration No. 68 — Form of General Journal Entry.

left or debit money column. The name of the account to be credited is written on the next line and indented about one inch, while the amount to be credited is entered in the right or credit money column. A concise but complete explanation of the transaction is written on the following line or lines.

The date of the next transaction is written in the middle of the line below. If the month and the year are the same as in the date for the

previous transaction, they may be omitted. Illustration No. 68 shows the arrangement of an entry in the general journal.

If there is insufficient space at the bottom of a journal page for the complete entry, do not put part of the entry on one page and the other part on the next page, but record the entire entry on the next page.

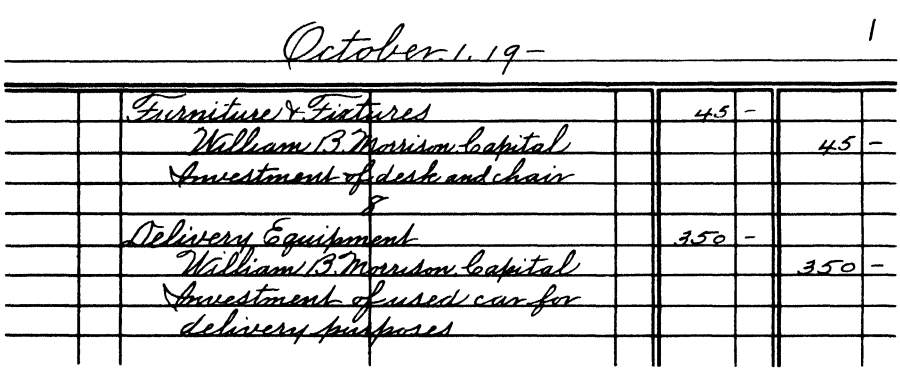
Some of the kinds of transactions that are recorded in the general journal will now be considered.

a. Property (other than cash) put into the business by the proprietor.

If the proprietor puts cash into the business, the transaction is recorded in the cash receipts journal. The proprietor's Capital account is credited, and the Cash account is debited at the end of the month. If property other than cash is put into the business by the proprietor, it is necessary to record the transaction in the general journal. It is again necessary to credit the Capital account—the account that is debited depends upon the kind of property invested.

Example. On Oct. 1, William B. Morrison invests in his business a desk and a chair valued at $45. On Oct. 8, he invests in the business an old car valued at $350, to be used for delivery purposes. These transactions are neither purchases nor sales of merchandise, neither cash receipts nor cash payments. They are, therefore, recorded in the general journal.

Illustration No. 69 shows the entries in the general journal for the two transactions given in the above example. In each case, the Capital account of William B. Morrison is credited just as it would be if cash were invested in the business. The account debited in one case is Furniture & Fixtures, and in the other case, Delivery Equipment, just as they would be if these properties (assets) were bought by the business for cash.



October 1, 19— 1

Furniture & Fixtures		45 -	
William B. Morrison, Capital			45 -
Investment of desk and chair			
Delivery Equipment		350 -	
William B. Morrison, Capital			350 -
Investment of used car for delivery purposes			

Illustration No. 69 — Entries in General Journal to Record Property Other than Cash Put Into the Business by the Proprietor.

Original Investment in a Business. When a business is started and cash and other property are invested, the cash investment is recorded in the cash receipts journal and the investment of the other property is recorded in the general journal. Thus, if S. A. Barron started business with cash $1,200, merchandise $750, and fixtures $400, the general journal entry would be as shown in Illustration No. 70, while the cash receipts entry would be as follows:

CASH RECEIPTS JOURNAL Page 2

19—		Explanation	F	General	Net Cash
Feb. 14	S. A. Barron, Capital	Cash Investment		1,200 00	1,200 00

Page 1

February 14, 19—

S. A. Barron began the retail dress business at 236 Second Ave. with an investment totaling $2350. of which $1200 is in cash as per cash receipts journal page 2, and the following property:				
Merchandise Purchased		750 -		
Furniture and Fixtures		400 -		
S. A. Barron, Capital				1150 -

Illustration No. 70 — Opening Entry in a General Journal.

b. Property (other than cash) taken from the business by the proprietor.

When cash is taken by the proprietor for his personal use, the amount is recorded in the cash payments journal. The proprietor's personal or drawing account is debited and Cash is credited at the end of the month. If property other than cash is taken, the transaction is recorded in the general journal. Again it is necessary to debit the drawing account, while the account to be credited depends upon the kind of property taken.

Example. On Oct. 9, William B. Morrison took from his business merchandise costing $5.50. On Oct. 10, he took 50 2¢ stamps, and on Oct. 12, a typewriter valued at $30.

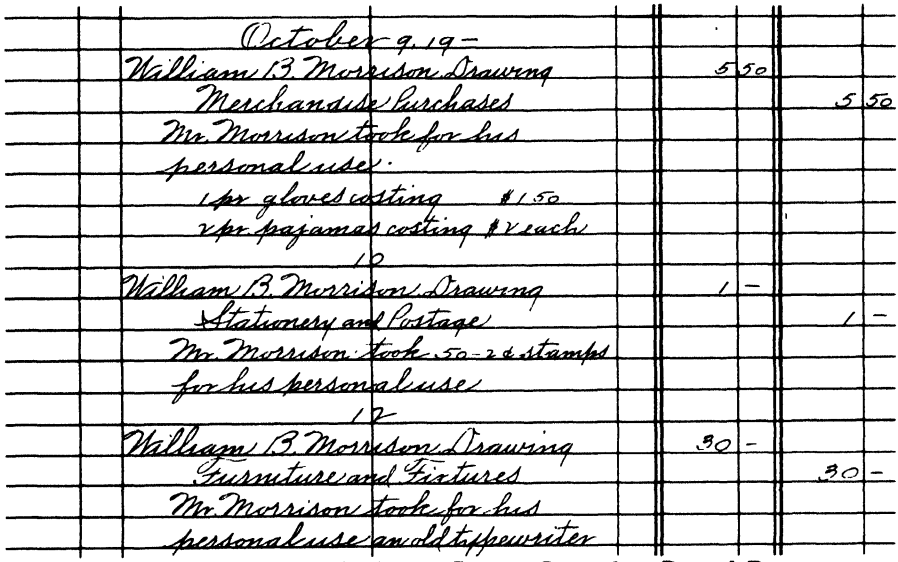


Illustration No. 71 — Entries in the General Journal to Record Property Other than Cash Taken Out of the Business by the Proprietor.

In each case, the drawing account of William B. Morrison is debited just as it would be if cash were taken from the business. The accounts credited are, in the first case, Merchandise Purchases to show that less goods are on hand for resale purposes; in the second case, Stationery & Postage to show that the supplies of postage have been reduced; and, similarly in the third case, Furniture & Fixtures. Note that when these properties were bought by the business, the respective accounts were debited.

c. Buying property (other than merchandise) on credit.

When merchandise is bought on credit, the entry is made in the purchases journal. The account of the wholesaler is credited and the Merchandise Purchases account is debited at the end of the month. If other property is bought on credit, the transaction is recorded in the general journal. The account of the wholesaler or the firm from whom the property is bought is credited while the account that is debited depends upon the kind of property bought. (Note that in small concerns, it is not customary to record the purchase of services or supplies on credit, but to make the record in the cash payments journal when the payment for them is made.)

Example. On Oct. 14, William B. Morrison bought a safe from the Trylon Safe Co. for $350 on terms of seven monthly payments of $50 each; on Oct. 19, he bought a truck from the Phenix Auto Co. for $800 on terms $300 cash, and five monthly payments of $100 each.

In each of the above transactions, the account debited is the same

2

October 14, 19-

	Furniture and Fixtures	350 -	
	Ziplon Safe Co.		350 -
	Bought safe on terms of		
	seven monthly payments		
	of $50 each.		
	19		
	Delivery Equipment	800 -	
	Phenix Auto Co.		800 -
	Bought truck on terms $300		
	cash and five monthly		
	payments of $100 each.		
	See cash payments journal		
	page 3.		

Illustration No. 72 — Entries in the General Journal to Record Purchase of Property (Other than Merchandise) on Credit.

that would be debited if the purchases were made for cash, but instead of the Cash account, the account credited is that of the firm from whom the purchase is made, in order to show the liability or debt due this creditor.

The cash payment of $300 to the Phenix Auto Co. on Oct. 19 is entered in the cash payments journal—the account debited is that of the creditor, to show that the payment reduces the amount owing. The amount is entered in the General Payments column and not in the Accounts Payable column. (Why?)

CASH PAYMENTS JOURNAL Page 3

19—	Account Debit	Explanation	F	Gen Payments	Net Cash
Oct. 19	Phenix Auto Co.	On account of purchase of truck -see Journal, page 2.		300 00	300 00

d. Uncollectible Accounts.

In spite of care taken in checking the credit standing of charge customers, it may happen that some accounts become uncollectible. An uncollectible account must be taken off the books since it has no value and is no longer an asset (Account Receivable).

Example. On Oct. 20, Mr. Morrison found the following accounts to be worthless and instructed his bookkeeper to write them off:

Mrs. H. Raymond	$3.36
Mrs. F. D. Keane	1.50

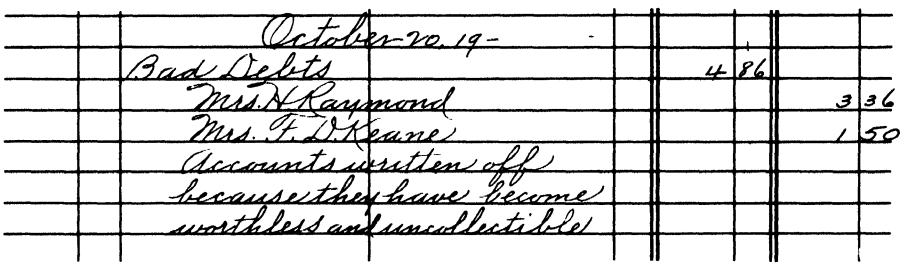


Illustration No. 73 — Entry in the General Journal to Write Off Uncollectible Accounts.

The entry in the general journal that is required in writing off these accounts is shown in Illustration No. 73. The Bad Debts account shows the loss on worthless accounts that have been written off, and, like other expense accounts, is a debit.

e. Miscellaneous Recordings

There are other transactions that occur occasionally that must be recorded in the general journal because they cannot be recorded in the special journals. A few entries for these miscellaneous transactions are shown in Illustration No. 74. Note carefully the account debited and credited in each case. In the case of a customer's account, debiting it shows that more is due from the customer, while crediting it shows that less is due. So also with any other asset or expense account—debiting it shows an increase in that property or expense, crediting it shows a decrease in that property or expense.

In the case of a creditor's account (a liability account) the reverse is true—crediting it shows an increase in the amount owed to the creditor, and debiting it shows a decrease in the amount owed.

Donations and charitable contributions are charged either to the proprietor's drawing account or to a separate account labeled "Contributions".

When merchandise is taken by the proprietor or donated as a gift, the amount is generally figured at the cost price and should be credited to the Merchandise Purchases account. A gift of merchandise to an employee is regarded as additional salary and should be charged (debited) to the Salary account.

Posting from the General Journal. The entries in the general journal should be posted to the ledger daily. In the folio column in the ledger write the number of the general journal page, preceded by the letter J to indicate this journal.

It is not necessary to total the general journal since each debit and credit is posted separately. Be certain that the debits and credits of each transaction are equal in amount.

October 20, 19— 3

	Stationery and Postage		36		
	Mrs. Frank Irwin				36
	Received 10-2¢ stamps in settlement of account				
	21				
	Advertising		25	-	
	Mrs. Paula White			25	-
	For advertising circulars printed for us by Mr. White and accepted on account of balance due us from his wife.				
	22				
	The Williams Co.		60		
	Stationery and Postage				60
	Sent 20-3¢ stamps to cover error on check #49 sent Oct. 11				
	24				
	Purchase Discount		50		
	Stationery and Postage				50
	Sent stamps to Regal Robes Co. to cover excess discount taken on check #53 sent Oct. 20				
	25				
	Contributions		10	-	
	Merchandise Purchases			10	-
	Donated merchandise costing $10 to American Legion Post #100.				
	27				
	Commissions		16	85	
	Rose Parker			16	85
	Commission due clerk on September sales.				

Illustration No. 74 — Miscellaneous General Journal Entries.

Apprentice Experience
No. 112
Recording in the General Journal

As bookkeeper for FRANK CRANE, GROCER, record the following transactions. Use a sheet of two-column journal paper.

Nov. 2 Donated to the Salvation Army groceries worth $7.50.

6 The landlord, Ben Frank, is a customer, and owes $10.50 for merchandise sold on credit. He instructed Mr. Crane to deduct from the rent the amount he owes.

7 Received 20¢ in stamps from a customer, Mrs. Frank Allen, who short paid her account on Nov. 4.

8 Mr. Crane took an old desk valued at $20 for use in his home.

11 Gave $5 worth of merchandise to a salesclerk, George Young, as a birthday gift.

15 Bought an adding machine for $200 from the Lion Business Machine Co. on terms one-half payable Dec. 15 and the balance on Jan. 15.

22 A check was sent on Nov. 18 to R. C. Wills & Co. in payment of an invoice for merchandise. Excessive discount was taken. Sent 30¢ in stamps to settle the account.

22 Mr. Crane gave to the business a checkwriter valued at $50.

24 Mr. Crane took groceries valued at $6 for use in his home.

30 The following accounts are to be written off as they are regarded as worthless:

Mrs. John C. Morris, amount owing $8.65—address unknown
Mrs. C. C. Rose, " " 2.17— "
Frank Cooper, " " 4.46—failed

30 In posting from the sales journal, page 18, a sale to Mrs. Charles Miller was incorrectly posted to the account of Mrs. Charles Muller. Make the correction through the general journal.

30 On Oct. 30 an entry was made in the cash payments journal, page 47, of the item Commissions to Salesclerks, amounting to $18.45. The bookkeeper discovered today that the amount was extended into the Salaries column (and checked in the folio column) instead of being extended into the General Payments column.

2. *Sales Records*

Sales Summary. In order to estimate the progress of his business, the retailer compares the amount of his sales for one period with that of another period. So that the comparison may be made readily, the total of each day's sales is recorded on a sales summary. One form of summary is shown in Illustration No. 75. This form is arranged to show the daily and the weekly totals, and also the total for the month.

SALES SUMMARY BEAT YESTERDAY January 19						
Day	1st Week	2nd Week	3rd Week	4th Week	5th Week	Totals
Mon		87 61	76 54	68 94	74 70	307 79
Tues		84 19	89 82	71 12	78 51	323 64
Wed.	94 33	103 25	94 03	112 37	98 42	502 40
Thurs.	99 67	91 11	98 86	96 15	90 06	475 85
Fri.	102 49	98 77	100 22	104 89		406 37
Sat.	138 52	126 40	141 17	139 04		545 13
Totals	435 01	591 33	600 64	592 51	341 69	2,561 18

Illustration No. 75 — A Sales Summary.

Sales Record of Salesclerks. When a number of salesclerks are employed by a retail store, usually the daily total of sales made by each clerk is recorded on a chart similar to that shown in Illustration No. 76. This chart enables each clerk to compare his sales totals with those of the other clerks, and also aids the proprietor to judge the value to the business of each of his clerks.

SALESCLERKS' WEEKLY SALES CHART Week of January 7 to 12, 19							
Name	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Totals
Smith	21.50	21.00	29.83	23.06	24.90	38.35	158.64
Burns	21.15	22.36	18.30	20.25	19.36	20 91	122.33
Gold	16.96	20.68	25.77	20.44	29.01	27.12	139.98
Robbins	28.00	20.15	29.35	27.36	25.50	40 02	170.38
Totals	87.61	84.19	103.25	91.11	98 77	126.40	591.33

Illustration No. 76 — A Salesclerks' Weekly Sales Chart.

A chart of this kind is also useful when salespersons are paid a commission on the amount of their sales, or a commission on the amount of their sales in excess of a set minimum.

Apprentice Experiences
Sales Records
No. 113

From the sales summary of Illustration No. 75, answer the following questions:

a. What was the average daily sales for Monday in January? Find the average daily sales for each of the other days.

b. In what week in January were sales the highest? The lowest?

No. 114

From the sales chart of Illustration No. 76, answer the following questions:

a. Which clerk made the largest amount of sales? The smallest?

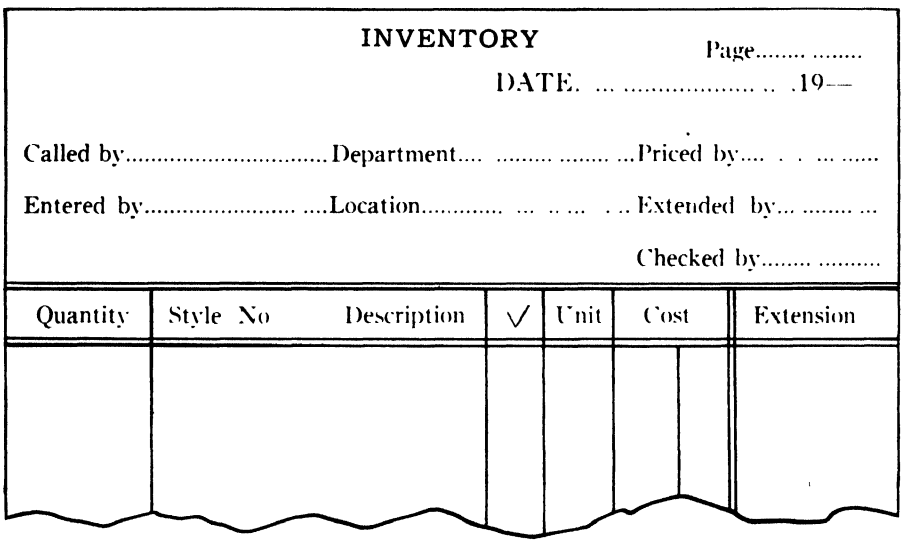
b. If each clerk was paid in addition to his weekly salary a 2% commission on his sales in excess of a minimum of $125 a week, what was the amount of the commission due to each clerk for the week of Jan. 7-12?

3. Inventory Records

An inventory is an itemized statement of the quantities and the value of the stock of merchandise on hand at a stated time. Because of the amount of work involved in "taking stock", in many concerns an inventory is taken only once a year, at the end of the fiscal period. An inventory must be taken at the end of every fiscal period for the purpose of filing income tax returns.

Perpetual Inventory. Some stores keep what is known as a *perpetual inventory* record. Usually this is kept by means of stock record cards. The record card used for the purpose may be similar to that shown in Illustration No. 1, Unit 1, except that instead of indicating the amount of merchandise issued from the stock room to the selling floor, the card provides for the recording of the quantity of each item sold each day. The balance represents the unsold quantity of the particular item. An inventory of merchandise on hand at any time can easily be prepared from the stock record cards by listing each stock number, the quantity of the item on hand, the unit cost of each, and by making the extension. Even when a perpetual inventory is kept, it is necessary at least once a year to take an actual count of the merchandise on hand to check the stock records for shortages, errors, etc.

Physical Inventory. An actual count of the merchandise on hand is called a *physical inventory*. The count is usually made after business hours by clerks working in pairs. One counts and calls the quantity of each item, and the other enters the information on an inventory sheet similar to that shown in Illustration No. 77. Usually, the bookkeeping department enters the unit price, makes the extensions, and totals the sheets to find the value of the inventory.


INVENTORY

Page.....

DATE. ..... 19—

Called by..... Department..... ...Priced by.....

Entered by..... ....Location..... ...Extended by.....

Checked by.....

Quantity	Style No	Description	√	Unit	Cost	Extension

Illustration No. 77 — An Inventory Sheet.

Apprentice Experience No. 115

Recording Inventories

Prepare a form similar to that shown in Illustration No. 77. Enter on this inventory sheet the part of the stock of the Fair Deal Jewelry Co. that is listed below. Make the extensions and find the total.

4 — 2 A 11	Men's	Watches	Cost	$11.25
3 — 2 A 115	"	"	"	17.50
6 — 3 B 21	"	"	"	21.20
5 — 3 B 215	"	"	"	29.75
6 — 5 K 18	Ladies'	Watches	"	10.30
6 — 5 K 181	"	"	"	15.50
4 — 7 K 22	"	"	"	19.75
3 — 7 K 222	"	"	"	31.40
1 —11 K 19	"	"	"	43.50
2 — 7 L 15	"	"	"	24.50

4. *Sales Taxes*

A number of states and cities now collect revenue by means of a tax on retail sales. The retailer is responsible for the collection of the tax from the purchaser.

Sales Tax Stamps. Some taxing authorities issue sales tax stamps, which are bought by the retailer. When he makes a purchase the customer pays the tax to the retailer and receives canceled stamps as a record of the payment of the tax.

When the retailer buys the stamps, he debits an account called Sales Tax Stamps. The money collected for the tax from the customer is credited to this account. The balance of this account represents the value of the stamps on hand. It is advisable to use a special column in the cash receipts journal headed Sales Tax Stamps, so that posting to the ledger account (credit side) is done only once a month from the summary entry.

Direct Sales Tax. Various methods of collecting the tax are followed by different tax authorities. In New York City, for example, the retailer is required to collect the amount of the tax in cash from the customer and to forward it to the tax collector at stated quarterly periods. In some stores, the tax collected on cash sales is recorded by means of the cash register, which is then provided with a special key for the purpose. In other stores, a box may be attached to the register, in which is deposited the tax collected from cash customers.

The retailer must keep a separate record of the tax money that he collects. To avoid daily posting, it is necessary to provide a special column in the cash receipts journal, headed "Sales Tax Collected". A Sales Tax Collected account is opened in the ledger, to which the total amount of tax collected during the month is posted from the summary entry in the cash receipts journal. The total is posted to the credit side of the ledger account, and represents a liability.

In the case of charge sales, the amount of the tax is entered on the sales slip and added to the sales price. Again it is necessary to have a special column in the sales journal:

SALES JOURNAL

Date	Account Debit	F	Sales	Sales Tax Coll'd	Acc'ts Receiv-able
19—					
Jan. 3	Merton Lane (not taxable—lives outside New York City)		8 50		8 50
4	Benj. Rich		7 25	15	7 40
5	Frank Little		12 00	24	12 24

The amount posted to the customer's account is that appearing in the Accounts Receivable column.

At the end of the month, the following summary entry is made:

			48 11	87	48 98
31	Summary				
	Accounts Receivable, Debit	✓	48 98		
	Sales, Credit			48 11	
	Sales Tax Collected, Credit			87	
			48 98	48 98	

The balance in the Sales Tax Collected account at the end of the quarterly period shows the amount payable to the taxing authorities. A check is issued to the tax collector, and the record of the payment is made in the cash payments journal, debiting Sales Tax Collected.

5. Old-Age Pension Tax

The Federal Government requires business firms to collect from each employee a stated percentage of his wages, salary, or commissions. A like amount is paid as a tax by the employer. Both the tax collected from the employee and the tax paid by the employer are forwarded quarterly to the Collector of Internal Revenue of the district in which the business is located.

The amount collected from the employee is deducted by the employer from the employee's wages. A special column headed "Old-Age Pension Collected" may be used in the cash payments journal in which is entered the amount deducted. The total of this column is posted from the summary entry to the credit side of an Old-Age Pension Collected account in the ledger, and represents a liability. To avoid using a special column, some bookkeepers record the deduction in the Discount on Purchases column, placing in front of the amount the letters "OA" to indicate the nature of the entry. At the end of the month, the total of the "OA" items must be recorded in the summary separately from the Discount on Purchases total.

The tax deducted from the employees' wages and the tax paid by the employer must be paid to the Government before the end of April, July, October, and January, for the preceding quarterly period. If on

CASH PAYMENTS JOURNAL

January 19— Page 5

Check No.	Day			Accounts Payable	Discount on Purchases	General Payments	Net Cash
71	24	Martin Booth & Co. Inv. 1/14 less 3%		183 92	5 52		178 40
72	28	Payroll—Week ending Jan. 26			OA 85	85 —	84 15
				1388 42	OA3 40 29 71	593 60	1948 91
	31	Summary					
		Accounts Payable, Debit	✓	1388 42			
		General Payments, Debit	✓	593 60			
		Discount on Purchases, Cr.			29 71		
		Old-Age Pension Collected, Cr.			3 40		
		Cash, Cr.			1948 91		
				1982 02	1982 02		

March 31, for example, the total in the Old-Age Pension Collected accounts amounts to $11.05, a check for $22.10 must be forwarded to the Collector of Internal Revenue. The information written on the check stub is as follows:

April 25, 19

Collector of Internal Revenue

Old-Age Tax for Jan., Feb., Mar.

Collected $11.05

Employer's Tax 11.05

22.10

The entry in the cash payments journal is made as follows:

CASH PAYMENTS JOURNAL

April, 19 Page 17

Check No.	Day	Account Debit		General Payments	Net Cash
248	25	Old-Age Pension Collected } Paid to Coll.		11 05	
		Old-Age Tax } of Int. Rev.		11 05	22 10

The debit of $11.05 to the account Old-Age Pension Collected offsets the liability to the Government shown in that account, while the other $11.05 is posted to an account called Taxes.

OLD-AGE PENSION COLLECTED

19—				19—			
Apr. 25		C17a	11 05	Jan. 31		C5a	3 40
				Feb. 28		C11a	3 40
				Mar. 31		C15a	4 25

TAXES

19—							
Apr. 25	Old-Age Tax Jan.-Mar	C17	11 05				

If there are many employees, suitable payroll forms are used.

6. *Forwarding Accounts*

Three-Column Ledger Accounts. Illustration No. 78 shows the method of forwarding an account to a new page when a three-column ledger is used. Note that on the last line of the old page are written the date, the explanation "Balance Forwarded to", the number of the new ledger page, and the amount of the balance. If the account has a credit balance, the amount is placed in the debit column of the old page; in the case of a debit balance, the amount is placed in the credit column.

William H. Manning — Page 1

19—											
June										31	42
	18	6-38	S	14	12	50				43	92
	20	Return on Sale 6/18	SR	9			3	-		40	92
	20	Balance forwarded to	L	2	40	92				—	

William H. Manning — Page 2

19—											
June	20	Balance forwarded from	L	1						40	92

Illustration No. 78 — Forwarding a Customer's Account in a Three-Column Ledger.

"T" Ledger Accounts. Illustration No. 79 shows the method of forwarding an account to a new page when the "T" form of ledger is used. If the account has a credit balance, the amount is entered on the debit side of the old page; if the account has a debit balance, the amount is entered on the credit side. As in the case of the three-column ledger, the balance is brought forward to the new page and entered on the side opposite to that on which it was entered on the old page.

Chester & Co. Page 104

19-						19-					
Jan.	17	C	37	241	70	Jan.	2	7/10 m/30	P	26	241 70
	27	C	39	83	21		17	7/10 m/30	P	26	83 21
	31	PR	14	40			29	7/10 m/30	P	27	40 -
Feb.	18	Bal. forwarded to	153	427	37	Feb.	14	7/10 m/30	P	28	101 49
							18	Net	P	28	325 88
				792	28						792 28

Chester & Co. Page 153

						19-					
						Feb.	18	Bal. forwarded from	104		427 37

Illustration No. 79 — Forwarding a Creditor's Account in a "T" Form Ledger.

In a looseleaf ledger, the new page will always follow the filled-up page, while in a bound ledger it is frequently necessary to make the transfer to another part of the ledger.

Supplementary Apprentice Experience—Set C
No. 116

On August 28, 19—, CHARLES B. RICE started a retail radio business at 2210 Broadway, New York, N. Y., with a cash investment of $3,500. He deposited this sum of money in the School National Bank where he opened a checking account.

As bookkeeper for Mr. Rice, you are to record the transactions that are summarized on the following pages. The ledger and the journals that will be needed for this experience are as follows:

Ledger. The ledger is to be arranged in three parts: (1) the General Ledger, (2) the Accounts Receivable Ledger, (3) the Accounts Payable Ledger.

The General Ledger. The miscellaneous accounts that are listed are to be kept in the General Ledger. The "T" form of ruling is to be used

for this ledger. Four sheets of ledger paper will be needed. The following accounts are to be opened on these sheets. The number in parenthesis indicates the number of lines to be allotted to each account. The page number of each account is also listed.

	Page No.		Page No.
Charles B. Rice, Capital (6)	1	Sales Returns and Allowances (8)	16
Charles B. Rice, Drawing (12)	2	Rent (8)	17
Cash (8)	3	Salaries (8)	18
Petty Cash Fund (8)	4	Commissions (8)	19
Furniture & Fixtures (8)	5	Advertising (8)	20
Deposit (6)	6	Light (8)	21
Loans and Exchanges (8)	7	Telephone (8)	22
Essex Cash Register Co. (8)	8	Stationery and Postage (12)	23
Sales Tax Collected (12)	9	Taxes (8)	24
Old-Age Pension Deducted (8)	10	Insurance (8)	25
Merchandise Purchases (8)	11	General Expense (12)	26
Purchases Returns and Allowances (8)	12	Cash Short and Over (8)	27
Freight In (8)	13	Donations and Contributions (8)	28
Discount on Purchases (8)	14	Mason Protectograph Co. (8)	29
Sales (12)	15		

The Accounts Receivable Ledger. In the Accounts Receivable Ledger, or the ledger for customers' accounts, the following accounts are to be opened. Three-column paper is to be used for this ledger. Five sheets of paper will be needed; 12 lines are to be allotted to each account. The page number of each account is also listed.

	Page No.
James Allan, 1 West 90 St., City	101
Francis G. Barry, 51 West 96 St., City	102
E. D. Carr, Hempstead, N. Y.	103
Mrs. M. A. Carroll, 508 West End Avè., City	104
Watkin A. Davis, 375 Columbus Ave., City	105
John P. Doyle, 36 Manhattan Ave., City	106
H. W. Evans, 218 Amsterdam Ave., City	107
Angelo W. Fiorani, 244 Columbus Ave., City	108
Perry D. Gardner, 108 West 91 St., City	109
Louis Kaplan, 616 West End Ave., City	110
Michael Lonzo, 2355 Broadway, City	111
James Lloyd, 33 West 95 St., City	112
Joseph Lloyd, 11 Monroe Ave., Newark, N. J.	113
Miss Margaret Malloy, 2411 Broadway, City	114
Joseph O'Toole, 254 Columbus Ave., City	115
Dan Rosenberg, 111 West 86 St., City	116
John Sirotnak, 45 Manhattan Ave., City	117
Geo. Leigh Small, 212 West 110 St., City	118
Miss Ruth Thomas, 10 West 79 St., City	119
Morgan L. Watkins, 300 West 84 St., City	120

The Accounts Payable Ledger. In the Accounts Payable Ledger, or the ledger for creditors' accounts, the following accounts are to be opened. Three-column paper is to be used for this ledger. Three sheets of paper will be needed; 12 lines are to be allotted to each account. The page number of each account is also listed.

	Page No.
A & R Radio Corp., New York, N. Y.	201
Acme Radio & Supply Co., Long Island City, N. Y.	202
Albert & Dunham, Chicago, Ill.	203
Capitol Radio Co., Inc., New York, N. Y.	204
Central Radio Supply Co., Philadelphia, Pa.	205
Corbett Radio Corp., Trenton, N. J.	206
Eureka Radio Corp., Newark, N. J.	207
Hudson Radio Co., Albany, N. Y.	208
Paramount Radio Co., Philadelphia, Pa.	209
Phenix Radio Co., Boston, Mass.	210
Saxon Radio & Television Co., Chicago, Ill.	211
Trylon Radio Co., New York, N. Y.	212

Journals. The following journals will be required:

General Journal. One sheet of two-column paper will be needed; the sides are to be numbered as pages 1 and 2 respectively.

Sales Journal. Two sheets of three column paper will be needed. The journal for September is to be numbered as page 1; October, page 2; November, page 3; and December, page 4. Each month's sales are to be recorded on one side of a sheet. The columns are to be headed: Accounts Receivable (for the total of each charge sale), Sales Tax Collected (for the amount of the tax indicated on the sales slip), and Sales (for the amount of the sale before the tax has been added). Post the amount in the Accounts Receivable column to the customer's account.

Sales Returns and Allowances Journal. The last ten lines of each page of the sales journals are to be used. The journal for September is to be numbered as page 85; October, page 86; November, page 87; and December, page 88. The same columnar arrangement is needed for this journal as for the sales journal.

Purchases Journal. Two sheets of two-column paper will be needed. The journal for September is to be numbered as page 1; October, page 2; November, page 3; and December, page 4. Each month's purchases are to be recorded on one side of a sheet.

Purchases Returns and Allowances Journal. The last ten lines of each page of the purchases journals are to be used. The journal for September is to be numbered as page 75; October, page 76; November, page 77; December, page 78.

Cashbook. Six sheets of eight-column paper will be needed. These sheets are to be arranged as in a book, and the pages numbered from 1 to 12. The cash receipts are to be entered on the even numbered pages, starting on page 2. The even numbered pages will thus form the cash receipts journal. The cash payments are to be entered on the odd numbered pages, starting on page 3. The odd numbered pages will thus form the cash payments journal. *Cash Receipts Journal*—The 7 columns required are to be arranged in the following order: Accounts Receivable, General Receipts, Sales for Cash, Cash Short, Cash Over, Sales Tax Collected, and Net Cash. As only 7 columns are needed, either the first or the last money column is to be left blank, preferably the first column. Include the investment of August 28 on the same page with the cash receipts of September. *Cash Payments Journal*—The 8 columns required are to be arranged in the following order: Accounts Payable, Discount on Purchases, Salaries, Old-Age Pension Deducted, General Payments, Charles B. Rice—Drawing, General Expense, and Net Cash.

Petty Cash Journal. Two sheets of six-column paper will be needed. The pages are to be numbered from 1 to 4, with September entries on page 1, October entries on page 2, etc. The headings for the money columns are to be as follows: Receipts, Payments and the distribution of payments—Stationery and Postage, General Expense, and General Payments consisting of Account Debit and Amount. The petty cash journal is to be closed monthly as instructed.

Trial Balances. One sheet of eight-column paper is to be used, so that all four trial balances can be placed on the one sheet.

Incoming forms are not provided for this set. In order to provide practice in the use of forms, it is advisable to use the following:

Checkbook. To be numbered, starting with check No. 1. All cash payments, except those made from the Petty Cash Fund, are to be made by check. Payments from the Petty Cash Fund are indicated by voucher numbers.

Daily Memorandum Record. To begin with Sunday, August 31, and to go as far as December 31.

Bank Passbook. Cash receipts (except the investment of August 28) are to be deposited the following business day.

Statement Forms for Customers.

Following is the narrative of transactions:

August 28
Engaged the United Fixtures Co. to set up the necessary furniture, shelving, showcases, etc.

Mon., Sept. 1
Labor Day

Tues., Sept. 2

The student is engaged as bookkeeper and general assistant at $17 a week.

Paid (by check #1) $150 to the Oxford Realty Co. to apply as follows: rent for September, $75, and deposit as security, $75.

Bought merchandise from the following:

Phenix Radio Co., terms N/10, $436.27.
Acme Radio & Supply Co., terms 2/10, $184.59.
Central Radio & Supply Co., terms 2/10, $62.98.
Saxon Radio & Television Co., terms N/30, $277.31.

(Note: The date of purchase is assumed to be the date of the invoice. The work in ordering, and checking the merchandise and the invoices is omitted in this set.)

Wed., Sept. 3

Paid (by check #2) the United Fixtures Co. $585, as per agreement of August 28.

Paid (check #3) the York Stationery Co., for journals, ledgers, stationery and miscellaneous supplies, $36.85.

Bought merchandise from:

Eureka Radio Corp., N/10, $171.40.
Hudson Radio Co., N/30, $229.75.
Trylon Radio Co., 2/10, $243.88.

Thurs., Sept. 4

Drew check #4 (check numbers will be omitted hereafter) for $75 for the Petty Cash Fund. (Indorse the check and cash it at the bank.)

Obtained a cash register from the Essex Cash Register Co. on one month's trial.

Returned damaged merchandise and received credit from:

Central Radio & Supply Co., on invoice of Sept. 2, $5.46.
Saxon Radio & Television Co., invoice of Sept. 2, $36.70.

Fri., Sept. 5

Paid the Royal Publishing Co. for advertisement in their paper announcing the opening of the store on Saturday, $35.

Paid (voucher #1) John Wells from the Petty Cash Fund, for cleaning windows, store, etc., $6.50.

Sat., Sept. 6

Charge sales:

#1-1 to Perry D. Gardner, $39.50, plus 2% sales tax, 79¢, total, $40.29. Enter $40.29 in the Accounts Receivable column; 79¢ in the Sales Tax Collected column; and $39.50 in the Sales column.

#1-2 to Geo. Leigh Small, $22.75, tax 46¢, total $23.21.
#1-3 to Watkin A. Davis, $75, tax $1.50, total $76.50.
#1-4 to Miss Ruth Thomas, $18.95, tax 38¢, total $19.33. (The word "total" will be omitted hereafter.)

Sales for cash, $148.52; sales tax collected, $2.97. The total is to be found by the pupil. (This cash is to be recorded in the cash-book today, but it is not to be deposited until Monday.) Enter $148.52 in the Sales for Cash column; $2.97 in the Sales Tax Collected column; and the total of both amounts in the Net Cash column.

Drew check for salary of bookkeeper—$17, less 1% for the Old-Age Pension. Enter $17 in the Salary column; 17¢ in the Old-Age Pension Deducted column; and $16.83 in the Net Cash column.

Drew check for $40 for Charles B. Rice's weekly drawing.

Mon., Sept. 8

(Deposit the cash receipts of the previous business day. Record the deposit on the back of the check stub.)

Engaged the services of the following persons:

Clarence Munsey at $20 a week and Henry G. Barton at $18 a week as salesclerks; and Sam Rivers at $25 a week as mechanic for the installation and repair of radios.

Charge sales:

#1-5, Michael Lonzo, $22.75, tax 46¢, $23.21.
#1-6, Francis G. Barry, $18.95, tax 38¢, $19.33.

Tues., Sept. 9

Miss Ruth Thomas returned the radio sold to her on Sept. 6; issued to her credit #A1 for $18.95, tax 38¢, $19.33. Placed an order with the Paramount Radio Co. for the radio she desires.

Paid cash (voucher #2) for postage stamps: 100 1¢, 200 2¢ and 100 3¢ stamps.

Wed., Sept. 10

Charge sale #1-7 to Dan Rosenberg, $25, tax 50¢, $25.50.
Sales for cash, $183.76, sales tax collected, $3.68.

Thurs., Sept. 11

(Deposit the cash receipts of the previous day.)

Fri., Sept. 12

Paid the following invoices, all dated Sept. 2 (Deduct returns and discount, if any. Examine the ledger account of the creditor before making a payment.) Phenix Radio Co., Acme Radio & Supply Co., and the Central Radio & Supply Co.

Bought merchandise from the Paramount Radio Co., N/30, $167.94.

Sat., Sept. 13

Charge sales: #1-8 to Miss Ruth Thomas, $25, tax 50¢, $25.50; #1-9 to John Sirotnak, $39.50, tax 79¢, $40.29; #1-10 to Michael Lonzo, $50, tax $1, $51.

Sales for cash, $211.49; sales tax collected, $4.23.

Drew check for salaries of all employees, $80 less 1% for the Old-Age Pension. (This check would have to be cashed at the bank before each employee could be paid.)

Drew check for Charles B. Rice, weekly drawing, $40.

Received cash to apply on account:
From Geo. Leigh Small, $10; from Watkin A. Davis, $25.

Paid the following invoices, both dated Sept. 3:
Eureka Radio Corp. and the Trylon Radio Co.

Mon., Sept. 15

Bought merchandise from the Corbett Radio Corp., 2/10 E.O.M., $341.40.

Mr. Rice took $5 (voucher #3) from the Petty Cash Fund for his personal use.

Tues., Sept. 16

Issued credit memo #A2 to Michael Lonzo for an allowance given him on sale of Sept. 13, $5, tax 10¢, $5.10.

Charge sale #1-11 to Joseph Lloyd, $39.50. (No tax. Why?)

Wed., Sept. 17

Paid Joseph Peters (voucher #4) for removal of rubbish, $2.

Sales for cash, $168.55; tax collected, $3.37.

Thurs., Sept. 18

Bought merchandise from Albert & Dunham, 2/10 E.O.M., $196.50.

Mr. Rice loaned his brother, Alfred G. Rice, $100 (check).

Fri., Sept. 19

Charge sale #1-12 to James Allan, $25, tax 50¢, $25.50.

Paid (voucher #5) for pencils, rubber stamps and pad, $1.75.

Sat., Sept. 20

Paid Frank's Express Co. (voucher #6) for cartage of merchandise bought from Albert & Dunham, $2.

Sales for cash, $238.96; tax $4.78.

Drew check for salaries of employees, $80 less 1% for Old-Age Pension.

Drew check for Charles B. Rice, drawing, $40.

Mon., Sept. 22

Bought merchandise from the Central Radio Supply Co., 2/10, $108.37.

Tues., Sept. 23

Mr. Rice took for his personal use a radio costing $30. (Where should the entry for this transaction be made?)

Wed., Sept. 24

Charge sale #1-13 to John P. Doyle, $29.95, tax 60¢, $30.55.

Sales for cash, $154.31; tax $3.11; cash short, $1. (The amount given for Sales for Cash is the amount in the cash register. Enter in the Sales for Cash column the amount recorded on the tape, $155.31; Sales Tax Collected column $3.11; Cash Short column, $1; Net Cash column, $157.42.)

Thurs., Sept. 25

Charge sale #1-14 to Louis Kaplan, $19.95, tax 40¢, $20.35.

Fri., Sept. 26

Bought merchandise from the Phenix Radio Co., N/10, $289.22.

Alfred G. Rice returned $50 on account of the loan made to him on the 18th.

Sat., Sept. 27

Charge sales: #1-15 to Francis G. Barry, $10, tax 20¢, $10.20; #1-16 to Perry D. Gardner, $19.95, tax 40¢, $20.35.

Gave $4.50 in cash (voucher #7) to Mr. Rice for sundry expenses paid out by him.

Sales for cash, $259.10; tax $5.19; cash short, 50¢.

Drew check for salaries of employees, $80 less 1%.

Drew check for Charles B. Rice, drawing, $40.

Mon., Sept. 29

Bought the cash register obtained on trial from the Essex Cash Register Co. Price, $250. Terms, $50 down and $50 each month for four months. Gave the check for $50.

Tues., Sept. 30

Total the petty cash journal to find the amount needed to replenish the fund. Draw check (for $29.75).

Total and summarize all journals except the cash journals (the general journal needs no summarizing). Complete the postings from these journals. The cash journals are not to be closed until the receipt of the statement from the bank on October 1.

Wed., Oct. 1

Prepare the Bank Reconciliation Statement—the statement received from the bank follows. Close the cash journals and make the summary entries. Complete all postings. Check all journals for the omission of postmarks or of postings. Prepare a trial balance as of September 30. Send statements to customers.

BANK STATEMENT

	Paid Out				*Deposits*	
Sept. 3	150.00			Aug. 28		3,500.00
4	75.00			Sept. 8		151.49
6	36.85	585.00	16.83	11		187.44
8	35.00	40.00		15		250.72
13	79.20			18		171.92
15	180.90	56.37	171.40	22		243.74
17	436.27	239.00	40.00	25		157.42
20	100.00	79.20		27		50.00
23	40.00			29		264.29
27	79.20			30	Balance	2,507.05
30	29.75					

Sales for cash, $166.24; tax $3.33.

Thurs., Oct. 2

Charge sales: #1-17 to Angelo W. Fiorani, $40, tax 80¢, $40.80; #1-18 to Louis Kaplan, $75, tax $1.50, $76.50.

Paid Saxon Radio & Television Co. for invoice of Sept. 2, less return.

Paid the Central Radio Supply Co. for invoice of Sept. 22.

Received cash from the following charge customers:

Francis G. Barry for sale of Sept. 8, $19.33; James Allan, on account, $10; Watkin A. Davis, on account, $25.

Fri., Oct. 3

Paid the Hudson Radio Co. for invoice of Sept. 3.

Bought merchandise from the following:

Corbett Radio Corp., 2/10 E.O.M., $108.45.

Saxon Radio & Television Co., N/30, $389.22.

Sat., Oct. 4

Charge sales: #1-19 to Francis G. Barry, $2, tax 4¢, $2.04; #1-20 to E. D. Carr, $69.50, no tax; #1-21 to James Lloyd, $30, tax 60¢, $30.60.

Sales for cash, $244.83; tax $4.90.

Drew check for salaries of employees, $80 less 1%.

Drew check for Charles B. Rice, drawing, $40.

Received cash from the following charge customers:

Perry D. Gardner, on account, $25; from Michael Lonzo for the sale of Sept. 8, $23.21.

Mon., Oct. 6

Paid (voucher #8) John Wells for cleaning windows, etc., $4.

Paid October rent to the Oxford Realty Co., $75.

Paid the Phenix Radio Co. for the invoice of Sept. 26.

Bought merchandise from the Paramount Radio Co., N/30, $281.07.

Tues., Oct. 7

Charge sale: #1-22 to James Allan, $49.50, tax 99¢, $50.49.

Issued credit memo #A3 to Francis G. Barry for the return of the sale of Oct. 4, $2, tax 4¢, $2.04.

Received a check from Dan Rosenberg for the sale of Sept. 10, $25.50.

Wed., Oct. 8

Returned damaged merchandise and received credit from the Corbett Radio Corp. on the invoice of Oct. 3, $9.40.

Issued credit #A4 to E. D. Carr as an allowance on the sale of Oct. 4, $4.50, no tax.

Sales for cash, $138.52; tax $2.77; cash over, 50¢.

Thurs., Oct. 9

Paid (voucher #9) for sundry expenses, $3.25.

Bought merchandise from the Hudson Radio Co., N/30, $334.92; from Albert & Dunham, 2/10 E.O.M., $196.50.

Received cash from the following charge customers:

Geo. Leigh Small for the balance of his account, $14.21;

Miss Ruth Thomas, on account, $5.

Fri., Oct. 10

Made the following payments today:

Albert & Dunham for the invoice of Sept. 18.

Corbett Radio Corp. for the invoice of Sept. 15.

N. Y. Electric Co. for Sept. light bill, $18.43.

Bell Telephone Co. for Sept. and Oct. services, $14.30.

Unity Towel Service for Sept., $2.

Geo. Leigh Small for the overpayment made yesterday. (In what columns must this payment be recorded?)

Sat., Oct. 11

Charge sales: #1-23 to John P. Doyle, $10, tax 20¢, $10.20; #1-24 to Watkin A. Davis, $19.95, tax 40¢, $20.35.

Sales for cash, $289.41; tax $5.79.

Drew check for the weekly salaries of the employees.

Drew check for Mr. Rice's weekly drawing.

Mon., Oct. 13

Banks closed today. (Sunday, Oct. 12, Columbus Day).

Paid the Paramount Radio Co. for invoice of Sept. 12.

Bought merchandise from the Phenix Radio Co., N/10, $418.55, and from the Trylon Radio Co., 2/10, $191.10.

Bought (voucher #10) 200 2¢ stamps.

Tues., Oct. 14

Charge sale #1-25 to Joseph Lloyd, $15, no tax.

Paid to the City Collector the sales tax collected for the preceding quarterly period. Since Mr. Rice was in business only one

month in this quarter, his return will cover only the month of September. The amount of the check should be the amount shown on the trial balance of Sept. 30 for the Sales Tax Collected account.

Wed., Oct. 15

Received a check from James Allan for the balance due on the sale of Sept. 19, $15.50.

Bought merchandise from the Eureka Radio Corp., N/10, $98.48.

Sales for cash, $154.46; tax $3.09; cash short, $1.

Thurs., Oct. 16

Paid (voucher #11) Joseph Peters for the removal of rubbish, $2.50.

Charge sale #1-26 to Miss Ruth Thomas, $85, tax $1.70, $86.70.

Fri., Oct. 17

Received cash from the following charge customers:

John P. Doyle, on account, $15; Angelo W. Fiorani, on account, $20.

Sat., Oct. 18

Charge sales: #1-27 to Joseph Lloyd, $3, no tax; #1-28 to John Sirotnak, $9.95, tax 20¢, $10.15; #1-29 to Geo. Leigh Small, $5, tax 10¢, $5.10.

Received credit for the return of the entire invoice of the Eureka Radio Corp. of Oct. 15.

Sales for cash, $261.02; tax, $5.22.

Drew check for the weekly salaries of the employees.

Drew check for Mr. Rice's weekly drawing.

Received cash from the following charge customers:

Watkin A. Davis, $26.50 for the balance due on the sale of Sept. 6; Michael Lonzo, on account, $20.

Mon., Oct. 20

The $1 shortage reported on Oct. 15 was not a shortage but money taken by Mr. Rice for his personal use which he forgot to record. Since the cashbook entry of Oct. 15 debits Cash Short, what must be done to this account now? Make the required entry in the general journal.

Tues., Oct. 21

Bought merchandise from the Corbett Radio Corp., 2/10 E.O.M., $297.66.

Paid (voucher #12) Frank's Express Co. for the express charges on the above merchandise, $5.25.

Paid Henry Miles, carpenter, for the repair of the showcase, $4.50.

Wed., Oct. 22

Charge sale #1-30 to Michael Lonzo, $3, tax 6¢, $3.06.

Issued credit to Geo. Leigh Small for the return on the sale of Oct. 18, $5, tax 10¢, $5.10.

Sales for cash, $149.34; tax $2.99.

Thurs., Oct. 23

Paid the Phenix Radio Co. and the Trylon Radio Co. for invoices dated Oct. 13.

Paid (voucher #13) for carfares and miscellaneous expenses, $1.80.

Fri., Oct. 24

Charge sale #1-31 to Dan Rosenberg, $85, tax $1.70, $86.70.

Paid (voucher #14) for electric bulbs, $2.40; and (voucher #15) for stationery and other supplies, $1.75.

Sat., Oct. 25

Received credit from the Corbett Radio Corp. for the return of a damaged radio on the invoice of Oct. 21, $38.75.

Charge sales: #1-32 to Angelo W. Fiorani, $2, tax 4¢, $2.04; #1-33 to Perry D. Gardner, $10, tax 20¢, $10.20.

Sales for cash, $206.18; tax $4.13.

Drew check for the weekly salaries of the employees.

Drew check for Mr. Rice's weekly drawing.

Mon., Oct. 27

Bought merchandise from Albert & Dunham, 2/10 E.O.M., $317.08; and from the Trylon Radio Co., 2/10, $34.10.

Tues., Oct. 28

Charge sale #1-34 to James Allan, $2.50, tax 5¢, $2.55.

Mr. Rice drew $10 from the Petty Cash Fund (voucher #16) for his personal use.

Paid the Collector of Internal Revenue for the Old-Age Pension deducted from the employees' salaries during the preceding quarterly period and for the tax to be paid by the employer, as follows:

Old-Age Pension Deducted	$2.57	
Old-Age Tax	2.57	$5.14

The above entry must be made on two lines in the cash payments journal. Special forms are sent by the Collector of Internal Revenue on which is reported the amount paid to each employee.

Wed., Oct. 29

Paid $50 due the Essex Cash Register Co.

Paid $24.50 to the Metropolitan Fire Insurance Co. as the premium on a $2,000 policy on the stock and fixtures for a period of one year.

Issued credit #A6 to Dan Rosenberg for an allowance on the sale of Oct. 24, $5, tax 10¢, $5.10.

Sales for cash, $166.41; tax $3.33.

Thurs., Oct. 30

Received credit for the return of a damaged radio to the Trylon Radio Co. on the invoice of Oct. 27, $34.10.

Donated to the Salvation Army a radio costing $15.

Fri., Oct. 31

Bought merchandise from the Acme Radio & Supply Co., 2/10, $271.16.

Received cash from the following charge customers:

Joseph Lloyd for the sale of Sept. 16, $39.50; and from John Sirotnak, to apply on account, $20.

Replenish the Petty Cash Fund and draw the necessary check.

Follow the same procedure as on Sept. 30 and Oct. 1 in closing the journals and preparing the trial balance as of October 31.

Sat., Nov. 1

The following statement was received from the bank today:

BANK STATEMENT

	Paid Out				*Deposits*	
Oct. 2	50.00			Oct. 1	Balance	2,507.05
4	240.61	40.00	79.20	2		169.57
8	229.75	106.20	40.00	3		54.33
10	75.00	289.22		6		297.94
11	79.20			8		25.50
14	18.43	14.30	2.00	9		141.29
15	334.57	192.57	1.00	10		19.21
18	40.[illegible]0	167.94	79.20	14		295.20
20	35.71	40.00		16		173.05
25	79.20			18		35.00
27	418.55	187.28		20		312.74
31	34.95			23		152.33
				27		210.31
				30		169.74
				31	Balance	1,688.38

Mr. Rice made an additional investment of $500 in cash.

Sales for cash, $247.50; tax $4.95.

Drew one check to cover both the weekly salaries of the employees and Mr. Rice's drawing.

Mon., Nov. 3

Issued credit #A7 to Perry D. Gardner for the return of the merchandise sold to him on Oct. 25.

Loaned (voucher #17) $5 to salesclerk Clarence Munsey.

Paid Saxon Radio & Television Co. for the invoice of Oct. 3.

Bought a checkwriter from the Mason Protectograph Co. for $75 on terms, $15 a month, payments to start Dec. 3.

Tues., Nov. 4

Election Day—banks closed.

Charge sale #1-35 to Miss Margaret Malloy, $40, tax 80¢, $40.80.

Received cash from Miss Ruth Thomas for balance due on the sale of Sept. 13, $20.50.

Paid freight bill for Oct. of the Central Railroad Co., $28.45.

Drew check for commissions due salesclerks for Sept. and Oct., $36.20, less 1% for Old-Age Pension.

Wed., Nov. 5

Bought merchandise from the Capitol Radio Co., Inc., 2/15 prox., $363.77.

Paid Paramount Radio Co. for invoice of Oct. 6.

Paid (voucher #18) $1.50 to replace broken glass in showcase.

Sales for cash, $169.32; tax $3.39.

Thurs., Nov. 6

Exchanged checks amounting to $300 with Lionel Barry. The check received is to be deposited on Nov. 10. (Make a note of this on your calendar.)

Received $20.29 from John Sirotnak for balance due on the sale of Sept. 13.

Gave Mr. Rice a check for $8 for sundry expenses paid by him.

Fri., Nov. 7

Charge sale #1-36 to Geo. Leigh Small, $29.50, tax 59¢, $30.09.

Bought merchandise from the Corbett Radio Corp., 2/10 E.O.M., $189.42, and from the Saxon Radio & Television Co., N/30 as Dec. 31, $496.23.

Sat., Nov. 8

Charge sale #1-37 to Mrs. M. A. Carroll, $75, tax $1.50, $76.50.

Received from Mrs. Carroll $25 as part payment on this sale, the balance to be paid in one week.

Received a check for $20.35 from Louis Kaplan for sale of Sept. 25.

Paid the Hudson Radio Co. for the invoice of Oct. 9.

Sales for cash, $263.54; tax $5.27.

Drew (one check) from the bank to cover both the weekly salaries of the employees and Mr. Rice's drawing.

Mon., Nov. 10

Issued credit #A8 to Geo. Leigh Small as an allowance on the sale of Nov. 7, $2.50, tax 5¢, $2.55.

Bought merchandise from the Eureka Radio Corp., N/10, $30 less 40%, $18.

Monday Nov. 10

Received credit for $7.50 from the Corbett Radio Corp. as an allowance on the invoice of Nov. 7.

Make the following payments:

Acme Radio & Supply Co. for invoice of Oct. 31.

Albert & Dunham for invoice due today.

Corbett Radio Corp. for invoices of Oct. 3 and Oct. 21, less returns of Oct. 8 and 25.

Oxford Realty Co. for November rent.

N. Y. Electric Co. for Oct. bill, $19.76.

Bell Telephone Co. for Nov. services, $7.75.

Unity Towel Service for Oct., $2.

Frank's Express Co. for deliveries made to customers during Sept. and Oct., $15.

Tues., Nov. 11

Armistice Day—banks closed.

Charge sale #1-38 to E. D. Carr, $10, no tax.

Received a money order from Perry D. Gardner for $15.29 for the balance due on the sale of Sept. 6.

Paid (voucher #19) $3 for supper money to clerks for working late.

Wed., Nov. 12

Bought merchandise from the Acme Radio & Supply Co., 2/10 as Dec. 1, $361.05.

Paid Edwards Hardware Co. for hardware and miscellaneous supplies, $3.36.

Sales for cash, $184.51; tax $3.70; cash short, 20¢.

Thurs., Nov. 13

Charge sale #1-39 to Dan Rosenberg, $3, tax 6¢, $3.06.

Received credit amounting to $20 from the Saxon Radio & Television Co. for advertising their radios. (Make this entry in the general journal. By what amount is the account of the Saxon Radio & Television Co. to be decreased? Is this account to be debited or credited? What other account is affected by this transaction?)

Fri., Nov. 14

Bought merchandise from the Central Radio Supply Co., 2/10 as Jan. 1, $351.75.

Returned and received credit from the Eureka Radio Corp. on the invoice of Nov. 10, $30 less 40%, $18.

Paid (voucher #20) for postage stamps and cards: 100 1¢, 100 2¢, 100 3¢ stamps, and 50 1¢ post cards.

Sat., Nov. 15

Charge sales: #1-40 to Geo. Leigh Small, $2, tax 4¢, $2.04, and #1-41 to Miss Margaret Malloy, $7.50, tax 15¢, $7.65.

Received $51.50 from Mrs. M. A. Carroll for the balance due on her account; $20 from Louis Kaplan, and $10 from Watkin A. Davis, both to apply on account.

Paid (voucher #21) Joseph Peters $3 for removal of rubbish.

Sales for cash, $288.14; tax $5.77.

Drew check for weekly payroll and drawing.

Mon., Nov. 17

Paid $70 to the Royal Publishing Co. for an advertisement in their paper.

Loaned $100 additional to Mr. Rice's brother, Alfred G. Rice.

Tues., Nov. 18

Paid (voucher #22) $2.75 for ink and other stationery supplies.

Wed., Nov. 19

Charge sale #1-42 to James Lloyd, $19.95, tax 40¢, $20.35.

Received a check for $35 from E. D. Carr and a money order for $15 from Angelo W. Fiorani, both to apply on account.

Sales for cash, $210.36; tax $4.21.

Thurs., Nov. 20

Bought merchandise from the Paramount Radio Co., N/30, $548.

Received a check from Dan Rosenberg, on account, $40.

Paid (voucher #23) $2 to the Lee Carting Co. for the delivery of merchandise from the freight depot.

Fri., Nov. 21

Bought merchandise from the Phenix Radio Co., N/10 as Dec. 1, $293.60.

Paid (voucher #24) for carfares and sundries, $1.25.

Sat., Nov. 22

Charge sales: #1-43 to Angelo W. Fiorani, $5, tax 10¢, $5.10; and #1-44 to John P. Doyle, $50, tax $1, $51.

Sales for cash $262.05; tax $5.24.

Drew check for weekly payroll and drawing.

Received cash as follows:

From James Allan, on account, $20.

From James Lloyd for sale of Oct. 4, $30.

From Louis Kaplan, on account, $20.

Clarence Munsey returned the $5 he borrowed from the Petty Cash Fund on Nov. 3. (The $5 is to be deposited on Monday with the other cash received today, and is not to be returned to the Petty Cash Fund. Where is the entry to be made?)

Mon., Nov. 24

Received checks as follows:

From Francis G. Barry, in full of account, $10.20.
From Watkin A. Davis, in full of account, $10.35.
From Michael Lonzo, on account, $20.

Tues., Nov. 25

Issued credit #A9 to John P. Doyle for the return of the sale of Nov. 22, $50, tax $1, $51.

Charge sale #1-45 to John P. Doyle, $80, tax $1.60, $81.60.

Received 60¢ in stamps from James Lloyd to balance his account. (Where is the entry to be made?)

Paid (voucher #25) $4.50 to Mr. Rice for his personal use.

Wed., Nov. 26

Borrowed $500 from Mack Gordon to be repaid early in January. Deposit this check today.

Gave $25 as a contribution to the Community Chest.

Paid Peter Carter $10 for dressing the show window. (Charge this to advertising.)

Sales for cash, $217.40; tax $4.35; cash short 10¢.

Thurs., Nov. 27

Thanksgiving Day.

Fri., Nov. 28

Bought merchandise from the Corbett Radio Corp., 2/10 E.O.M., $380.

Paid (voucher #26) $1.43 for sundry expenses.

Sat., Nov. 29

The check for $20 received from Michael Lonzo on Nov. 24 was returned by the bank marked "insufficient funds". (Where is the entry to be made for this transaction? Why?)

Charge sale #1-46 to James Lloyd for the difference between the radio he returned which was sold to him on Nov. 19 and the one taken by him today which was sold for $29.95 plus tax of 2%.

Paid $50 to the Essex Cash Register Co.

Received $20 from Louis Kaplan to apply on account.

Sales for cash, $285.68; tax $5.72.

Drew check for weekly payroll and drawing.

Replenish the Petty Cash Fund and draw the necessary check.

Follow the usual procedure in closing the journals and preparing the trial balance.

Mon., Dec. 1

Received the following statement from the bank:

BANK STATEMENT

	Paid Out				*Deposits*	
Nov. 1	40.00	119.20		Nov. 1	Balance	1,688.38
3	24.50	50.00		1		559.50
4	35.84	5.14	4.50	3		252.45
6	28.45			5		20.50
8	300.00	119.20		6		172.71
10	389.22	281.07	8.00	7		20.29
12	334.92			10		614.16
15	75.00	265.74	119.20	12		15.29
17	7.75	19.76	100.00CC	13		188.21
18	15.00	350.80	192.57	17		375.41
19	2.00	3.36		20		264.57
22	70.00	119.20		21		40.00
28	2.75DM			24		342.29
29	20.00DM	119.20	30.93	25		40.55
				26		500.00
				28		221.75
				29	Balance	2,062.76

Note: The DM of Nov. 28 represents a bank charge—General Expense. That of Nov. 29 is the check of Michael Lonzo.

Redeposited (with the receipts of Saturday) the check of Michael Lonzo that was returned by the bank on Nov. 29.

Received an allowance of $25 from the Paramount Radio Co. for advertising their radios.

Tues., Dec. 2

Charge sale #1-47 to Mrs. M. A. Carroll, $19.95, tax 40¢, $20.35; radio to be delivered to Miss Gertrude L. Edwards, 566 Madison Ave., City.

Bought merchandise from Albert & Dunham, 2/10 E.O.M., $296.81.

Received a money order for $33.04 from James Allan for the balance due on the sales of Oct. 7 and 28.

Wed., Dec. 3

Paid (voucher #27) $3.60 for stationery and supplies.

Sent a check to the Mason Protectograph Co. as the first payment on the checkwriter, $15.

Sales for cash, $178.40; tax $3.57.

Thurs., Dec. 4

Bought merchandise from the Hudson Radio Co., N/30, $374.45.

Paid (voucher #28) 85¢ for carfares and miscellaneous expenses.

Fri., Dec. 5

Charge sale #1-48 to H. W. Evans, $25, tax 50¢, $25.50.

Bought merchandise from:

A & R Radio Corp., 2/10, $456.07.

Capitol Radio Co., 2/15 prox., $163.59.

Sat., Dec. 6

Charge sale #1-49 to E. D. Carr, $15.

Returned damaged merchandise amounting to $36 to Albert & Dunham on invoice of Dec. 2.

Sales for cash, $282.75; tax $5.66; cash over 50¢.

Drew check for weekly drawing and payroll.

Received the following checks:

From E. D. Carr, on account, $20.

From Louis Kaplan for balance on sale of Oct. 2, $16.50.

Mon., Dec. 8

Charge sale #1-50 to Joseph O'Toole, $40, tax 80¢, $40.80; the radio is to be delivered to Morton G. Steele, 200 Park Ave., City.

Issued credit #A10 to H. W. Evans for the return of the sale of Dec. 5.

Paid (voucher #29) $1.16 for sundry expenses.

Tues., Dec. 9

Bought merchandise from the Paramount Radio Co., N/30, $277.24.

Paid $85 to the Royal Publishing Co. for an advertisement in Sunday's paper.

Wed., Dec. 10

Charge sale #2-1 to John P. Doyle, $2, tax 4¢, $2.04.

Sent out the following checks:

Albert & Dunham for invoice due today.

Corbett Radio Corp. for invoice due today (less return).

Oxford Realty Co. for Dec. rent.

N. Y. Electric Co. for Nov. services, $22.38.

Bell Telephone Co., Dec. bill, $8.62.

Unity Towel Service, Nov. bill, $2.

Frank's Express Co., Nov. bill for delivery of merchandise from the freight depot, $9.30.

Thurs., Dec. 11

Bought merchandise from the A & R Radio Corp., 2/10, $114.37.

Returned damaged merchandise amounting to $76.70 to the Hudson Radio Co. on invoice of Dec. 4.

Paid the following invoices due today: Acme Radio & Supply Co. and Phenix Radio Co.

Sales for cash, $196.10; tax $3.92; cash short $1.

Fri., Dec. 12

Charge sale #2-2 to Morgan L. Watkins, $70, tax $1.40, $71.40.

Received cash from Dan Rosenberg to apply on account, $25.

Paid (voucher #30) $5.20 for stamps and post cards.

Sat., Dec. 13

Loaned (voucher #31) $10 to Henry G. Barton, salesclerk.

Sales for cash, $286.30; tax $5.73.

Drew check for weekly payroll and drawing.

Received cash from the following to apply on account:

From Miss Ruth Thomas, $25.

From Miss Margaret Malloy, $10.

Mon., Dec. 15

Charge sale #2-3 to James Allan, $19.95, tax 40¢, $20.35.

Issued credit #A11 to Morgan L. Watkins for $2, tax 4¢, $2.04, as an allowance on the sale of Dec. 12.

Paid the A & R Radio Corp. for the invoice of Dec. 5, and the Capitol Radio Co., Inc., for the invoice of Nov. 5.

Tues., Dec. 16

Charge sale #2-4 to H. W. Evans, $25, 50¢, $25.50.

Paid (voucher #32) $8.50 to Phil Weller for delivery of merchandise to customers to date.

Wed., Dec. 17

Received a $20 allowance from the A & R Radio Corp. on the invoice of Dec. 11.

Paid $16.85 to the Central Railroad Co. for Nov. freight bill.

Sales for cash, $245.95; tax $4.82; cash over, $5.

Thurs., Dec. 18

Charge sale #2-5 to Miss Ruth Thomas, 75¢, tax 2¢, 77¢.

Bought merchandise from the Trylon Radio Co., 2/10 as Jan. 1, $266.19.

Check of Miss Margaret Malloy received Dec. 13, returned by the bank marked "insufficient funds".

Fri., Dec. 19

Charge sale #2-6 to Louis Kaplan, $10, 20¢, $10.20.

Mr. Rice had put $5 in the cash register on Dec. 17 when a $5 bill was needed, so that cash was not $5 over on that day. Make the necessary entry.

Paid (voucher #33) $3 supper money to clerks for working late.

The check of Miss Margaret Malloy returned by the bank yesterday is to be redeposited today in accordance with her instructions.

Sat., Dec. 20

Charge sale #2-7 to Morgan L. Watkins, $9.95, tax 20¢, $10.15.

Received $20 from Miss Margaret Malloy to apply on account.

Sent check for $525 to the Paramount Radio Co. for the balance due on the invoice of Nov. 20.

Paid (voucher #34) $8 (less 1%) each to Gerald Delaney and Thomas Kurk for their services yesterday and today. Enter the net amount in the petty cash journal. Record the Old-Age Pension Deducted in the general journal. (What entry should be made in the general journal? What account other than the Old-Age Deducted account is involved in this transaction?)

Sales for cash, $353.80; tax $7.08.

Drew check for weekly drawing and payroll. The payroll is to be increased for overtime work as follows: Sam Rivers, $5, and Henry G. Barton, $4. Note that 1% is to be deducted from the total payroll.

Mon., Dec. 22

Charge sale #2-8 to H. W. Evans, $30, tax 60¢, $30.60.

Bought merchandise from the Acme Radio & Supply Co., 2/10, $175.

Received $20 from Miss Ruth Thomas, on account.

Paid A & R Radio Corp. for invoice of Dec. 11, less return.

Tues., Dec. 23

Issued credit #A12 to Louis Kaplan for the return of the merchandise sold to him on Dec. 19.

Wed., Dec. 24

Bought merchandise from the A & R Radio Corp., 2/10, $35.50.

Received $25.75 from John P. Doyle to cover the balance due on the sale of Sept. 24 and for the sale of Oct. 11.

Received a letter from the Paramount Radio Co. in which they stated that the balance due on their invoice of Nov. 20 was

overpaid $2 in the remittance sent Dec. 20 and that the excess payment should be applied against their invoice of Dec. 9.

Sales for cash, $296.20; tax $5.93.

Thurs., Dec. 25

Christmas Day.

Fri., Dec. 26

Paid $35 to the Royal Publishing Co. for an advertisement in last Sunday's edition of their paper.

Paid (voucher #35) $2 to Mr. Rice to be charged against his drawing account.

Received $50 from Alfred G. Rice for the balance of the loan made to him on Sept. 14.

Sat., Dec. 27

Sales for cash, $131.25; tax $2.63.

Drew check for weekly payroll and drawing.

Mon., Dec. 29

Received credit from the A & R Radio Corp. for the return of all the merchandise on the invoice of Dec. 24.

Paid $20 to the Maxwell Trading Co. for Xmas gifts to be given to the employees.

Sent a certified check for $50 to the Essex Cash Register Co.

Tues., Dec. 30

Received the following checks:

From Joseph O'Toole, on account, $15.

From Joseph Lloyd, in full of account, $19. (Notify Mr. Lloyd of the error made.)

From James Lloyd for the sale of Nov. 19, $20.35.

Wed., Dec. 31

Bought merchandise from Albert & Dunham, 2/10 E.O.M., $5.

Sales for cash, $97.41, tax, $1.95.

Replenish the Petty Cash Fund.

Follow the usual procedure in closing the journals and preparing the trial balance.

The following statement was received from the bank (on Jan. 2):

Wed., Dec. 31

BANK STATEMENT

	Paid Out				*Deposits*	
Dec. 2	25.00			Dec. 1	Balance	2,062.76
4	50.00			1		331.40
6	119.20			3		33.04
8	15.00			4		181.97
12	85.00			8		324.91
13	119.20			12		200.02
15	75.00	178.28	8.62	13		25.00
16	9.30	22.38	2.00	15		327.03
17	310.74	353.83		18		250.77
18	446.95	293.60		20		10.00
20	356.49	10.00DM	128.11	22		380.88
22	16.85			23		20.00
24	525.00			26		327.88
27	119.20			27		50.00
29	2.50DM	50.00CC		29		133.88
31	50.15			31		54.35
				31	Balance	1,341.49

Note: Check #99 issued to the Essex Cash Register is not among the returned vouchers.

The DM of Dec. 20 is the check of Miss Malloy; the DM of Dec. 30 is a bank charge—General Expense.

INDEX

INDEX

A

Page

Account 38, 220
accounts payable 60, 223
accounts receivable 127, 220
advertising 227
asset 220
bad debt 227
bank 245
capital 224
cash 60, 220
cash short and over 205, 225
commission 244
creditors' 223
customers' 220
delivery expense 227
discount on purchases 60, 225
discount on sales 227
delivery equipment 221
drawing 225
equipment 221
exchange 241
expense 226
freight-in 221
furniture and fixtures 221
general expense 227
income 225
insurance 227
interest cost 227
liability 223
light and heat 227
loan and exchange 240
merchandise 220
merchandise inventory 220
merchandise purchases 221
merchandise sales 225
payroll 227
personal 225
petty cash fund 277
proprietor's 224
purchases 39, 221
purchase discount 60, 225
purchases returns and allowances. 221
rent 227
salaries 227
sales 114, 225
sales discount 227
sales returns and allowances 225
store and office supplies 227
taxes 227
telephone and telegraph 227
traveling 227
Account classification 220
Accounts, forwarding 295
Accounts payable ledger 298
Accounts receivable ledger 297
Accounts, uncollectible 285

Page

Addition lines 27
Addition of checkbook 217
Advanced dating 22
Allowance 43
Asset 220
Asset accounts 220
Audit-strip 195

B

Back order 8
Bad debt 227
Balancing accounts 296
Balancing the cashbook 256
Balancing the checkbook 218
Bank account, use of more than one .. 245
Bank columns in cashbook 245
Bank deposits 212
Bank draft 215
Bank reconciliation statement 254, 258
Bank statement 254, 255
Bearer check 215
Bill 14
Blank check 215
Blank indorsement 216
Bookkeeping, double-entry 64
Bookkeeping equation 224
Business 1
Business transaction 2

C

Capital 224, 233
Capital accounts 225
Cash 220
Cash account 60, 133, 220
Cashbook 130, 239, 246-249
Cash discount 23
Cash drawer 201
Cash investment 282
Cash journal 246-249
Cash payments journal 57, 237
Cash payments journal, special columns 247, 249, 250
Cash payments, recording miscellaneous 227
Cash receipts journal 124, 132, 232
Cash receipts journal, special columns 246, 248, 250
Cash receipts, recording miscellaneous 233
Cash recording cycle 2, 187
Cash register 188
Cash register reports 203, 207
Cash sale record on cash register 203
Cash sales 132, 190, 231, 279
Cash short or over 205, 231

Page

Cash short or over account..... 225
Certified check 215, 256
Change bag 200
Charge 114
Charge sale record on cash register... 205
Charge sale 102, 191
Check 52, 53, 215
Checkbook 215
addition of 217
balancing 218
Checking errors in trial balance..... 139
Checking invoices 15
Checking statements from creditors. 68
Checking postings for errors..... 138
Check signatures 54, 56
Checks 52, 53, 215
bearer 215
blank 215
certified 215
counter 215
voucher 55
Checks, points to remember about.... 217
Checks exchanged 241
Checks, how to write..... 52
Checks of customers returned by bank 242
Checks spoiled 54
Classification of accounts..... 220
Code 98
C.O.D. sales 102, 132
shipments 136
Collections 124
Commission account 244
Corrected invoice 44, 45
Correction of errors.....140, 143
Counter check 215
Counterfeit money 214
Counters, transaction 198
Credit 38, 103
Credit memorandum 43, 117, 256
Creditor 25
Creditors' ledger 298
Credit sale 102
Creditors, statements from..... 68
Cross reference marks..... ....66, 127
Customers' checks returned by bank. 242
Customers' ledger 297
Customers' monthly statement 147
Customer's order blank 102

D

Daily cash register report..... 203
Daily memorandum record 28
Daily summary register report..... 207
Dating, advanced 22
Day's procedure on cash register..... 200
Debit 38
Debit memorandum 256
Delivery equipment 221
Departments of a retail business..... 2
Deposit 212, 233

Page

Deposit not recorded by bank..... 260
Deposit slip 213
Detailed audit-strip 195
Discount, cash 23
trade 29
Discount on purchases 60, 225
Discount on sales 227
Double-entry bookkeeping..... 64
Drawee 215
Drawer 215
Drawer, cash 201
Drawing account 225
Dual nature of a business transaction 221, 223
Due date finding 22
Due date recording 25, 29
Dunning letters 124

E

Entry, original 140
subsequent 140
E.O.M. terms 23
Equation, fundamental bookkeeping . 224
Equipment 221, 233, 238
Equivalent rates on cost and selling price 99
Errors, correction of 143
Errors in trial balance..... 138
locating 139
Exchange account 241
Exchanged checks 241
Expense 226, 233, 238
Expense accounts 227
Expense prepaid 226
Expense services 226
Expense supplies 226
Extensions 16

F

Filing 33
Finding due date..... 22
Folio 38
Forwarding accounts 295
Freight-in 221
Full indorsement 216
Fundamental bookkeeping equation... 224
Furniture and fixtures..... 221

G

General expense account..... 227
General journal 281
General ledger 296

I

Imprest fund 274
Imprint on invoices.....15, 45
Income 225

Page

Income accounts 225
Indorsements 215
  blank 216
  full or special 216
  restrictive 217
Insurance account 227
Interest cost account 227
Inventory of merchandise 220, 290
Investment 282, 283
Invoice 14, 31
Invoice checking by bookkeeper 16
  by buyer 16
  by receiving clerk 16
Invoice, rubber stamp imprint on ... 15, 45
Invoice terms 22

J

Journal 25
  cash 246-249
  cash payments 57
  cash receipts 124, 132
  general 281
  petty cash 274
  purchases 25
  purchases returns and allowances. 44
  sales 110, 111
  sales returns and allowances 120
Journals, types of 130

K

Key arrangement on cash register ... 189
Kind of indorsements 216, 217

L

Ledger 38
Ledger errors corrected 143
Ledger folio 39
Ledger for creditors 298
Ledger for customers 297
Ledger, general 296
Ledger rulings 38, 128, 129
Ledger, three-column 128, 129
Ledgers, types of 129
Liability 223
Liability accounts 223
Loan account 240
Loan and exchange account 240
Locating errors in trial balance 139
Loose-leaf books 129

M

Marking off amounts 66, 127
Marking ticket 98
Markup 99
Memorandum, credit 43
Merchandise 220
Merchandise inventory 220

Page

Merchandise purchases 221
Merchandise sales 114, 225
Money in drawer 203
Monthly statement 68, 147
Motor bar 190
Multi-column cashbook 246-249

N

Net cash 24
Net worth 224
N. G. checks 242
No sale key 195

O

Order, back 8
Order, purchase 7, 11
Old-age tax 293
Old-age pension deducted 293
Original entry 140
Outline of topics .....
  cash recording cycle 187
  purchases recording cycle 3
  sales recording cycle 97
Outstanding checks 258, 259
Overpayment by a customer 244
Overpayment to a creditor 245
Owner's drawing account 225

P

Paid outs 194
Payee 215
Pencil-footing 26
Percentage rates on gross profit 99
Personal account 225
Petty cash fund 274
Petty cash fund account 277
Petty cash journal 274, 275
Petty cash payments 276
Petty cash voucher 276
Points to remember about checks 217
Posting 39
Posting from the cash payments
  journal 60, 239
  cash receipts journal 126, 234
  general journal 287
  petty cash journal 277
  purchases journal 38, 39
  purchases returns and allowances
    journal 49
  sales journal 113
  sales returns and allowances jour
    nal 121
Post-marks 39
Prepaid expenses 226
Pricing merchandise 98
Profit chart 99
Proof of cash 261

Page

Proprietor, sales to 284
Prox. terms 24
Purchase invoice 14
Purchase order 7, 11
Purchase requisition 4, 5
Purchases account 39
Purchases journal 25
Purchases recording cycle.....2, 3
Purchases returns and allowances journal 44

R

Read and reset lever..... 198
Reading the register 198
Receipts 109, 190
Receiving clerk 10, 11, 16
Receiving record 10
Receiving ticket 118
Reconciliation statement 254
Record, daily memorandum 28
Recording cash received on account (on register) 193
Recording cash sales (on register)... 190
Recording charge sales (on register). 191
Recording due dates 25, 29
Recording "paid outs" (on register) 194
Record, receiving 10
Record, stock 4
Register 188, 189
Register reading 198
Register records 203
Register resetting 199
Release lever 190
Requisition 4, 5
Resetting the register..... 199
Restrictive indorsement 217
R.O.G. terms 24
Rubber stamp imprint on invoices.15, 45
Ruling 27, 111
Ruling of ledger 38, 128, 129

S

Salaries account 227
Sales book 107
Sales, C.O.D. 102
Sales discount 227
Sales income 225
Sales journal 110, 111
Sales journal showing daily totals... 111
Salesmen's commissions 244
Sales on account 102
Sales on credit 102
Sales recording cycle 2, 97
Sales records 289
Sales returns and allowances 120
Sales slip 106, 193

Page

Sales summary 289
Sales tax 292
Sales ticket 106
Sales to proprietor 284
Services (expenses) 226
Shortage 11
Signature on checks 54, 56
Slow accounts 124
Special columns in cash payments journal 247, 249, 250
Special columns in cash receipts journal 246, 248, 250
Special indorsement 216
Statement, bank 254, 255
Statement of account 68, 147
Stock record 4
Store and office supplies account..... 227
Subsequent entry 140
Summaries of postings from the journals 144
Supplies (expense) 226

T

Taking a trial balance.....64, 138
Tally of sales slips..... 107
Tape (cash register)..... 195
Tax, old-age pension 293
Tax, sales 292
Tax account 227
Terms, E.O.M. 23
miscellaneous 22, 23, 24
prox. 24
R.O.G. 24
Three-column ledger 128, 129
Trade discount 29
Transaction counters 198
Transactions, business 2
Transactions, dual nature of.....221, 223
Trial balance errors 139
Trial balance 64, 138
of balances 65
of totals 65
Types of ledgers and journals...129, 130

U

Uncollectible accounts 285
Undershipment 11

V

Voided checks 54
Voucher 55, 254
Voucher check 55
Voucher for petty cash..... 276

W

Writing checks 52