

Accounting I
Chapter 10
JOURNALIZING SALES AND CASH RECEIPTS
USING SPECIAL JOURNALS

Review/Preview: Review Chapter 9 Assessment

Assign Students to Read Ch. 10 (p. 252-288) and complete the terms p. 268 (*Students may hand-write them on handout or do on word processor*)

Discuss Section 10-1: Journalizing Sales on Account
Using a Sales Journal

Customer: A person or business or business to whom merchandise or services are sold.

Sales Tax: A tax on the sale of merchandise or services.

Figured as a percentage of sales. It is a liability until paid to the government.

Review Integrity-p. 270

Review Advantages/Disadvantages of a Corporation-p. 271

Sale of Merchandise may be
for Cash
on account

Revenue from sales is recorded at the time of the sale regardless of when payment is received (Realization of Revenue concept)

Cash Sale: A sale in which cash is received for the total amount of the sale at the time of the transaction

Credit Card Sale: A sale in which a credit card is used for the total amount of the sale at the time of the transaction.

Sales on Account: A sale for which cash will be received at a later date.

Sales Invoice: An invoice used as a source document for recording a sale on account.

Sales Journal: a special journal used to record only sales on account.

Accounts Receivable: general ledger account that summarizes the total due from all charge custom

All sales are recorded at the time the sale is made regardless of when payment is received (Realization n of Revenue Concept)

Accounts Receivable

Bal		
+		-

******Transaction 1: sold merchandise on account******

D-Accounts Receivable (for total \$)

C-Sales (for amount of sale)

C-Sales Tax Payable (for amount of sales tax)

At the end of each month, total, prove and rule the sales journal.

Practice: Complete WT/OYO 10-1 p. 275

**Discuss Section 10-2: Journalizing Cash Receipts
Using a Cash Receipts Journal**

Cash Sale: A sale in which cash is received for the total amount at the time of the sale.

Credit Card Sale: A sale in which a credit card is used for the total amount of the sale at the time of the transaction

Point-of-Sale Terminal: A computer used to collect, store, and report all the information of a sales transaction.

Terminal summary: A report that summarizes the cash and credit card sales of a point-of-sale terminal. Used as source document for recording cash sales. (Objective Evidence)

Provides a variety of informational reports (see p. 276)/sample on p. 277

Batch Report: a report of credit card sales produced by a point-of-sale terminal

Batching out: the process of preparing a batch report of credit card sales from a point-of-sale terminal

Cash Receipts Journal: a special journal used to record only cash receipts transactions.

Sales Discount: A cash discount on sales taken by a customer

*****Transaction #2: Recorded Cash and Credit Card sales*****

D-Cash (for total cash received)

C-Sales (for amount of sale)

C-Sales Tax Payable (for amount of sales tax)

--the terminal summary is the source document for weekly cash and credit card sales

--most businesses perform at end of each day

--sales tax payable is a liability because the business owes this amount to the state government

*****Transaction #3: Received Cash on Account*****

D-Cash

C-Accounts Receivable

Calculating a Cash Receipts on Account with a Sales Discount:

2/10, n/30—2 percent discount if paid within 10 days, balance due in 30 days

Sales Invoice Amount X Sales Discount Rate = Sales Discount

D-Cash (for amount of sale-discount)

D-Sales Discount (for amount of discount)

C-Accounts Receivable (for amount of sale)

Total Prove and Rule the Journal

Total Debits = Total Credits

Prove Cash at end of Month

Cash on hand at beginning of month

Plus total cash received during month (cash debit total)

Equals Total

Minus total cash paid during month (cash credit total)

Equals checkbook balance on next unused check stub

Practice: Complete WT/OYO p. 284

**Discuss Section 10-3: Recording Transactions
Using a General Journal**

Sales Returns and Allowances:

Sales Return: credit allowed a customer for the sales price of returned merchandise, resulting in a decrease in accounts receivable

Sales Allowance: credit allowed a customer for part of a sales price

for merchandise that is not returned

Credit Memorandum: a form prepared showing the amount deducted for returns and allowances (source document for recording sales returns and allowances)

Sales Returns and Allowances Account—debit balance/contra account to sales

*****Transaction # 4: Granted credit for merchandise returned*****

D-Sales Returns and Allowances (for merchandise returned)

D-Sales Tax Payable (for tax on merchandise returned)

C-Accounts Receivable (for total)

Practice: Complete WT/OYO 10-3 p. 287

Review: Complete Applications 10-1, 10-2, 10-3, 10-4;
complete Study Guide 10

Reinforcement: complete Application 10-5 Challenge Problem

Evaluate: Quiz 10