Unit 2: Accounting for a Merchandise Business Organized as a Corporation

Chapter 10- Journalizing Sales and Cash Receipts using Special Journals

10-2 Journalizing Cash Receipts using a Cash Receipts Journal

**Processing Sales Transactions (p. 276):**  
Many merchandising companies sell its merchandise for cash. A sale in which cash is received (debit cash) for the total amount of the sale (credit) and sales tax payable (credit) at the time of the transaction is called a \_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_. A sale in which a credit card is used for the total amount of the sale is called a \_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_.

Small businesses use a traditional cash register to \_\_\_\_\_\_\_\_\_\_\_ sales transactions. At the end of each day, a summary report is printed indicating the total of \_\_\_\_\_\_\_\_ and \_\_\_\_\_\_\_\_\_ \_\_\_\_. This summary report (see page 277 for different examples of these summary reports) and is adequate to record the \_\_\_\_\_\_\_ transaction, it does **NOT** provide this information:   
1) \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

2) \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ and

3) \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  
  
Newer cash registers/computers collect, store and report all of the information of a sales transaction is called a \_\_\_\_\_\_\_

\_\_ \_\_\_\_\_\_\_\_\_ (\_\_\_) \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_. These computers also prepare a summary report which summarizes the \_\_\_\_\_\_ and \_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_ which is called a \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_. The terminal summary is then used as a source document to record sales in our \_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_ [Concept: \_\_\_\_\_\_\_\_\_\_\_

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_]. This \_\_ \_\_ \_\_ system can help management make decisions such as:  
1) \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

2) \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ and

3) \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**Processing Credit Cards (p. 278):**

A report of credit card sales produced by a point-of-sale terminal is called a \_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_. We record these transactions on the date the \_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_.

**Cash Receipts Journal (p. 278):**

Because of the number of cash transactions a business has, they may find it more efficient and effective to use a \_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_ to record these transactions.

To encourage early \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, a business may allow customers who purchase merchandise on account to take a deduction from the invoice amount. A \_\_\_\_\_\_ discount taken by customers is called a \_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_. When this occurs the amount received from the customer is \_\_\_\_\_\_ than the invoice amount previously recorded. This discount \_\_\_\_\_\_\_\_\_ the amount the business receives on sales on account. Cash receipts that do not \_\_\_\_\_\_\_\_\_\_ often are recorded in the \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_.

**Cash and Credit Card Sales (p. 279):**

Terminals combine cash and credit card sales in their \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_. The total is then recorded as a \_\_\_\_\_\_\_\_\_\_\_\_

cash \_\_\_\_\_\_\_\_ transaction. The terminal summary assigns the summary a \_\_\_\_\_\_\_\_\_\_\_\_ #. This summary is then used as the \_\_\_\_\_\_\_\_\_\_\_ document to record the cash and credit card sales \_\_\_\_\_\_\_\_\_\_\_\_\_\_. \_\_\_\_\_\_\_\_\_ are also totaled at the end of the month in order to \_\_\_\_\_\_\_\_\_\_\_\_ monthly sales.

Cash has a normal \_\_\_\_\_\_\_\_ balance, and is \_\_\_\_\_\_\_\_\_\_\_ for the \_\_\_\_\_\_\_\_ sales and sales tax to show the increase in this \_\_\_\_\_\_\_\_\_\_account.

Sales has a normal \_\_\_\_\_\_\_\_\_ balance, sales is \_\_\_\_\_\_\_\_\_\_\_\_\_\_ for the \_\_\_\_\_\_ price of all goods sold to show the increase in this \_\_\_\_\_\_\_\_\_\_ account.

Sales tax payable has a normal \_\_\_\_\_\_\_\_\_ balance, sales tax payable is \_\_\_\_\_\_\_\_\_\_\_\_\_\_ for the \_\_\_\_\_\_ sales tax to show the increase in this \_\_\_\_\_\_\_\_\_\_\_\_ account.

**Cash Receipts on Account (p. 280):**

When a business receives cash \_\_ \_\_\_\_\_\_\_\_\_\_\_ from a customer, a prenumbered \_\_\_\_\_\_\_\_\_\_ is prepared. The copy of the receipt is used as the \_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ for cash receipt on account transaction. A cash receipt on account transaction \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ future amounts to be collected from a customer. This transaction \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ the cash account balance and \_\_\_\_\_\_\_\_\_\_\_\_\_\_ the account receivable account balance. Cash is \_\_\_\_\_\_\_\_\_\_\_ for the amount of cash received to show the \_\_\_\_\_\_\_\_\_\_\_\_ in this asset account, accounts receivable is \_\_\_\_\_\_\_\_\_\_\_ in this to show the \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ in this asset account.

**Calculating Cash Receipts on Account with Sales Discount (p. 281):**

To encourage early payment for a sale \_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, a \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ on the invoice amount may be allowed. This is known as a \_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_ and is also called a \_\_\_\_\_ \_\_\_\_\_\_\_\_\_. When a sales discount is taken, a customers pays \_\_\_\_\_\_ cash than the invoice amount previously recorded in the sales account.

Terms of a discount can be stated as \_\_/\_\_\_\_, n/\_\_\_. When a customer pays the amount owed within \_\_ days, the sales invoice is reduced \_\_%, otherwise the \_\_\_\_ amount is due within \_\_\_ days. The discount amount is calculated as follows:

Sales invoice amount x Sales Discount Rate = \_\_\_\_\_\_\_\_\_\_\_\_\_  
  
**Journalizing Cash Receipts on Account with Sales Discount (p. 282):**

\_\_\_\_\_\_ discounts are recorded in a general ledger account \_\_\_\_\_\_ Discount. Since sales \_\_\_\_\_\_ decreases sales, sales discount is a \_\_\_\_\_\_ account to sales. A business could debit \_\_\_\_\_\_ for the amount of the discount, however, \_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_ is provided if these amounts are \_\_\_\_\_\_\_\_\_\_ to sales discount. If a discount is not taken, the journal entry then is to \_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_ and \_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_.

The procedure for totaling, proving and \_\_\_\_\_\_\_\_\_\_\_ a cash receipts journal is shown in bold at the top of page 283 and is the same procedure as we have previously used. The proof that we are in balance is shown below:

Debit Credit  
 Column Title Totals Totals  
 General Debit   
 General Credit

Accounts Receivable Credit

Sales Credit

Sales Tax Payable Credit

Sales Discount Debit   
 Cash Debit \_\_\_\_\_\_\_ \_\_\_\_\_\_\_  
 Totals $\_\_\_\_\_\_ $\_\_\_\_\_\_

**Proving Cash at the End of a Month (p. 283):**

After the cash receipts journal is proved at the end of each month, cash is proved. IF the balance on the next unused check stub is the \_\_\_\_\_\_\_\_\_\_\_ as the cash proof, cash is proved.

Cash Proof:

Cash on hand at the beginning of the month $ \_\_\_\_\_\_\_\_\_\_  
 (this # comes from the balance from the general ledger cash account)

***PLUS*** total cash received during the month \_\_\_\_\_\_\_\_\_\_\_  
 (this # comes from the cash debit column total from the cash receipts journal)

***LESS*** total cash paid during the month \_\_\_\_\_\_\_\_\_\_\_

(this # comes from the cash credit column total from the cash payments journal)

*EQUALS* cash balance on hand at the end of the month $\_\_\_\_\_\_\_\_\_\_\_

**Assignments:  
1) Do Work Together 10 – 2 on page 284.  
2) Do application problem 10 – 1 on page 289.**