**GUIDED READING – CHAPTER 10**

***JOURNALIZING SALES AND CASH RECEIPTS USING SPECIAL JOURNALS***

10-1 Journalizing Sales on Account Using a Sales Journal

*Sales Tax*

* \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ and \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ of merchandise are the two major activities of a merchandising business.
* What is sales tax?
* Every business collecting a sales tax needs two things:

*Sales of Merchandise on Account*

* A sale of merchandise may be \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ or \_\_\_\_\_\_\_\_\_\_\_\_.
* What is the accounting concept Realization of Revenue?
* A sale on account is also referred to as a \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.
* When merchandise is sold account and sales tax is collected, which account is affected and is it increased or decreased?

*Sales Journal, Sales Invoice, Sale on Account, Proving a Sales Journal*

* Sales Journal is used to record only sales of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.
* What three special amount columns are on the sales journal and what do they allow to happen for each transaction?
* What form is prepared when merchandise is sold on account and what does it describe?
* How is the concept of Objective Evidence used in sales on account?
* How is Sales Tax calculated and added to the Total Amount? (pg. 272)
* When journalizing the Sale on Account (pg. 273), list the amount that goes in each special amount column: *\*Hint: Not the $$ amount the words.*
	+ Accounts Receivable Debit: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
	+ Sales Credit: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
	+ Sales Tax Payable Credit: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
* At the end of each month the Sales Journal is totaled, ruled, and proved. Proving a sales journal is similar the cash payments journal. (pg. 274)

10-2 Journalizing Cash Receipts Using a Cash Receipts Journals

*Processing Sales Transactions and Credit Cards*

* What are the two types of receipts a business may use depending on whether they use a cash register or computer?
* What does POS and UPC stand for?
* What are 3 purposes of the POS system?
* Look at the 4 types of receipts/source documents on page 277. What is the purpose for each source document?

* + Cash Register Receipt:
	+ Terminal Summary:
	+ POS Receipt:
	+ Batch Report:
* A special journal to record only cash receipt transactions is \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.

*Cash and Credit Card Sales*

* The total of the terminal summary is recorded as \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_. At the end of each week, transactions are batched out and printed on a terminal summary. This is used as a \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ for weekly cash and credit card sales transactions. Using the terminal summary is an application of the accounting concept \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.
* Sales are also totaled at the end of each month to \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_. Most businesses perform the sales journal tasks at the end of every business day.

* How are cash and credit card sales recorded in the cash receipts journals? What goes in each column?
	+ Account Title:
	+ Post. Ref.:
	+ Sales Credit:
	+ Sales Tax Payable Credit:
	+ Cash Debit:

*Cash Receipts on Account and On Account with Sales Discount*

* All cash receipts are recorded in a cash receipts journal. Most cash receipts are for two reasons:
* What goes in each column for a Cash Receipts Sale on Account?
	+ Account Title:
	+ Accounts Receivable Credit:
	+ Cash Debit:
* To encourage prompt payment, businesses give credit terms of 2/10 or n/30. This means, when a customer pays the \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_. Otherwise, the full/net amount is due \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.
* How do you calculate the sales discount for early payment terms? (pg. 281)
* Where are sales discounts recorded?
* How is sales discount a contra account?
* What goes in each column for a Cash Receipts Sale on Account?
	+ Account Title:
	+ Accounts Receivable Credit:
	+ Sales Discount Debit:
	+ Cash Debit:

10-3 Recording Transactions Using a General Journals

*Credit Memorandum for Sales Returns and Allowances*

* Most merchandising businesses expect to have merchandise returned. They may receive credit on account or a cash refund.
* What account is sales returns and allowances a contra account for?
* A cash refund results in a \_\_\_\_\_\_\_\_\_\_\_ in the vendor’s accounts receivable, called a \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.
* Credit on account/allowed to a customer results in a \_\_\_\_\_\_\_\_\_\_\_\_\_ in the vendor’s accounts receivable, called a \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.
* What form is prepared to show the amount deducted for returns and allowances? (look at the document on page 285)

*Journalizing Sales Returns and Allowances*

* What two accounts are debited?

* What account is credited?
* The document number is only recorded on the first debited line.

* The post reference column beside the credited account is recorded as a \_\_.