

**Using the Accounting Journals**

Your company, Gotham Hardware, sells the following two products which they order from VEC Trading:

1. **Eco Friendly Paint Kit (#GH1001)** 2. **Trade Fair Booth Construction Kit (#GH1002)**

Wholesale Cost: $67.50 Wholesale Cost: $90

Sales Price: $150 Sales Price: $200

You charge $15 shipping per item and collect sales tax of 7%.

**PART 1:** To start up your business, you have applied for and received a loan in the amount of $100,000.

|  |  |  |
| --- | --- | --- |
| October 1 | Receipt of Loan | Amount Received: $100,000 |

\*Record this transaction in the **Cash Journal**

**PART 2:** There are some monthly expenses that we must pay in order to operate our business.

The Accounts Payable Manager has made the following payments:

|  |  |  |  |
| --- | --- | --- | --- |
| October 1 | Rent | VEC Realty | Cost: $1,438 |
| October 1 | Utilities | VEC Utilities | Cost: $593.75 |

\*Record transactions in the **Cash Journal**

**PART 3:** Gotham Hardware orders the following from VEC Trading and receives an invoice:

|  |  |  |  |
| --- | --- | --- | --- |
| October 1 | 5 Eco Friendly Paint Kits | 5 Trade Fair Booth Construction Kits | Invoice Total: $787.50 |

\*Record transaction in the **Inventory Record** and **Purchases Journal/Accounts Payable Record.**

**PART 4:** Now that we have some inventory, we can begin to do business.

Gotham Hardware makes the following sales and Sales & Marketing creates and sends an Invoice to each customer.

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Date** | **Invoice #** | **Customer** | **Firm** | **Items Purchased** | **Subtotal** | **Sales Tax** | **Shipping** | **TOTAL** |
| Oct 2 | 1001 | James Taylor | Bon Voyage Travel | 1 Eco Friendly Paint Kit | $150.00 | $10.50 | $15 | $175.50 |
| Oct 5 | 1002 | Will Smith | NEXUS | 1 Eco Friendly Paint Kit | $150.00 | $10.50 | $15 | $175.50 |
| Oct 12 | 1003 |  | Essence Hotel | 1 Trade Fair Booth Construction Kit | $200.00 | $14.00 | $15 | $229.00 |
| Oct 16 | 1004 | Lois Lane |  Your Space | 8 Eco Friendly Paint Kits | $1,200.00 | $84.00 | $120 | $1,404.00 |
|  |  |  |  | TOTALS | **$1,700.00** | **$119.00** | **$165.00** | **$1,984.00** |

\*Record transactions in the **Sales Journal/Accounts Receivable Record** and **Inventory Record.**

**PART 5:** Gotham Hardware makes the following purchases and **receives an invoice**:

|  |  |  |  |
| --- | --- | --- | --- |
| October 7 | Advertisement | From Brandmark | Invoice Total: $2,000 |
| October 11 | Liability Insurance | From VE Law & Management | Invoice Total: $1,500 |
| October 13 | Office Supplies | From Office Universe | Invoice Total: $150 |
| October 18 | 10 Eco Friendly Paint Kits | From VEC Trading | Invoice Total: $675 |

\*Record transactions in **Purchases Journal/Accounts Payable Record** and **Inventory Record**.

**PART 6:** Your Payroll Manager has calculated payroll for October 1st to 15th and made the following payments:

|  |  |  |
| --- | --- | --- |
| October 1st – 15th | $1,455.10 | Paid October 16th  |

\*Record transactions in the **Cash Journal**.

**PART 7:** Your Accounts Payable Manager has paid the following invoices:

|  |  |  |  |
| --- | --- | --- | --- |
| Initial Inventory | From VEC Trading | Invoice Total: $787.50 | Paid October 18th |
| Liability Insurance | From VE Law & Management | Invoice Total: $1,500 | Paid October 18th  |
| 10 Eco Friendly Paint Kits | From VEC Trading | Invoice Total: $675 | Paid October 19th  |

\*Record transactions in the **Cash Journal** and **Purchases Journal/Accounts Payable Record**.

**PART 8:** Your Accounts Receivables Manager notices that the following customers have paid their Invoices:

|  |  |  |  |
| --- | --- | --- | --- |
| James Taylor | Bon Voyage Travel | Invoice Total: $175.50 | Received October 24th |
| Lois Lane |  Your Space | Invoice Total: $1,404.00 | Received October 26th  |

\*Record transactions in the **Cash Journal** and **Sales Journal/Accounts Receivable Record**.

**PART 9:** Your Accounts Payable Manager has made the first loan payment:

|  |  |  |  |
| --- | --- | --- | --- |
| October 31 | Loan Payment | VEC Lending | Cost: $1,933.28 |

\*Record transactions in the **Cash Journal**.

Your Payroll Manager has calculated payroll for October 16th to 31st and made the following payments:

|  |  |  |
| --- | --- | --- |
| October 16th – 31st  | $1,616.67 | Paid October 31st  |

\*Record transactions in the **Cash Journal**.