Your company, Gotham Enterprises, 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%.

1. Upon incorporation, your firm was authorized to issue 2,000 shares of $10 par value stock. The stock was issued and the firm received $20,000 from Gotham Financial Services.

|  |  |  |
| --- | --- | --- |
| October 1 | Issuance of stock | Amount Received: $20,000 |

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

2. 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** and complete a **Loan Amortization Worksheet**.

3. There are some monthly expenses that your business must pay in order to operate.

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 these transactions in the **Cash Journal**.

4. Gotham Enterprises 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 these transactions in the **Inventory Record** and **Purchases Journal/Accounts Payable Record**.

5. Now that you have some inventory, you can begin to do business.

Gotham Enterprises makes the following online sales 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 | 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 | Kelly Sanders | 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 these transactions in the **Sales Journal/Accounts Receivable Record** and **Inventory Record**.

6. You may have noticed that you do not have enough inventory to conduct one of the sales transactions. Therefore, Gotham Enterprises orders the following from VEC Trading to successfully complete the sales transaction and receives an invoice.

|  |  |  |
| --- | --- | --- |
| October 16 | 5 Eco Friendly Paint Kits | Invoice Total: $337.50 |

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

7. Gotham Enterprises 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 these transactions in **Purchases Journal/Accounts Payable Record** and **Inventory Record**.

8. Your Payroll Manager has prepared the payroll register for October 1st to 15th.

|  |  |  |
| --- | --- | --- |
| October Payroll Period 1 | Oct 1st – Oct 15th | $1,632.00 – Gross Pay |

\* Complete the **Payroll Register** for the period and record this transaction in the **Payroll Journal**.

9. Your Payroll Manager has paid the employees’ salaries for the period.

|  |  |  |
| --- | --- | --- |
| Salaries | Paid October 16th | $1,311.31 –Net Pay |

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

10. Your Accounts Payable Manager has paid the following invoices:

|  |  |  |  |
| --- | --- | --- | --- |
| 5 Eco Friendly Paint Kits | From VEC Trading | Invoice Total: $337.50 | Paid October 17th |
| 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**.

11. Your Accounts Receivables Manager notices that the following customers have paid their Invoices:

|  |  |  |  |
| --- | --- | --- | --- |
| James Taylor- Invoice #1001 | Bon Voyage Travel | Invoice Total: $175.50 | Received October 24th |
| Lois Lane- Invoice #1004 | Your Space | Invoice Total: $1,404.00 | Received October 26th |

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

12. Your Accounts Payable Manager has made the first loan payment:

|  |  |  |  |
| --- | --- | --- | --- |
| October 31 | Loan Payment | VEC Lending | Cost: $1,910.12 |

\*Record this transaction in the **Cash Journal** and **Loan Payment Table**. (Interest Expense is calculated from Loan Amortization Table)

13. Your Payroll Manager has prepared the payroll register for October 16th to 31st.

|  |  |  |
| --- | --- | --- |
| October Payroll Period 2 | October 16th – 31st | $1,820.00 – Gross Pay |

\*Complete the **Payroll Register** and the **941 Withholding Form**, then record this transaction in the **Payroll Journal**.

14. Your Payroll Manager has paid the employees’ salaries for the period.

|  |  |  |
| --- | --- | --- |
| Salaries | Paid November 1st | $1,462.37 – Total Net Pay |

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

15. After completing the 941 Withholding Form, your Payroll Manager has paid the payroll tax for the month.

|  |  |  |
| --- | --- | --- |
| Payroll Tax | Paid November 1st | $942.40 |

\* Record this transaction in the **Cash Journal**. (Found in Line 15 of 941 Withholding Form)