会计英语

The Language of Accounting in English

彭在勤　编注

出 版 说 明

本书主要根据中国人民大学财务会计教研室选编，供该校财会专业学生学习专业英语用的《会计专业英语阅读材料》和《会计专业英语阅读材料词汇（英中对照）》两种材料选编而成。出版本书是为了满足当前读者学习会计专业英语的需要。

全书由三部分组成：第一部分《财务资料的组织》，选自美国Carl L. Moore《Managerial Accounting》一书，主要包括会计定义和会计程序、日记帐、分类帐、试算表、机器数据处理、企业所有权形式等内容；第二部分《会计专业英语》，选自美国Sandra Costinett《The Language of Accounting English》一书，包括会计领域、簿记、企业交易和财务报表、预算编制、成本会计、税务会计、审计、会计职业等内容；第三部分《词汇（英中对照）》，是选编者彭在勤同志根据阅读材料第一和第二部分中出现的会计专业用语编成的，并按英文字母顺序排列，同时在某些会计专业英语常用语下面，还附有一部分同类用语或同类词。另外，对原文中某些地方，还试作了一些注解说明并附在每部分和每单元的原文后面，例句亦选自本书内容。凡作了注解的地方，在该原文右上角编有号码，以便查找。

由于本书编写时间仓促，收辑的资料有限，错误和不妥之处定所难免，欢迎读者批评指正。

北京市第608号邮政信箱

1982年1月

PART ONE

The Organization of Financial Data

1 The Accounting Definition(defined) and Accounting Process

The American Institute of Certified Public Accountants has defined accounting as follows:

> Accounting is the art of recording, classifying, and summarizing in a significant manner and in terms of money, transactions and events which are, in part at least, of a financial character, and interpreting the results thereof.

In this part and the one that follows, the recording, classifying, and summarizing aspects of accounting—that is, the accounting process—will be described and illustrated.

Duality. The properties of an entity and the rights in those properties are accounted for as they enter or leave the business, as they circulate within the business, or as they stand at any point in time. The properties are called *assets,* and the rights in the properties are called *equities.* The rights or equities of outsiders are called *liabilities,* and the rights of the owners are called the *owners' equity.* Some typical assets are listed and described below:

Cash—cash on hand or on deposit in banks.
Accounts receivable—amounts owed by customers of the business.
Inventory—materials to be used in manufacturing products and finished or partly finished products and merchandise to be sold to customers.
Land—real estate owned and used by the business.
Building—building owned and used in conducting business activities.
Equipment—equipment owned and used in conducting business activities.

Some typical equities are also listed and described below:

Accounts payable—amounts owed to trade creditors of the business.
Notes payable—promissory notes owed to the bank or to other outsiders.
Mortgage payable—debt owed and secured by a mortgage on business property.
John Adams, capital—designation of the interest in a business of an owner named John Adams.

Both the assets and the equities are accounted for simultaneously. A business transaction does not affect just one item alone. There are at least two items to be considered in each transaction. It would not be possible, for example, for a business to have a transaction that resulted only in the increase of the asset cash. There must be some explanation as to why cash increased. Cash may have been received in exchange for some other asset that left the business, or the cash may have entered the business as a result of a loan made by some outsider or as a result of investment by the owner.

The dual aspect of each transaction forms the basis underlying what is called *double-entry accounting*. In double-entry accounting, it is recognized that no asset can exist without someone having a claim or a right to it. Therefore, both the specific assets and the equities are accounted for at the time that transactions are recorded. The assets of a business can be increased by:

(1) Donations.
(2) Investments by the owners.
(3) The work performed by the business.
(4) Loans or credit furnished by outsiders.

Assets obtained through loans or credit result in an addition to liabilities. In all the other situations listed above, the owners' equity is increased. Both the increase in the assets and the increase in the rights to the assets are recorded. The total assets of a business can be decreased by:

(1) Losses such as fire or theft.
(2) Withdrawal of assets by owners, such as dividend payments.
(3) The use of assets, such as inventory, to conduct operations.
(4) Donations to others.
(5) The settlement of the claims (liabilities) of outsiders.

The use of assets to settle the claims of outsiders results in a reduction in liabilities. In all the other situations listed, the owners' equity is decreased. The decrease in the asset and the decrease in the equity are both recorded.

One asset may be exchanged for another, or one type of equity may be converted to another form. For example, an account receivable from a customer in the amount of $2,000 may be collected. Total assets remain unchanged in amount. There has only been a change in the composition of the assets: cash has increased by $2,000, and the account receivable from the customer has been reduced by $2,000. The holder of a note against the company may be given rights of ownership in exchange for rights as a creditor; that is, the liability for the note payable is eliminated and in its place there is an addition to the owners' equity. The total equity in the firm is the same in amount as it was before, but the form of the equity has changed.

The Evidence for a Transaction. A business transaction is ordinarily supported by some paper form or document. This form or document serves as evidence or proof of the transaction and gives information about what has happened. It may be received from an outsider, or it may originate within the business unit. A bill or an invoice received from a supplier of materials supports an entry to record an increase in the materials inventory asset and the accounts payable liability. Sometimes materials are transferred within the company. A paper form is usually prepared to support the transfer and to give the essential facts of the transaction. The materials inventory of one division is increased, while the materials inventory of the other division is decreased. Forms originating within the enterprise are also sent to outsiders. Bills or invoices are mailed to customers when sales are made, and checks are sent to creditors in payment of amounts owed.

Accounting for Transactions. The accounting process is illustrated by assuming that Karen Weaver begins business on October 1, 1976, by investing $75,000 in cash. After this transaction, the business has cash as an asset in the amount of $75,000; and the owner's equity, that is, the claim of Karen Weaver on the assets, is $75,000. This transaction can be shown on a balance sheet. A *balance sheet* is essentially a formal classified listing of assets and equities at one particular time. As time passes and as other transactions take place, the balance sheet becomes outmoded; but as of the balance sheet date, it is a statement of the financial position of the enterprise. A balance sheet for Karen Weaver on October 1 is given below:

Karen Weaver
Balance Sheet
October 1, 1976

Assets		Equities	
Cash	$75,000	Karen Weaver, capital	$75,000

On October 4, Karen Weaver borrows $45,000 from her bank and signs a note promising future payment. The asset cash is increased, and the liability notes payable is increased. A balance sheet on October 4 is given below:

Karen Weaver
Balance Sheet
October 4, 1976

Assets		Equities	
Cash	$120,000	Liabilities:	
		Notes payable	$ 45,000
		Owner's equity:	
		Karen Weaver, capital .	75,000
Total assets	$120,000	Total equities	$120,000

On October 5, Karen pays $900 for the rent of a store for three months. She trades $900 of the asset cash for the asset prepaid rent. This is shown on the balance sheet on October 5 below:

Karen Weaver
Balance Sheet
October 5, 1976

Assets		Equities	
Cash	$119,100	Liabilities:	
Prepaid rent	900	Notes payable	$ 45,000
		Owner's equity:	
		Karen Weaver, capital	75,000
Total assets	$120,000	Total equities	$120,000

Equipment costing $30,000 is purchased for the store on October 6, and cash in that amount is paid for the equipment. Once again there is a trade of assets. Cash is traded for equipment, as shown by the balance sheet on October 6:

Karen Weaver
Balance Sheet
October 6, 1976

Assets		Equities	
Cash	$ 89,100	Liabilities:	
Prepaid rent	900	Notes payable	$ 45,000
Equipment	30,000	Owner's equity:	
		Karen Weaver, capital	75,000
Total assets	$120,000	Total equities	$120,000

On October 11, Karen purchases merchandise costing $50,000 on credit terms. 7 The asset merchandise inventory increases, and the liability accounts payable increases by $50,000, as shown on the balance sheet on October 11:

Karen Weaver
Balance Sheet
October 11, 1976

Assets		Equities	
Cash	$ 89,100	Liabilities:	
Merchandise inventory	50,000	Accounts payable	$ 50,000
Prepaid rent	900	Notes payable	45,000
Equipment	30,000	Total liabilities	$ 95,000
		Owner's equity:	
		Karen Weaver, capital	75,000
Total assets	$170,000	Total equities	$170,000

On October 14, payments of $28,000 are made to the creditors from whom merchandise was purchased. The asset cash is reduced by $28,000, and the liability accounts payable is reduced by $28,000, as shown on the balance sheet on October 14:

Karen Weaver
Balance Sheet
October 14, 1976

Assets		Equities	
		Liabilities:	
Cash	$ 61,100	Accounts payable	$ 22,000
Merchandise inventory	50,000	Notes payable	45,000
Prepaid rent	900	Total liabilities	$ 67,000
Equipment	30,000	Owner's equity:	
		Karen Weaver, capital	75,000
Total assets	$142,000	Total equities	$142,000

Merchandise is sold to customers on October 25 on credit terms.[8] The customers promise to pay $90,000 at some date in the future. The asset accounts receivable, representing the customers' promises to make payment, is increased by $90,000. The owner's equity is also increased by $90,000. A service is performed by the business, and the owner earns the right to the asset received. Ordinarily, a direct increase in the owner's equity is not recorded under these circumstances. A classification telling how the asset was earned, in this case sales, is usually increased. Sales are called a revenue item. Revenue tells how assets are increased as a result of the services performed by the business. *Revenue* can be defined as the consideration received by the business for rendering goods and services to its customers.

At the same time that the sale is made, merchandise costing $40,000 is delivered to the customers. The asset account Merchandise Inventory is reduced by $40,000. An asset is used in performing a service; therefore, the owner's equity decreases. This decrease, however, is usually not recorded directly as a decrease in the owner's equity. Instead it is recorded in an account classified as an expense. Expense tells how assets are decreased as a result of the service performed by the business. *Expense* can be defined as a measure of the assets given up in the process of rendering goods and services or in the process of producing revenue.

A statement of revenues and expenses is called an *income statement.* Expenses are deducted from revenues. If revenues exceed expenses, the difference is called net income. If expenses exceed revenues, the difference is called net loss. *The income statement shows the net change in net assets or owner's equity that results from operating at a profit or at a loss.*

On October 25, a balance sheet is prepared along with an income statement for the first 25 days of October. The balance sheet is as follows:

Karen Weaver
Balance Sheet
October 25, 1976

Assets		Equities	
Cash	$ 61,100	Liabilities:	
Accounts receivable	90,000	Accounts payable	$ 22,000
Merchandise inventory	10,000	Notes payable	45,000
Prepaid rent	900	Total liabilities	$ 67,000
Equipment	30,000	Owner's equity:	
		Karen Weaver, capital	75,000
		Add: Net income	50,000
Total assets	$192,000	Total equities	$192,000

Karen Weaver sold the customers merchandise costing $40,000 in exchange for their promises to pay her $90,000. Accounts receivable are recorded at $90,000, and the merchandise inventory is reduced by $40,000. The equality of assets and equities is maintained on the balance sheet by adding the net income of $50,000 to Karen Weaver's capital.

A separate income statement is given below:

Karen Weaver
Income Statement
From October 1 to October 25, 1976

Sales	$90,000
Cost of merchandise sold	40,000
Net income	$50,000

The net income shown at this stage is in reality the gross profit or gross margin. *Gross margin* is the difference between sales revenue and the cost of merchandise sold. *Net income* is the final result after all other expenses have been deducted from gross margin. The other expenses of Karen Weaver's business will be computed presently.

Karen recognizes that certain adjustments must be made at the end of the month. She has had the use of bank credit for most of the month but has paid no interest. The interest cost is $280 even though it has not been paid. She has received the benefit from the use of borrowed funds and must now match the interest cost against revenue in the calculation of her net income for the month. The amount owed to the bank for interest must also be recorded as an increase in the liabilities. Karen also used the equipment in the business during the month, and she estimates that $150 of the cost should be deducted from the asset and should be recognized as expense for the month.

This expense, which is the cost of the equipment assigned to the month, is called *depreciation.* Rent of $300 applied to the month of October according to the rental agreement has expired by the end of the month. Part of the prepaid rent is reduced, and rent expense for the month is recorded on the income statement.

Two of the adjustments that are necessary have to do with writing off assets that have been used up in producing revenue. Assets were defined earlier as the properties owned by the business. Some assets may also be viewed as prepaid expenses or costs of benefits to future accounting periods. For example, the equipment will give Karen Weaver services that cost her $30,000. As these services are used in producing revenue, part of the cost is written off as an expense of producing revenue; that is, part of the benefit is recognized as being received. Another example is the prepaid rent. When rent is paid in advance, it is recorded as an asset. The rent is an asset because it represents a cost of future benefit to Karen. The benefit is received as revenue is produced; and at the end of the month, the rent that is no longer prepaid is written off as an expense.

Financial statements for Karen Weaver on October 31, 1976, are given below.

Karen Weaver
Balance Sheet
October 31, 1976

Assets		Equities	
Cash	$ 61,100	Liabilities:	
Accounts receivable	90,000	Accounts payable	$ 22,000
Merchandise inventory	10,000	Notes payable	45,000
Prepaid rent	600	Interest payable	280
Equipment	29,850	Total liabilities	$ 67,280
		Owner's equity:	
		Karen Weaver, capital	124,270
Total assets	$191,550	Total equities	$191,550

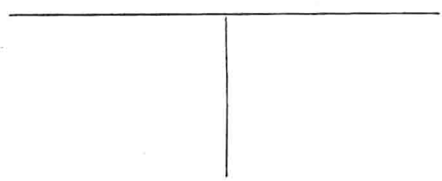
Karen Weaver
Income Statement
For the Month of October, 1976

Sales		$90,000
Cost of merchandise sold		40,000
Gross margin		$50,000
Expenses:		
Rent	$300	
Depreciation	150	
Interest	280	730
Net income		$49,270

The net income shown on the income statement has been added to Karen Weaver's capital, and the balance sheet is in balance. The income statement is used to measure revenues and expenses for a given interval of time designated as an accounting period or as a fiscal period. The period of time may be a month, quarter, year, or other significant time interval. Assets and equities on the balance sheet will be carried forward and will serve as a cumulative record, but the revenue and expense measurement process will start from zero again at the beginning of a new fiscal period. Revenue and expense classifications are like meters that measure the flow of liquids or gases for an interval of time. When the time interval has lapsed, the dials on the meters are set back to zero so that new measurements can be made for the next period of time.

Accounts. The method of accumulating data just illustrated will work, but it is very cumbersome. It is not designed so that information can be collected easily. Furthermore, Ms. Weaver does not need new financial statements after each transaction. She will be satisfied with financial statements prepared at the end of the fiscal period she chooses.

Data can be collected by classification in *accounts.* In essence, accounts are pages or cards divided into two halves by a vertical line and may appear somewhat as shown at the right.



There is an account for each asset, liability, owner's equity, revenue, and expense that is to be accounted for. The left side of the account is called the *debit* side of the account, and the right side of the account is called the *credit* side. Debit and credit are the terms used for left and right in accounting. A book of accounts or a file of account cards is referred to as a *ledger*.

Increases in accounts are recorded on one side of the account, and decreases are recorded on the other side. The balance of the account is the difference between the sum of the items on both sides of the account. There is a debit balance if the amounts on the left side are greater, and there is a credit balance if the amounts on the right side are greater.

The Accounting Equation. Special rules for recording increases and decreases are employed for each basic type of account: asset, liability, owners' equity, revenue, and expense. These rules are summarized at the top of the next page in what is called *the accounting equation*. This equation is basic to double-entry bookkeeping.

The increases and the decreases are arranged so that every transaction can be recorded and classified properly by account classification while maintaining

Assets		=	Liabilities		+	Owners' Equity		+	Temporary Owners' Equity: Revenues		−	Temporary Owners' Equity: Expenses	
+ debit	− credit		− debit	+ credit		− debit	+ credit		− debit	+ credit		+ debit	− credit

an equality of debits and credits. If the recording process is carried out properly in the mechanical sense, the sum of the accounts with debit balances will equal the sum of the accounts with credit balances.

Note that the equation itself can be stated as follows:

Assets = Liabilities + Owners' Equity + (Revenues − Expenses)

This merely says that assets are equal to the claims that individuals or other entities have in those assets. Revenues and expenses measure how assets enter or leave the business in performing services for customers, and the net result is eventually added to the owners' equity.

The rules to be followed for debiting and crediting accounts are arbitrarily defined but are logically consistent. For example, a debit means an *increase* in any asset, but a debit will also *decrease* any liability or owners' equity account. The rules of debit and credit have been set up so that the accounting equation will hold true and so that debits will always be equaled by credits. Therefore, assets will always equal equities; and the sum of the amounts shown as debits will always agree with the sum of the amounts shown as credits. Note that a revenue account is credited to increase it. This is logical inasmuch as an increase in revenue is an increase in the owners' equity; and, therefore, an increase in revenue is handled in the same way as a direct increase in owners' equity. Similarly, increases in expense reduce owners' equity and, like direct reductions in owners' equity, are recorded by debits.

The Use of Accounts. Instead of preparing a new balance sheet and a new income statement for Karen Weaver after each transaction, it is more convenient to analyze the transactions and to enter them in ledger accounts according to the rules of increase and decrease shown by the accounting equation. The transactions given for Karen Weaver in the previous illustration are listed and numbered below and at the top of the next page.

(1) Karen Weaver invested $75,000 in cash to begin business operations.
(2) Cash of $45,000 was borrowed from the bank on a note payable.
(3) A $900 payment was made for rent of a store for three months.
(4) Equipment was purchased at a cost of $30,000 in cash.
(5) Merchandise costing $50,000 was purchased on credit terms.
(6) Cash of $28,000 was paid to the creditors from whom merchandise was purchased.
(7) Merchandise was sold to customers on account for $90,000.
(8) The cost of the merchandise delivered to customers was $40,000.

(9) Interest cost of $280 was chargeable to the business in October, and the liability to the bank for interest owed had to be recognized.
(10) Equipment was used to conduct operations in October. The estimated depreciation of the equipment used was $150.
(11) Rent of $300 expired during October and became expense.

The ledger accounts for Karen Weaver with the transactions entered according to the rules of the accounting equation are given below. The entries are numbered so that they can be identified with the transactions.

Assets		=	Liabilities		+	Owner's Equity	
Dr. +	Cr. −		Dr. −	Cr. +		Dr. −	Cr. +

Cash

Dr.	Cr.
(1) 75,000	(3) 900
(2) 45,000	(4) 30,000
	(6) 28,000

Accounts Receivable

Dr.	Cr.
(7) 90,000	

Merchandise Inventory

Dr.	Cr.
(5) 50,000	(8) 40,000

Prepaid Rent

Dr.	Cr.
(3) 900	(11) 300

Equipment

Dr.	Cr.
(4) 30,000	(10) 150

Accounts Payable

Dr.	Cr.
(6) 28,000	(5) 50,000

Notes Payable

Dr.	Cr.
	(2) 45,000

Interest Payable

Dr.	Cr.
	(9) 280

Karen Weaver, Capital

Dr.	Cr.
	(1) 75,000

Plus Revenues

Dr. −	Cr. +

Sales

Dr.	Cr.
	(7) 90,000

Minus Expenses

Dr. +	Cr. −

Cost of Goods Sold

Dr.	Cr.
(8) 40,000	

Rent Expense

Dr.	Cr.
(11) 300	

Depreciation Expense

Dr.	Cr.
(10) 150	

Interest Expense

Dr.	Cr.
(9) 280	

The reader should trace each transaction through the ledger accounts to determine that the rule of increase and decrease for each type of account has been followed and that the debit entry is equal to the credit entry in each case. Balances can then be taken from the ledger accounts and used to reconstruct a balance sheet and an income statement that will agree with the statements given on page 619. The balance of the cash account, for example, is equal to the sum of the debit entries of $120,000 less the sum of the credit entries of $58,900, or is a debit balance of $61,100.

2 The Journal

The Journal. The direct recording of transactions in the ledger accounts is inconvenient and errors are difficult to find. It takes time (13) to leaf through the ledger pages or cards; and if there are many transactions, there is no time to enter each transaction as it takes place in the ledger cards. Furthermore, there should be some chronological record of the transactions with the entire transaction being shown in one place. Errors can then be located with less difficulty by tracing transactions from the chronological record to the ledger accounts.

A preliminary analysis of transactions is made in books of original entry called *journals.* In its simplest form the journal consists of a book with a column for dates at the left, a wide column for account titles and explanations, and two columns for entering monetary amounts. The first of the two money columns is called the debit column, and the second is called the credit column. A simple journal of this type is usually called a *general journal.* The preliminary record entered in the journal is called a *journal entry.*

Each transaction is analyzed to identify (14) the accounts that are to be debited and credited. The transaction is then recorded as follows:

(1) The date is entered in the date column.
(2) The name of the account to be debited is entered in the account titles and explanations column, and the dollar amount is entered in the debit money column.
(3) The name of the account to be credited is entered in the account titles and explanations column on the next line in an indented position, and the dollar amount is entered in the credit money column.
(4) A brief explanation of the transaction is written beneath the account titles.

The general journal entry on October 1 for Ms. Weaver's first transaction would appear as shown at the top of the next page.

The information shown in the journal is copied into the ledger accounts. This copying process is called *posting.* The narrow column headed "F" in the journal is a cross-reference column or, as the "F" indicates, folio column.

General Journal Page 1

Date		Account Titles and Explanations	F.	Debit	Credit
1976 October	1	Cash Karen Weaver, Capital Investment of $75,000 by Karen Weaver.		75,000	 75,000

The page numbers or folios of the ledger accounts to which the entries are posted are entered here so that a transaction can be easily traced to the ledger accounts if that should become necessary at a later date. Space is also provided in the ledger accounts for page numbers of the journal where the transactions were first entered. Thus a transaction can easily be traced from the journal to the ledger or from the ledger back to the journal.

Posting is a process of organizing data according to account classifications from the chronological record contained in the journal. After the data have been classified in the accounts and summarized, they can be used in the preparation of financial statements and reports.

While the two-column journal does provide a chronological record of transactions with both parts of the transaction in one place, it is not very helpful as a labor-saving device. In fact, there is more accounting work because the transaction must be entered first in the journal and then it must be posted to the ledger accounts. Ms. Weaver would have to make journal entries for each of her transactions, then she would have to post the information from the journal to the ledger accounts before her ledger would contain the debits and the credits shown on page 10.

Columnar Journals. Often business transactions of a certain type are repeated time and again. There will likely be many purchases of materials, sales to customers, cash receipts, and cash disbursements. To record each transaction separately in a two-column journal as an increase or as a decrease to a given account would be unduly burdensome. Transactions of a similar type should be classified together, summarized for a period such as a month, and posted as one aggregate transaction for the month.

There are several types of journals, each type being designed to serve a special purpose. For example, all sales transactions could be entered in a sales journal. Similarly, purchases, cash receipts, and cash disbursements would be entered respectively in a purchases journal, a cash receipts journal, and a cash disbursements journal. Other specialized journals can be used if transactions occur frequently enough to warrant their use. A manufacturing company, for example, may use a special journal to record materials withdrawn and transferred to production. Miscellaneous transactions that do not ~~occur~~ often enough to merit the use of a special journal are entered in the two-column general journal referred to earlier.

The special journals have columns so that similar transactions can be conveniently added together and posted as one transaction. Completed journals for Jay Thomas for the month of April are given on pages ~~626~~ 14 to 629. The journal columns have already been totaled, and postings have been made to the ledger accounts for the month.

The design of the sales journal indicates that sales are made on both cash and credit terms, inasmuch as the sales journal has a column for cash debits, a column for accounts receivable debits, and a column for sales credits. At the end of the month the sum of the two debit columns should be equal to the sum of the credit column. It is just as though one big sale for the month had been entered in a general journal, except that the detail for all transactions appears in the special journal.

Cash	1,090	
Accounts Receivable	3,680	
Sales		4,770
Sales for the month of April.		

Obviously, no general journal entry such as the one given above is made. It is not necessary to repeat what is already journalized through the columnar journal. The columnar journal is a means for summarizing similar transactions and serves as a posting medium itself.

It should not be inferred from the example given that all sales journals will be designed with three columns. Perhaps only the credit sales will be recorded in a one-column sales journal, and the column total will be posted at the end of the month as a debit to Accounts Receivable and as a credit to Sales. The cash sales would then be entered in the cash receipts journal with a special column being provided for offsetting credits to sales. If all cash receipts are recorded in the cash receipts journal, daily receipts can be compared with the amounts recorded and with bank deposits quite easily without reference to other journals. On the other hand, the sales will not all appear in one journal. There are various accumulation techniques that may be employed, and the choice of any particular method is dependent upon circumstances and individual preferences.

The cash receipts journal is designed so that cash debits can be entered in a special column with credits being recorded in columns for accounts receivable, interest income, and rent income. Presumably cash is not only collected frequently on accounts with customers but is also collected frequently as a result of interest and rent earned. The two general ledger columns provide flexibility so that cash receipts from other sources can be entered in this journal along with the other accounts that are affected.

A one-column purchases journal is used. The column total is posted at the end of the month as a debit to merchandise inventory and as a credit to accounts payable.

The cash disbursements journal has a column for cash credits and columns for offsetting debits to accounts payable, advertising expense, supplies used, and office expense. The design of the journal indicates that Jay Thomas pays cash when he acquires advertising service, supplies, and items chargeable to office expense. These services and materials must be used up at about the

Sales Journal — Page 8

Date		Customers	Cash Dr.	√	Accounts Receivable Dr.	Sales Cr.
1976 Apr.	2	Cott Machine Co.		√	460	460
	5	Lamar Parts Co.		√	620	620
	6	Cash	350			350
	8	Ball Products Co.		√	810	810
	15	Cash	740			740
	19	Parr and Hogan		√	590	590
	23	Lamar Parts Co.		√	420	420
	28	Ball Products Co.		√	780	780
			1,090		3,680	4,770
			(1)		(3)	(11)

Purchases Journal — Page 4

Date		Creditor	√	Mdse. Inv. Dr. Accts. Pay. Cr.
1976 Apr.	2	Nagle and Company	√	740
	5	Henning Supply	√	880
	12	Camara, Inc.	√	610
	23	Reed Products	√	470
				2,700
				(4) (8)

Cash Receipts Journal

Date		Explanations	Cash Dr.	√	Accounts Receivable Cr.	Interest Income Cr.	Rent Income Cr.	General Ledger Accounts	F.	Dr.	Cr.
1976 Apr.	8	Lamar Parts Co.	620	√	620						
	12	Loan from bank	950					Interest Expense	19	50	
								Notes Payable	9		1,000
	15	Int. on U.S. Treas. Bonds	80			80					
	19	Cott Machine Co.	460	√	460						
	20	Rent collections	200				200				
	21	Int. on savings	60			60					
	23	Sale of supplies	110					Supplies Expense	17		110
	27	Ball Products Co.	810	√	810						
	30	Rent collections	400				400				
			3,690		1,890	140	600			50	1,110
			(1)		(3)	(13)	(14)			(X)	(X)