

# College Accounting

Seventh Edition

Chapters 26-32

## *Includes*

### *Study Guides*

- Study Plans
- Self-Check Reviews
- Demonstration Problems/Solutions

### *Working Papers*

- Exercises
- A or B Problems
- Challenge Problems
- Critical-Thinking Problems

Price Haddock Brock

Study Guide and  
Working Papers for  
**COLLEGE  
ACCOUNTING**  
S E V E N T H   E D I T I O N

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# Internal Control and the Voucher System

## STUDY GUIDE

### Objectives

1. Explain the general principles of internal control. 2. Explain how the voucher system facilitates internal control. 3. Prepare vouchers. 4. Record vouchers in a voucher register. 5. Record payment of approved vouchers. 6. Record transactions for partial payments in a voucher register. 7. Record payments for notes payable in a voucher register. 8. Record payments involving purchases returns and allowances in a voucher register. 9. Use alternative methods to record purchases and purchases discounts. 10. Define the accounting terms new to this chapter.

## CHAPTER ACTIVITIES

**Review Questions** Answer each assigned review question in Chapter 26.

**Managerial Focus** Answer each assigned managerial focus question in Chapter 26.

**Exercises** Complete each assigned exercise in Chapter 26. Use the forms provided in this SGWP. The objectives covered by an exercise are given after the exercise number. If you need help with an exercise, review the portion of the chapter related to the objective(s) covered.

**Problems A/B** Complete each assigned problem in Chapter 26. Use the forms provided in this SGWP. The objectives covered by a problem are given after the problem number. If you need help with a problem, review the portion of the chapter related to the objective(s) covered.

**Challenge Problem** Complete the challenge problem as assigned. Use the forms provided in this SGWP.

**Critical Thinking Problem** Complete the critical thinking problem as assigned. Use the forms provided in this SGWP.

## Self-Check of Reading Comprehension

**True-False** For each of the following statements, circle T in the answer column if the statement is true or F if the statement is false.

- |   |          |          |
|---|----------|----------|
| 1. The rotation of duty assignments without advance notice makes internal control less effective.                                     | <b>T</b> | <b>F</b> |
| 2. The smaller the number of persons involved, the stronger the system of internal control is likely to be.                           | <b>T</b> | <b>F</b> |
| 3. For good internal control, the person approving vouchers should be responsible for preparing and mailing checks.                   | <b>T</b> | <b>F</b> |
| 4. Internal control is strengthened by having bills for merchandise paid out of cash receipts.  | <b>T</b> | <b>F</b> |
| 5. Unpaid vouchers are generally filed according to the date on which they were prepared.   | <b>T</b> | <b>F</b> |
| 6. It is necessary to prepare a voucher to authorize payment of a note payable.   | <b>T</b> | <b>F</b> |
| 7. Adjustments, allowances, and similar corrections for invoices already vouchered may be made by means of general journal entries.   | <b>T</b> | <b>F</b> |
| 8. The use of the voucher system makes it unnecessary to maintain an accounts payable ledger.   | <b>T</b> | <b>F</b> |
| 9. The extensions and the total of an invoice should be verified after the voucher has been approved but before the check is written. | <b>T</b> | <b>F</b> |

- |  |          |          |
|--|----------|----------|
| <b>10.</b> When an invoice for the purchase of merchandise is recorded at the gross amount, a discount lost is recorded when the check is written. | <b>T</b> | <b>F</b> |
| <b>11.</b> Recording purchase invoices at their net amounts after discounts promotes good internal control over the taking of discounts.           | <b>T</b> | <b>F</b> |
| <b>12.</b> The voucher register replaces the purchases journal.  | <b>T</b> | <b>F</b> |

**Exercise**     **The Wilson Company uses the following journals to record transactions: general journal (GJ), sales journal (SJ), cash receipts journal (CRJ), voucher register (VR), and check register (CR). For each of the transactions that follow, indicate the journal in which the transaction would be recorded and the account(s) to be debited and credited. Use the abbreviations given to identify the journals.**

- 1.** Prepared a voucher for \$800 for merchandise purchased on credit. Terms are 1/10, n/30. Invoices are recorded at gross amount.

Journal \_\_\_\_\_ Account Dr. \_\_\_\_\_ Account Cr. \_\_\_\_\_  
 \_\_\_\_\_

- 2.** Paid the voucher described in Transaction 1. Payment was made within the discount period.

Journal \_\_\_\_\_ Account Dr. \_\_\_\_\_ Account Cr. \_\_\_\_\_  
 \_\_\_\_\_

- 3.** Prepared a voucher to pay a \$500 note payable and \$50 in interest.

Journal \_\_\_\_\_ Account Dr. \_\_\_\_\_ Account Cr. \_\_\_\_\_  
 \_\_\_\_\_

- 4.** Canceled old Voucher 10-8 for \$900. Issued two new vouchers for \$450 each. One of the new vouchers will be paid now; the other will be paid two weeks later.

Journal \_\_\_\_\_ Account Dr. \_\_\_\_\_ Account Cr. \_\_\_\_\_  
 \_\_\_\_\_

## DEMONSTRATION PROBLEM

On May 8, 19X5, the Hadley Corporation purchased merchandise from the Pierce Corporation and received Invoice 5112 for \$800. Terms were 2/10, n/30.

### Instructions

1. Record the entry for the purchase from Pierce Corporation in the general journal, page 15. Assume the following conditions:
  - a. Hadley records purchases at the total invoice price.
  - b. Hadley records purchases at the net invoice price.
2. Assume that the Hadley Corporation paid the Pierce Corporation for Invoice 5112 on May 17, 19X5, and took the cash discount. Record the entry for payment to Pierce Corporation in the general journal, assuming the following conditions:
  - a. Hadley recorded the purchase at the total invoice price.
  - b. Hadley recorded the purchase at the net invoice price.
3. Assume that the Hadley Corporation paid the Pierce Corporation for Invoice 5112 on June 7, 19X5, and was not able to take the cash discount. Record the entry for payment to Pierce Corporation in the general journal, assuming the following conditions:
  - a. Hadley recorded the purchase at the total invoice price.
  - b. Hadley recorded the purchase at the net invoice price.

## GENERAL JOURNAL

PAGE 15

	DATE	DESCRIPTION	POST. REF.	DEBIT	CREDIT	
1		<b>1-A</b>				1
2	<b>19X5 May 8</b>	<b>Purchases</b>		<b>8 0 0 00</b>		2
3		<b>Accounts Payable/Pierce Corporation</b>			<b>8 0 0 00</b>	3
4		<b>Purchased merchandise, Invoice 5112</b>				4
5		<b>1-B</b>				5
6	<b>8</b>	<b>Purchases</b>		<b>7 8 4 00</b>		6
7		<b>Accounts Payable/Pierce Corporation</b>			<b>7 8 4 00</b>	7
8		<b>Purchased merchandise, Invoice 5112, net of discount</b>				8
9		<b>of 2/10, n/30</b>				9
10		<b>2-A</b>				10
11	<b>17</b>	<b>Accounts Payable/Pierce Corporation</b>		<b>8 0 0 00</b>		11
12		<b>Purchases Discounts</b>			<b>1 6 00</b>	12
13		<b>Cash</b>			<b>7 8 4 00</b>	13
14		<b>Paid Invoice 5112 within discount period</b>				14
15		<b>2-B</b>				15
16	<b>17</b>	<b>Accounts Payable/Pierce Corporation</b>		<b>7 8 4 00</b>		16
17		<b>Cash</b>			<b>7 8 4 00</b>	17
18		<b>Paid Invoice 5112 within discount period</b>				18
19		<b>3-A</b>				19
20	<b>June 7</b>	<b>Accounts Payable/Pierce Corporation</b>		<b>8 0 0 00</b>		20
21		<b>Cash</b>			<b>8 0 0 00</b>	21
22		<b>Paid Invoice 5112 after discount period</b>				22
23		<b>3-B</b>				23
24	<b>7</b>	<b>Accounts Payable</b>		<b>7 8 4 00</b>		24
25		<b>Discounts Lost</b>		<b>1 6 00</b>		25
26		<b>Cash</b>			<b>8 0 0 00</b>	26
27		<b>Paid Invoice 5112 after discount period</b>				27
28						28
29						29
30						30
31						31
32						32
33						33
34						34
35						35
36						36



# EXERCISE 26-1

Name \_\_\_\_\_

## GENERAL JOURNAL

PAGE \_\_\_\_\_

	DATE	DESCRIPTION	POST. REF.	DEBIT	CREDIT	
1						1
2						2
3						3
4						4
5						5
6						6
7						7
8						8
9						9
10						10
11						11
12						12
13						13
14						14
15						15
16						16
17						17

# EXERCISE 26-2

## GENERAL JOURNAL

PAGE \_\_\_\_\_

	DATE	DESCRIPTION	POST. REF.	DEBIT	CREDIT	
1						1
2						2
3						3
4						4
5						5
6						6
7						7
8						8
9						9
10						10
11						11
12						12
13						13

GENERAL JOURNAL

PAGE \_\_\_\_\_

DATE		DESCRIPTION	POST. REF.	DEBIT			CREDIT		
1									1
2									2
3									3
4									4
5									5
6									6
7									7
8									8
9									9

EXERCISE 26-4

GENERAL JOURNAL

PAGE \_\_\_\_\_

DATE		DESCRIPTION	POST. REF.	DEBIT			CREDIT		
1									1
2									2
3									3
4									4
5									5
6									6
7									7
8									8

EXERCISE 26-5

GENERAL JOURNAL

PAGE \_\_\_\_\_

DATE		DESCRIPTION	POST. REF.	DEBIT			CREDIT		
1									1
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7									7
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## GENERAL JOURNAL

PAGE \_\_\_\_\_

DATE	DESCRIPTION	POST. REF.	DEBIT	CREDIT	
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9					9

## EXTRA FORMS

## GENERAL JOURNAL

PAGE \_\_\_\_\_

DATE	DESCRIPTION	POST. REF.	DEBIT	CREDIT	
1					1
2					2
3					3
4					4
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## GENERAL JOURNAL

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DATE	DESCRIPTION	POST. REF.	DEBIT	CREDIT	
1					1
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6					6
7					7
8					8

[illegible]

PAGE 1

[illegible]



VOUCHER REGISTER

	DATE		VOU. NO.	PAYABLE TO	PAID		ACCOUNTS PAYABLE CREDIT	SOCIAL SECURITY TAX PAYABLE CREDIT	MEDICARE TAX PAYABLE CREDIT
					DATE	CK. NO.			
1									
2									
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34									



EMPLOYEE INCOME TAX PAYABLE CREDIT	PURCHASES DEBIT	FREIGHT IN DEBIT	STORE SUPPLIES DEBIT	OTHER ACCOUNTS				
				ACCOUNT TITLE	POST. REF.	DEBIT	CREDIT	
								1
								2
								3
								4
								5
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								7
								8
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PAGE 1

[illegible]

PAGE 20

[illegible]

**Schedule of Vouchers Payable**

[illegible]

GENERAL JOURNAL

DATE		DESCRIPTION	POST. REF.	DEBIT				CREDIT			
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