

10

The Sales Journal and the Purchases Journal

STUDY GUIDE QUESTIONS—SALES JOURNAL

PART 1 True/False

For each of the following statements, circle T if the statement is true and F if the statement is false.

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| T | F | 1. Posting from the sales journal to the Accounts Receivable account in the general ledger takes place at the end of the month. |
| T | F | 2. The sales journal is used to record all sales. |
| T | F | 3. Businesses can list customer accounts in alphabetical order in their accounts receivable ledger. |
| T | F | 4. Increases in Sales Returns and Allowances are recorded on the credit side. |
| T | F | 5. Check marks in the Post. Ref. column of the sales journal indicate that the amounts are not to be posted. |
| T | F | 6. At the end of the month, after all posting is completed, the total of the schedule of accounts receivable should equal the balance of the Sales account in the general ledger. |
| T | F | 7. The accounts receivable ledger contains a separate account for each sale. |
| T | F | 8. When using a sales journal, you do not have to post to any accounts in the general ledger. |
| T | F | 9. The schedule of accounts receivable lists the balances of all the charge customer accounts at the end of the month. |
| T | F | 10. Each sale is posted daily in the Sales account. |

PART 2 Completion—Language of Business

Complete each of the following statements by writing the appropriate word(s) in the spaces provided.

1. The book of original entry used to record sales of merchandise on account is called a(n) _____.
2. A stock of ready-made goods that a company buys and intends to resell at a profit is called _____.
3. Books of original entry used to record specialized types of transactions are referred to as _____.
4. The Accounts Receivable account in the general ledger is called a(n) _____.
5. The accounts receivable ledger may be called a special ledger or a(n) _____.
6. A document issued by the seller to a customer allowing a reduction from the price at which the goods were originally sold is called a(n) _____.

STUDY GUIDE QUESTIONS—PURCHASES JOURNAL

PART 1 True/False

For each of the following statements, circle T if the statement is true and F if the statement is false.

- T F 1. The purchase requisition is sent to the supplier.
- T F 2. The Purchases account is used to record the buying of merchandise only.
- T F 3. Increases in the Purchases Returns and Allowances account are recorded on the debit side.
- T F 4. If the freight charges are FOB shipping point, the buyer pays the transportation charges.
- T F 5. Each purchase is posted daily to the Accounts Payable account.
- T F 6. The purchases journal is used for the buying of merchandise for cash and on account.
- T F 7. At the end of the month the total of the schedule of accounts payable should equal the balance of the Accounts Payable account.
- T F 8. The purchases journal contains an Accounts Payable Credit column, a Freight In Debit column, and a Purchases Debit column.
- T F 9. Check marks in the Post. Ref. column of the purchases journal indicate that the amounts in the Accounts Payable column have been posted to the accounts payable ledger.
- T F 10. If the transportation terms are FOB destination, the cost of the freight charge is included in the selling price.

PART 2 Completion—Language of Business

Complete each of the following statements by writing the appropriate word(s) in the spaces provided.

- 1. The form sent to the supplier of merchandise is called a(n) _____.
- 2. When the buyer pays the transportation charges on incoming merchandise, the terms are called _____.
- 3. Plans and procedures built into the accounting system to promote efficiency and prevent fraud and waste are called _____.
- 4. From the buyer's viewpoint, the form prepared by the seller listing the items shipped, their costs, and the mode of shipment is called a(n) _____.
- 5. A document sent by the seller to the buyer, indicating that the Accounts Receivable account is being reduced on the seller's books, is known as a(n) _____.
- 6. A transportation arrangement in which the seller retains title to the goods in transit is called _____.