

Work together in small groups to solve this accounting problem. This will prepare you for the big test tomorrow!

Problem: Sports and Such

Sports and Such is a mall-based retailer specializing in sporting goods and apparel. This merchandising business uses the chart of accounts shown below. Record the business transactions for the month of March 2019 in the sales journal, purchases journal, general journal, cash receipts journal, and cash payments journal. Post these transactions to the AP and AR subsidiary ledgers and general ledger accounts. Note: only accounts used in the problem are listed.

1. Special Journals
2. Subsidiary Ledgers and Schedules of AP/AR
3. General Ledger

CHART OF ACCOUNTS

(only shows the accounts used in this problem)

GENERAL LEDGER**Balance Sheet Accounts**ASSETS (1000)

1110 Cash
1120 Petty Cash
1130 Accounts Receivable

LIABILITIES (2000)

2110 Accounts Payable
2130 Employee Income Tax Payable
2140 Social Security Tax Payable
2150 Medicare Tax Payable
2160 Sales Tax Payable
2170 Unemployment Tax Payable – Federal
2180 Unemployment Tax Payable – State

OWNER'S EQUITY (3000)

(no accounts used in this problem)

Income Statement AccountsOPERATING REVENUE (4000)

4110 Sales
4120 Sales Discount
4130 Sales Returns and Allowances

COST OF MERCHANDISE (5000)

5110 Purchases
5120 Purchases Discount
5130 Purchases Returns and Allowances

OPERATING EXPENSES (6000)

6120 Cash Over and Short
6130 Miscellaneous Expense
6140 Payroll Taxes Expense
6150 Salary Expense

SUBSIDIARY LEDGERS**Accounts Receivable Ledger**

110 Dylan Benz
120 Jackson Gehring
130 AJ Wendland

Accounts Payable Ledger

210 Just Ballz
220 Jazzy Jerseys
230 Sneaky Sneaks

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Business Transactions

- March 1 Purchased merchandise ("Purchases") on account from Just Ballz, \$5,000 less a trade discount of 10%. P51.
- March 1 Established a petty cash fund, \$200. Check No. 101. *(hint: use cash payments journal)*
- March 2 Sold merchandise ("Sales") on account to Dylan Benz, \$500, plus sales tax, \$25; total \$525. S31.
- March 3 Purchased merchandise ("Purchases") on account from Jazzy Jerseys, \$500. P52. *(Terms 10/15, N31)*
- March 6 Granted credit to Dylan Benz for merchandise returned ("Sales Returns & Allowances"), \$500, plus sales tax, \$25; total \$525. CM401. *(hint: this uses 3 lines in the general journal)*
- March 7 Sold merchandise ("Sales") on account to Jackson Gehring, \$1,000, plus sales tax, \$50; total \$1,050. S32.
- March 8 Returned merchandise ("Purchases Returns and Allowances") to Just Ballz, \$4,500 (after trade discount), which was purchased on account. DM201. *(hint: this uses 2 lines in the general journal)*
- March 12 Sold merchandise ("Sales") on account to AJ Wendland, \$200, plus sales tax, \$10; total \$210. S33.
- March 14 Purchased merchandise ("Purchases") on account from Sneaky Sneaks, \$2,500. P53. *(Terms 10/10, N31)*
- March 15 Paid cash on account to Jazzy Jerseys, \$450, covering purchase P52 for \$500, less a 10% discount. Check No. 102.
- March 18 Received cash on account from AJ Wendland, \$210, covering S33. R50.
- March 25 Received cash on account from Jackson Gehring, \$1,029, covering S32 for \$1,050, less 2% discount, \$21. R51.
- March 26 Paid cash on account to Sneaky Sneaks, \$2,500, covering purchase P53 for \$2,500 (no discount). Check No. 103.
- March 27 Paid cash to replenish the petty cash fund for Misc. Expenses, \$25; and Cash Short and Over, \$10 short (debit). Check No. 104. *(hint: this uses 2 lines in the cash payments journal)*
- March 31 Paid cash for monthly payroll, \$2,500 (total Salary Expense, \$3,250, less deductions: Employee Income Tax Payable, \$300; Social Security Tax Payable, \$250; Medicare Tax Payable, \$200). Check 105. *(hint: this uses 4 lines in the cash payments journal)*
- March 31 Record employer Payroll Taxes Expense, \$1,000 (Social Security Tax Payable, \$250, Medicare Tax Payable, \$200, Unemployment Tax Payable – Federal, \$150, and Unemployment Tax Payable – State, \$400). M201. *(hint: this uses 5 lines in the general journal)*

SALES JOURNAL PAGE 1

AR Subsidiary Ledger Customer #

Date	Account Debited	Sale No.	Post Ref.	Accts Receivable DR				Sales CR				Sales Tax Payable CR						
	<i>TOTALS</i>																	

General Ledger Acct #

AP Subsidiary Ledger Customer #

PAGE 1

PURCHASES JOURNAL

Date	Account Credited	Purch. No.	Post Ref.	Purchases DR				Accts Payable CR										
	<i>TOTALS</i>																	

General Ledger Acct #

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ACCOUNTS RECEIVABLE SUBSIDIARY LEDGERS

Customer: DYLAN BENZ				Customer No: 110											
Date		Item	Post. Ref.	Debit				Credit				Debit Balance			
March	1	Balance	✓											0	00

Customer: JACKSON GEHRING				Customer No: 120											
Date		Item	Post. Ref.	Debit				Credit				Debit Balance			
March	1	Balance	✓											0	00

Customer: AJ WENDLAND				Customer No: 130											
Date		Item	Post. Ref.	Debit				Credit				Debit Balance			
March	1	Balance	✓											0	00

SCHEDULE OF ACCOUNTS RECEIVABLE

March 31, 2019

<i>TOTAL ACCOUNTS RECEIVABLE</i>							

*** CHECK THIS BALANCE WITH THE ENDING BALANCE IN THE ACCOUNTS RECEIVABLE GENERAL LEDGER ACCOUNT ***

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ACCOUNTS PAYABLE SUBSIDIARY LEDGERS

Vendor: JUST BALLZ				Vendor No: 210											
Date		Item	Post. Ref.	Debit				Credit				Credit Balance			
March	1	Balance	✓											0	00

Vendor: JAZZY JERSEYS				Vendor No: 220											
Date		Item	Post. Ref.	Debit				Credit				Credit Balance			
March	1	Balance	✓											0	00

Vendor: SNEAKY SNEAKS				Vendor No: 230											
Date		Item	Post. Ref.	Debit				Credit				Credit Balance			
March	1	Balance	✓											0	00

SCHEDULE OF ACCOUNTS PAYABLE

March 31, 2019

<i>TOTAL ACCOUNTS PAYABLE</i>							

*** CHECK THIS BALANCE WITH THE ENDING BALANCE IN THE ACCOUNTS PAYABLE GENERAL LEDGER ACCOUNT ***

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Account: PURCHASES						Account No: 5110											
Date	Item	Post. Ref.	Debit			Credit			Balance								
									Debit			Credit					
March	1	Balance	✓										3	0	0	0	00

Account: PURCHASES DISCOUNT						Account No: 5120															
Date	Item	Post. Ref.	Debit			Credit			Balance												
									Debit			Credit									
March	1	Balance	✓															2	0	0	00

Account: PURCHASES RETURNS & ALLOWANCES						Account No: 5130															
Date	Item	Post. Ref.	Debit			Credit			Balance												
									Debit			Credit									
March	1	Balance	✓															1	5	0	00

Account: CASH OVER AND SHORT						Account No: 6120													
Date	Item	Post. Ref.	Debit			Credit			Balance										
									Debit			Credit							
March	1	Balance	✓															0	00

Account: MISCELLANEOUS EXPENSE						Account No: 6130													
Date	Item	Post. Ref.	Debit			Credit			Balance										
									Debit			Credit							
March	1	Balance	✓															0	00

Account: PAYROLL TAXES EXPENSE						Account No: 6140													
Date	Item	Post. Ref.	Debit			Credit			Balance										
									Debit			Credit							
March	1	Balance	✓															0	00

Account: SALARY EXPENSE						Account No: 6150													
Date	Item	Post. Ref.	Debit			Credit			Balance										
									Debit			Credit							
March	1	Balance	✓															0	00