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## The Cash Receipts Journal and the Cash Payments Journal

### STUDY GUIDE QUESTIONS

#### 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 normal balance of the Sales Discount account is on the debit side.
- T    F        2. An investment of cash by the owner is always recorded in the general journal.
- T    F        3. In a cash receipts journal, the individual amounts in the Other Accounts credit column are posted at the end of the month.
- T    F        4. Entries in the Accounts Payable Debit column of a cash payments journal are posted daily to the accounts payable ledger.
- T    F        5. The Purchases Discount account is classified as a revenue account.
- T    F        6. Credit terms of 1/10, n/30 indicate that a discount of one-tenth may be deducted if the bill is paid in thirty days.
- T    F        7. The amount of the discount that the bank deducts for a credit card transaction is usually between 10 and 15 percent.
- T    F        8. The buyer records the purchases discount when payment is made.
- T    F        9. Trade discounts are not recorded on the books of either the buyer or the seller.
- T    F        10. A check register performs the same function as a cash payments journal.

#### PART 2 Completion—Language of Business

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

- 1. Large deductions from the list prices of merchandise are referred to as \_\_\_\_\_.
- 2. The time the seller allows the buyer before full payment on a charge sale has to be made is called the \_\_\_\_\_.
- 3. The \_\_\_\_\_ is the amount a customer may deduct for paying a bill within a specified period of time.

#### PART 3 Matching

For each numbered item, choose the appropriate journal and write the identifying letter.

- |       |                                      |    |                               |
|-------|--------------------------------------|----|-------------------------------|
| _____ | 1. Bought merchandise on account     | S  | Sales journal                 |
| _____ | 2. Sold merchandise for cash         | P  | Purchases journal (3 columns) |
| _____ | 3. Bought merchandise for cash       | CR | Cash receipts journal         |
| _____ | 4. Collected accounts receivable and | CP | Cash payments journal         |

- \_\_\_\_\_ allowed a cash discount
- \_\_\_\_\_ 5. Bought store equipment on credit
- \_\_\_\_\_ 6. Recorded accrued wages
- \_\_\_\_\_ 7. Received credit memo for merchandise returned
- \_\_\_\_\_ 8. Paid freight bill on merchandise purchased
- \_\_\_\_\_ 9. Sold merchandise on account
- \_\_\_\_\_ 10. Paid state unemployment tax

J General journal

**PART 4 Cash Receipts Journal**

Label the money columns as Debit or Credit

Other Accounts	Accounts Receivable	Sales	Sales Discount	Cash