**APPLICATION EXERCISE 2 – SUGGESTED SOLUTION**

**General Journal**

|  |  |  |  |
| --- | --- | --- | --- |
| **Date** | **Details** | **Debit** | **Credit** |
| 02/02 | Cash at Bank | 5 500 |  |
|  | Accounts Receivable |  | 5 500 |
| 05/02 | Inventory | 3 000 |  |
|  | GST Clearing | 300 |  |
|  | Accounts Payable |  | 3 300 |
| 08/02 | Advertising | 750 |  |
|  | GST Clearing | 75 |  |
|  | Cash at Bank |  | 825 |
| 11/02 | Accounts Receivable | 9 900 |  |
|  | Credit Sales |  | 9 000 |
|  | GST Clearing |  | 900 |
|  | Cost of Sales | 3 600 |  |
|  | Inventory |  | 3 600 |
| 13/02 | Cash at Bank | 1 650 |  |
|  | Cash Sales |  | 1 500 |
|  | GST Clearing |  | 150 |
|  | Cost of Sales | 450 |  |
|  | Inventory |  | 450 |
| 14/02 | Sales Returns | 1 000 |  |
|  | GST Clearing | 100 |  |
|  | Accounts Receivable |  | 1 100 |
|  | Inventory | 400 |  |
|  | Cost of Sales |  | 400 |
| 14/02 | Equipment | 12 100 |  |
|  | GST Clearing | 1 210 |  |
|  | Cash at Bank |  | 13 310 |

**General Journal**

|  |  |  |  |
| --- | --- | --- | --- |
| **Date** | **Details** | **Debit** | **Credit** |
| 15/02 | Accounts Payable | 660 |  |
|  | Inventory |  | 600 |
|  | GST Clearing |  | 60 |
| 16/02 | Cash at Bank | 8 085 |  |
|  | Discount Expense | 165 |  |
|  | Accounts Receivable |  | 8 250 |
| 19/02 | Drawings | 2 500 |  |
|  | Cash at Bank |  | 2 500 |
| 21/02 | GST Clearing | 916 |  |
|  | Cash at Bank |  | 916 |
| 24/02 | Cash at Bank | 2 475 |  |
|  | Cash Sales |  | 2 250 |
|  | GST Clearing |  | 225 |
|  | Cost of Sales | 1 500 |  |
|  | Inventory |  | 1 500 |
| 27/02 | Accounts Payable | 4 840 |  |
|  | Cash at Bank |  | 4 840 |