

Supplementary Exercise 4-1

Examine each transaction carefully, then record the reversing and corrected entries in the spaces provided.

	Accounts & Description	Debit	Credit
Jan 3	Bank	5,000.00	
	Inventory	7,000.00	
	Sales		12,000.00
	Mary Muswagon started her business with cash and inventory.		
3	Sales	12,000.00	
	Inventory		7,000.00
	Bank		5,000.00
	To reverse investment entry.		
3	Bank	5,000.00	
	Inventory	7,000.00	
	Capital, M. Muswagon		12,000.00
	To record corrected investment entry.		
4	Rent Expense	1,240.00	
	Bank Charges		1,240.00
	Paid rent for January. Issued cheque #1.		
4	Bank Charges	1,240.00	
	Rent Expense		1,240.00
	To reverse rent entry.		
4	Rent Expense	1,240.00	
	Bank		1,240.00
	To record corrected rent entry.		
8	Office Equipment	245.00	
	Bank		245.00
	Bought supplies for the office. Issued cheque #2.		
8	Bank	245.00	
	Office Equipment		245.00
	To reverse supplies entry.		
8	Office Supplies Expense (or Prepaid)	245.00	
	Bank		245.00
	To record corrected supplies entry.		

10	Sales	4,500.00	
	A/P ABC Enterprises		4,500.00
	Bought merchandise on terms n/15.		
10	A/P ABC Enterprises	4,500.00	
	Sales		4,500.00
	To reverse.		
10	Purchases	4,500.00	
	A/P ABC Enterprises		4,500.00
	To record corrected entry.		
15	Sales	1,500.00	
	A/R Northern Co.		250.00
	A/R Western Co.		340.00
	A/R Eastern Co.		910.00
	Sales on terms n/15.		
15	A/R Northern Co.	250.00	
	A/R Western Co.	340.00	
	A/R Eastern Co.	910.00	
	Sales		1,500.00
	To reverse.		
15	A/R Northern Co.	250.00	
	A/R Western Co.	340.00	
	A/R Eastern Co.	910.00	
	Sales		1,500.00
	To record corrected entry.		
21	A/P ABC Enterprises	4,500.00	
	Purchases		4,500.00
	Paid balance owing to ABC Enterprises.		
21	Purchases	4,500.00	
	A/P ABC Enterprises		4,500.00
	To reverse.		
21	A/P ABC Enterprises	4,500.00	
	Bank		4,500.00
	To record corrected entry.		

25	A/P Canada Supplies Co.	2,575.00	
	Bank		2,575.00
	Paid balance owing on invoice from Canad-Arm Suppliers Corp.		
25	Bank	2,575.00	
	A/P Canada Supplies Co.		2,575.00
	To reverse.		
25	A/P Canad-Arm Suppliers Corp.	2,575.00	
	Bank		2,575.00
	To record corrected entry.		

Supplementary Exercise 4-2 GST/HST

Name the GST/HST account that completes each transaction. Then, enter the appropriate formulas to complete the transaction. Use the tax rate stated in each transaction.

	Accounts & Description	Debit	Credit
Oct 5	Purchases	5,000.00	
	GST-ITC	250.00	
	Bank		5,250.00
	Bought merchandise; 5% GST.		
8	Office Supplies Prepaid	675.00	
	HST-ITC	101.25	
	A/P Wix Widgets Ltd.		776.25
	Bought supplies; 15% HST.		
10	Bank	2,096.15	
	Sales		1,855.00
	HST Payable		241.15
	Cash sales; 13% HST.		
13	A/R Mats Natchke	2,215.50	
	Sales		2,110.00
	GST Payable		105.50
	Sale on account; 5% GST.		
16	Rent Expense	1,830.00	
	HST-ITC	274.50	
	Bank		2,104.50
	Paid rent; 15% HST.		
17	A/R W. Pitz	9,175.60	
	Sales		8,120.00
	HST Payable		1,055.60
	Sale on account; 13% HST.		
21	Warehouse Equipment	1,234.00	
	GST-ITC	61.70	
	A/P Lemon Company		1,295.70
	Bought equipment; 5% GST.		
23	Postage Expense	34.00	
	HST-ITC	5.10	
	Bank		39.10
	Bought postage stamps; 15% HST.		

27 Bank	2,415.00	
Sales		2,300.00
GST Payable		115.00
Cash sales; 5% GST.		

Supplementary Exercise 4-2 GST+PST

Name the GST and PST accounts that complete each transaction. Then, enter the appropriate formulas to complete the transaction. Use the tax rates stated in each transaction.

Accounts & Description		Debit	Credit
Oct 5	Purchases	5,000.00	
	GST-ITC	250.00	
	Bank		5,250.00
	Bought merchandise; 5% GST.		
8	Office Supplies Prepaid	715.50	
	GST-ITC	33.75	
	A/P Wix Widgets Ltd.		749.25
	Bought supplies; \$675 + 5% GST + 6% PST.		
10	Bank	2,077.60	
	Sales		1,855.00
	GST Payable		92.75
	PST Payable		129.85
	Cash sales; 5% GST + 7% PST.		
13	A/R Mats Natchke	2,342.10	
	Sales		2,110.00
	GST Payable		105.50
	PST Payable		126.60
	Sale on account; 5% GST + 6% PST.		
16	Rent Expense	1,830.00	
	GST-ITC	91.50	
	Bank		1,921.50
	Paid rent; 5% GST.		
17	A/R W. Pitz	9,335.97	
	Sales		8,120.00
	GST Payable		406.00
	QST Payable		809.97
	Sale on account; 5% GST + 9.975% QST.		
21	Warehouse Equipment	1,308.04	
	GST-ITC	61.70	
	A/P Lemon Company		1,369.74
	Bought equipment; \$1,234 + 5% GST + 6% PST.		
23	Postage Expense	36.72	

	GST-ITC	1.70	
	Bank		38.42
	Bought postage stamps; \$34 + 5% GST + 8% PST.		
27	Bank	2,415.00	
	Sales		2,300.00
	GST Payable		115.00
	Cash sales; 5% GST.		