

Example of Manual Accounting
(The bad old days)

XENIX Company completed these transactions during January of the current year:

- January 1, Began business by selling stock for \$500,000.
- January 1, Rented office space for 1 month using check number 800 for \$10,000 to Smithlord Properties. (Example posted to cash disbursement journal).*
- January 2, Received merchandise and invoice F1 dated Jan 1, terms 2/10, n/30; from Farnswood Company, \$213,000. (Example posted to purchase journal).*
- January 2, Sold merchandise on credit to John Nelson. Invoice No. 324, \$7,900 (Terms of all credit sales are 2/10, n/30). (Example posted to sales journal).*
- January 3, Purchased on credit from Cosair Company office supplies, \$560. Invoice xx12 dated January 3, due in 30 days.
- January 3, Sold merchandise on credit to Thomas Zak, Invoice no 325, \$4,600.
- January 9, Purchased office equipment on credit from Mckay Company, invoice mck66 dated January 9, terms 2/10, net 30, \$10,400.
- January 10, Sent Farnswood Company Check no. 876 in payment of its Dec 30 invoice less the discount.
- January 10, Sold merchandise on credit to Margo Edwards, Invoice no. 326, \$2,300.
- January 12, Received payment from John Nelson for the January 2 sales less the discount check number 4444. (Example posted to cash receipts journal).*
- January 13, Received payment from Thomas Zak for the January 3 sales less the discount check number 12345.
- January 15, Issued check no. 877 payable to payroll, in payment of sales salaries for the first half of the month, \$7,950. Cashed the check and paid the employees.
- January 15, Cash sales for the first half of the month were \$67,340. (Normally cash sales are posted daily, but for the purposes of this problem you are going to post them all at once.)
- January 19, Received payment from Margo Edwards for the sale of January 10 less the discount check number 8888.
- January 27, Sold merchandise on credit to Margo Edwards, Invoice no. 327, \$65,400
- January 28, Sold merchandise on credit to Thomas Zak, Invoice no 328, \$26,500.
- January 31, Issued check no. 879 payable to payroll, in payment of sales salaries for the second half of the month, \$7,950. Cashed the check and paid the employees.
- January 31, Cash sales for the second half of the month were \$72,345. (Normally cash sales are posted daily, but for the purposes of this problem, you are going to post them all at once.)
- January 31, Paid for utilities (water, power, etc) to Unified Utilities Inc. \$1,450 check number 880.
- January 31, Paid for advertising from AdsRus for January \$10,500 check number 881
- January 31, Estimated the expected life of the office equipment to be 5 years with no salvage value.
- January 31, Counted ending inventory valued at \$ 96,312.