

of the other source documents before the deposit tickets (pages 55–61 of the Forms booklet).

**Credit Memorandums.** Remove the credit memorandums received from Phil's Furniture Farm and Lanefield Fine Furniture prior to September 1 (Form Nos. 15 and 16)

from page 25 of the Forms booklet. Attach the credit memorandums to the corresponding purchase invoices and file them in the general file behind guide File No. 6—Unpaid Invoices.

## NARRATIVE OF TRANSACTIONS

The month of September will be spent working with Mrs. Markovich. She will explain, in a step-by-step manner, how to process several transactions. You should follow this narrative as you process each transaction so that nothing is overlooked.

Initial instructions in this section for sample transactions are geared toward special journal users. General ledger users will find their instructions located in boxes following the special journal instructions.

### Thursday, September 1, 20--

1. Issued check for \$3,000.00 to Uniontown Savings Bank in payment of September mortgage. (Form 3) (\$1,724.74 is the interest with the remainder going toward principal.)

Complete the check stub. Copy the date of the transaction (September 1, 20--) on the Date line and the payee's name on the To line. Write the purpose on the For line, the number of the account being charged on the Acct. Line, and the net amount on the

Amt. This Check line. Account numbers rather than account titles are used because of space limitations on the stub. Subtract the amount of the check (\$3,000.00) from the Bal. Bro't For'd line of the next check stub (1430).

Write the check. Copy the date, payee's name, and dollar amount to the adjoining check. Sign your name in exactly the same manner as you wrote it on the signature card for the bank.

Store the check and payment coupon in the general file behind guide File No. 5—Outgoing Papers.

Record the check stub in the cash payments journal. Copy the month and day of the transaction in the Date column and the check number in the Ck. No. Column.

Write the account names (Mortgage Note Payable and Interest Expense) in the Account Debited column and the amounts (\$1,275.26 and \$1,724.74) in the General Debit and in the second line (\$3,000.00) Cash Cr. Columns.

Next post from the cash payments journal to the general ledger (Mortgage Payable and Interest Expense) and calculate the new account balances.

#### *General Journal Users*

Complete the check stub. Copy the date of the transaction (September 1, 20--) on the Date line and the payee's name on the To line. Write the purpose on the For line, the number of the account being charged on the Acct. Line, and the net amount on the Amt. This Check line. Account numbers rather than account titles are used because of space limitations on the stub. Subtract the amount of the check (\$3,000.00) from the Bal. Bro't For'd line of the next check stub (1430).

Write the check. Copy the date, payee's name, and dollar amount to the adjoining check. Sign your name in exactly the same manner as you wrote it on the signature card for the bank.

Store the check and payment coupon in the general file behind guide File No. 5—Outgoing Papers.

In the general journal, record the current year at the top of the date column. Now record the date (Sept. 1) and the transaction as follows: Debit Mortgage Payable for \$1,275.26, debit Interest Expense for \$1,724.74, and credit Cash for \$3,000.00.

Next, post the transaction to the general ledger (Mortgage Payable, Interest Expense, and Cash) and calculate the new account balances.

### Friday, September 2, 20--

2. Issued check to Keystone Gas & Electric Co. in payment of the August bill (Form 17).