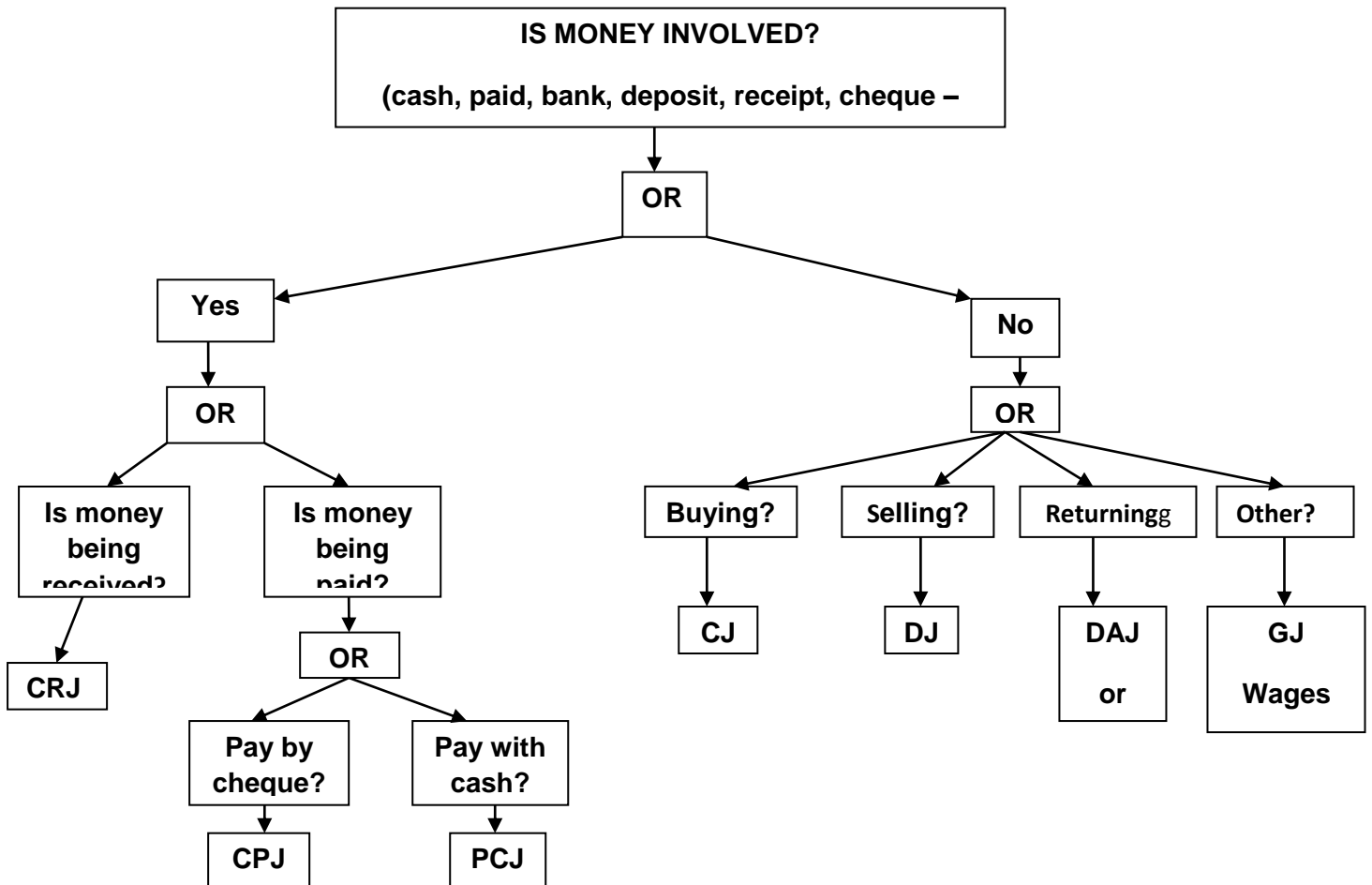


WORKSHEET 2

IDENTIFYING WHICH JOURNAL TO USE

The following flow chart can be used to help identify which journal will be used for each transaction.



STEP 1 Read the transaction e.g. paid wages by cheque.

2 Decide if money is involved. Use the key words to help you decide. e.g. the transaction mentions paid and cheque so the answer will be yes.

3 If your answer is yes, decide if money is being received or paid e.g. the word paid is used.

4. Ask yourself if the money is paid by cheque or with cash e.g. the word cheque is mentioned.

5. We can then see that the Cash Payments journal is to be used.

If the answer to no. 2 above was no then:

3. We have to ask whether we are buying, selling, returning or other transaction. **(NB. We have said that no money is involved!)**

4. We will then be able to decide which journal should be used.

ACTIVITY 2

Using the chart above identify which journal will be used for the following transactions.

1.	Paid by cheque for rent expense	
2.	Received money from the owner as capital	
3.	Paid wages from petty cash	
4.	Bought goods on account	
5.	We returned some of the goods bought	
6.	Sold goods to debtors on credit	
7.	Debtors returned some of the goods that we sold to them.	

ACTIVITY 3

Using the chart above identify which journal will be used for the following transactions.

1.	Sold goods and received a cheque	
2.	Paid for Water and Electricity by cheque	
3.	Sold goods on credit	
4.	Paid for stationery from petty cash	
5.	Bought goods on credit	
6.	Issued a receipt for money paid to us.	
7.	The owner deposited money into the bank account.	