



# Accounting



[http://www.nfb.ca/film/My\\_Financial\\_Career/](http://www.nfb.ca/film/My_Financial_Career/)

# Taxes

- In Ontario, we pay 13% on each purchase we make. (This 13% is called the **HST**)
- If we purchase \$200 pair of jeans, the tax will be  $\$200 \times 0.13 = \$26$
- Total price of the jeans is therefore \$226





# The HST

- Until a couple of years ago, we paid two taxes. The 8% **provincial sales tax** (PST) and the 7% **goods and services tax** (GST).
- For some products we paid one, and for other products we paid both.
- Now **all** taxable products pay the HST (**Harmonized Sales Tax**) of 13%.

- Tutoring and tuition fees, residential rents, basic groceries, municipal public transit, child care, music lessons and prescription drugs are **exempt** from the HST.





How does the government get that money?

- Most of the HST a company pays on purchases is **recoverable**.
  - eg. A company purchases a horse for \$1000. There is HST of \$130.
  - The company will get this HST back from the government.

- Most of the HST a company collects on its sales is **payable**.

eg. It then sells the horse for \$2000 plus tax.  
(The total bill is for \$2260) The company will owe the tax they collected to the government.



|                 |             |
|-----------------|-------------|
| HST Payable     | 260         |
| HST Recoverable | <u>-130</u> |
| HST Payable*    | 130         |

\*This is the amount you will 'remit' to the government. (Unless the balance is recoverable – then you will receive money from the government.)



# Remitting the HST

- We need to get the 'payable' amount to 0.
- We need to get the 'recoverable' amount to 0.
- The amount left over will be the amount we receive or remit. (To or from our 'Bank' account.)

# ACCOUNTING FOR THE HST

The Harmonized Sales Tax (HST) was introduced in Ontario on July 1, 2010

The balance of tax owed is 'remitted' to the government on regular intervals.

Businesses collect taxes when they make sales and pay taxes when they make purchases. It is accounted for as follows:

|                 |       |       |      |
|-----------------|-------|-------|------|
| Cash            | 226-- |       |      |
| HST Payable     |       | 26--  |      |
| Revenue         |       | 200-- |      |
| Supplies        | 100-- |       |      |
| HST Recoverable | 13--  |       |      |
| Cash            |       |       |      |
| HST Payable     | 26--  |       |      |
| Cash            |       |       | 13-- |
| HST Recoverable |       |       | 13-- |





# SOURCE DOCUMENTS

- Where does the information for transactions actually come from?
- The accounting department is informed of transactions by means of business papers that are sent to it.
- These papers are called **source documents**.
- The source documents are kept on file for reference purposes and to verify transactions.



# ***Masthead Marine***

- Here are some **source documents** and their related journal entries that one might see, working for Masthead Marine and other companies.....

– \*\*\* Journal Entries \*\*\*

*Make sure to write down the document number when recording a transaction.!*





# Invoices!!!

- An 'Invoice' indicates the sale or purchase is made 'on account.'





Sales Invoice

**ECHO BAY**  
VANCOUVER, B.C.  
**MASTHEAD MARINE**

PO: Box 298  
Station 8  
V7C 8P7  
Phone 842-9999  
Fax 842-9966

SOLD TO: S. & S. Boatworks  
16 Culver Street  
Vancouver, B.C.  
V7E 8P4

DATE: Mar. 5, 20--  
TERMS: Net 30 days

| QUANTITY | PART NO. | DESCRIPTION                   | PRICE  | AMOUNT   |
|----------|----------|-------------------------------|--------|----------|
| 6        | 776-108  | .5 cm X .4 cm rigging links   | 2.20   | 13.20    |
| 6        | 776-118  | 1 cm X .5 cm rigging links    | 3.00   | 18.00    |
| 2        | 730-975  | 12 cm swivel deck blocks      | 27.25  | 54.50    |
| 1        | 309-500  | 3 burner gimbal mounted stove | 750.00 | 750.00   |
| Total    |          |                               |        | \$835.70 |

**SALES INVOICE** NO. 7198

CUSTOMER'S COPY  
CUSTOMER'S COPY  
ACCOUNTING DEPARTMENT COPY  
SHIPPING DEPARTMENT COPY  
FILE COPY

Invoice = 'on account'

A/R

Sales

Sales invoice no. 7198

details

835.70

835.70

# Source Documents

- Make sure you read what it IS!!
- This gives you a clue as to which accounts are affected.



# Point of Sale Summary

## Host Reconciliation Card Summary October 30, 20—

|       |          |               |
|-------|----------|---------------|
| Visa  | 7 Sale   | 412.50        |
|       | 1 Return | -27.50        |
|       | 0 Void   |               |
| M/C   | 2 Sale   | 32.56         |
|       | 0 Return |               |
|       | 0 Void   |               |
| Debit | 6 Sale   | 325.62        |
|       | 0 Return |               |
|       | 0 Void   |               |
|       |          | <u>743.18</u> |

Purchase Invoice

**GENERAL ENGINEERING**

400 WEST BLVD.  
VANCOUVER, B.C.  
V7C 1T3



IN ACCOUNT WITH

Masthead Marine  
Box 298, Station 8  
Vancouver, B.C.  
V7C 8P7

DATE March 6, 20—

TERMS

Net 60 days

| QTY. | PART NO. | DESCRIPTION     | PRICE | AMOUNT | HOURS | LABOUR | PARTS |
|------|----------|-----------------|-------|--------|-------|--------|-------|
| 1    | 3217     | chain           | 57.00 | 57.00  | 5     |        |       |
| 1    | 3641     | connecting link | 5.00  | 5.00   |       |        |       |
| 1    | 4729     | cogwheel        | 27.00 | 27.00  |       |        |       |
| 1    | 2728     | axle bearing    | 12.50 | 12.50  |       |        |       |
|      |          |                 |       |        | 2     |        |       |
|      |          |                 |       |        | 7     |        | 140.— |

|             |     |    |
|-------------|-----|----|
| TOTAL PARTS | 101 | 50 |
| GST         |     |    |
| PST         |     |    |
| TOTAL       | 241 | 50 |

NIC 4133



# COLEMAN BOATS

INVOICE NO

236

Phone  
842-0107

99 Wharf Road  
Vancouver, B.C.  
V7B 1P3

Sold to:  
Masthead Marine  
Box 298, Station 8  
Vancouver, B.C.  
V7C 8P7

Date March 6, 20--

Terms Net 60

| Quantity | Part No. | Description         | Price | Amount |
|----------|----------|---------------------|-------|--------|
| 10       | 88       | Coleman posters     | 24.00 | 240.00 |
|          |          | GST<br>PST<br>Total |       | 240.00 |

Cheque Copy

**MASTHEAD MARINE**  
 ECHO BAY 01011  
 Box 298, Station 8  
 VANCOUVER, B.C.  
 V7C 8P7  
 March 6 20 --

PAY TO THE ORDER OF Sterling Spars \$ 1 802.90  
 One Thousand, Eight Hundred and Two <sup>90</sup> / 100 DOLLARS

TO THE COMMERCIAL BANK  
 CITY HARBOUR BRANCH  
 VANCOUVER B.C.

**David Scott**  
 MASTHEAD MARINE

⑆05452⑈ 0114562⑈D 01680⑈

|          |              |            |
|----------|--------------|------------|
| Inv. 342 | Jan. 12, 20- | \$ 950.06  |
| Inv. 406 | Feb. 3, 20-  | 852.84     |
| Total    |              | \$1 802.90 |

MASTHEAD MARINE 01011

ACCOUNTING DEPARTMENT COPY  
 FILE COPY



1124

11-3167/1210  
01

DONALD E. KNUTH  
COMPUTER SCIENCE DEPARTMENT  
STANFORD UNIVERSITY  
STANFORD, CA 94305-9045



Date 29 Aug 03

Pay to the Order of Marjorie Suárez-Alvarez \$ 7.56

Two and 56/100 Dollars



AMERICA CALIFORNIA BANK  
3550 El Camino Real • Palo Alto, CA 94306 • 650-950-0725

For OSP 268

Donald Knuth

# Cash Receipts Summary

The transaction date.

Masthead Marine

Cash Receipts Daily Summary, March 9, 20--

|                | On Account | \$                |
|----------------|------------|-------------------|
| A. Baldwin     | Inv. 7010  | 375.00            |
| F. Perri       | Inv. 6419  | 965.52            |
| Pier 10 Marina | Inv. 6731  | 801.72            |
|                | Total      | <u>\$2,142.24</u> |

Prepared by Jan Marshall

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Bank 'Advice'

|  |                 |
|--|-----------------|
| <b>THE COMMERCIAL BANK</b><br>CITY HARBOUR BRANCH<br>VANCOUVER, B.C. |                 |
| DESIG. NO. 13268   | TFC             |
| ACCOUNT NUMBER<br>0216754  | 74              |
| YOUR ACCOUNT HAS TODAY BEEN DEBITED WITH THE FOLLOWING               |                 |
| Interest on bank loan  | AMOUNT          |
| TO   | 113.50          |
| TO   | TOTAL 113.50    |
| Masthead Marine<br>Box 298, Station 8<br>Vancouver, B.C.<br>V7C 8P7  | C.W.<br>MANAGER |
| ADVICE TO CUSTOMER   |                 |



CAR INVOICE



**BRADFORD FAIRWAY  
SALES & LEASING, Inc.**

472 E. Main St. Telephone 368-7166  
BRADFORD, PA.

**Nº 2621**

DATE **Jan. 29, 1966**

SOLD TO: **William J. Hestler**  
ADDRESS **9500 Watts Branch Drive**  
**Rockville, Md.**

SALESMAN: **Hse**

| MAKE     | MODEL                      | NEW OR USED | SERIAL NO.  | ENGINE NO.       | KEY NO. |
|----------|----------------------------|-------------|-------------|------------------|---------|
| '66 Ford | Sahara Beige Mustang H. T. | N           | 6T07C194243 | FE 395<br>FN 109 | 240     |

INSURANCE COVERAGE INCLUDES

- FIRE AND THEFT
- COLLISION — AMT. DEDUCT.
- PUBLIC LIABILITY — AMT.
- PROPERTY DAMAGE — AMT.

OPTIONAL EQUIPMENT AND ACCESSORIES

GROUP DESCRIPTION PRICE

|  |                |
|--|----------------|
| PRICE OF CAR                                   | 3541.84        |
| OPTIONAL EQUIP. & ACCESS. FREIGHT AND HANDLING |                |
| <b>Discount</b>                                | <b>-540.24</b> |
|  | <b>3001.60</b> |
| <b>Floor Mats</b>                              | <b>10.00</b>   |
| <b>Winter Tires</b>                            | <b>467.61</b>  |
|  | <b>3058.21</b> |
| <b>Sales Tax, Sale &amp; License</b>           | <b>3.50</b>    |
| <b>Delivery</b>                                |                |
| <b>TOTAL CASH PRICE</b>                        | <b>3061.71</b> |

FINANCING INSURANCE

TOTAL TIME PRICE

SETTLEMENT:

DEPOSIT  
CASH ON DELIVERY  
USED CAR  
TYPE  
SER. NO.  
ENG. NO.  
PAYMENTS:

3061.71

TOTAL 3061.71

*personal check*

ALWAYS SHOW SERIAL, ENGINE AND KEY NUMBERS

FORM © DSA-131 (1-62)  
THE REYNOLDS & REYNOLDS CO., CELINA, OHIO  
LITHO IN U.S.A.

1/17/66  
65



# HOMWORK

- Red Lake Campground Tax Case.
- Use a single Excel document (with different tabs) to complete the case.
- The tabs you should have:
  - General Journal
  - General Ledger
  - Trial Balance