

Transactions List

December 16-31, 2009

Complete each of the following transactions in accordance with the seven-step process on pages 11-12 of the Instructions, Flowcharts and Ledgers Book. Remember the importance of the systems flowcharts on pages 18-24 for details as to (a) documents to prepare, (b) approvals and other internal control procedures, (c) accounting entries, and (d) filing. Also, remember from the requirements that some of the following events require the preparation or modification of systems documents and some do not. You are to perform the roles of Ray Kramer, Nancy Ford and Jim Adams.

- Hints are provided in boxed areas like this.

December

Yes

- 16 Received *validated deposit receipt* (Doc. No. 11) from the bank for \$7,931.96 for deposit made December 15.

- Follow flowchart on page 21. No recording occurs at this time.
- *Cash receipts prelist* is Doc. No. 9.
- File Doc. No. 9 and Doc. No. 11 in the Temporary file tab.

Yes

- 16 Ordered the following inventory on account from Velocity Sporting Goods, using *purchase order No. 328* (Doc. No. 16).

Units	Description
120	Basketball pole pad
50	Basketball bag
60	Portable inflation pump
75	Trainer's first aid kit

Vendor address: 1285 Colgrove Ave., Pierre, SD 57501
 Freight carrier: Interstate Motor Freight
 Freight charges: Collect (i.e., paid by Waren Sports Supply)
 Allowances: None

- Follow flowchart on page 22.
- Use purchase order No. 325 (Doc. No. 16) as a guide.
- Use the price list (Doc. No. 3).
- No receiving or recording occurs at this point for this transaction.
- Tear document apart and file following the flowchart guidance.

December

Yes

16 Borrowed \$70,000 from First American Bank and Trust by issuing a two-year *note payable* (Doc. No. 14) with a stated annual interest rate of 7%. *Check No. 545* (Doc. No. 8) for \$70,000 was received from the bank and deposited. Reviewed the terms and conditions of the note and signed it (Ray Kramer) as the borrower.

- Restrictively endorse means to write the following on the back of the check: "For deposit only. Waren Sports Supply."
- See flowchart, page 21, for recording and depositing.
- Detach the bottom portion of the check and file in the Shipping/Banking file tab.
- File the note in the Shipping/Banking file tab.

Yes

19 Received *customer purchase order No. 38607* (Doc. No. 4) in the mail from University of Southern Iowa, approved their credit and shipped the goods. All goods ordered were shipped, except that only 56 shoulder pad sets were available for shipment.

Carrier & number: Allied Trucking; Carrier number 2154
Freight charges: FOB destination; Billed to shipper, after delivery of goods (i.e., paid by Waren)
Route: Express
Truck & driver: Truck 2961XZ, Linda Arensmeier
Freight rate: \$15.00 per 100 lbs.
Shipment: 3 cartons/goal and rim sets @ 26 lbs./carton
6 cartons/backboards @ 125 lbs./carton
5 cartons/shoulder pad sets @ 40 lbs./carton
4 cartons/football helmets @ 24 lbs./carton

- See flowchart, pages 18 and 19; follow all steps carefully.
- You will use several documents and record an entry in the sales journal and the accounts receivable subsidiary ledger for this transaction.
- For guidance in preparing the bill of lading, see pages 35-36 of the Reference book.

Yes

20 Received *sales return request No. R8034* (Doc. No. 12) in the mail from Eastern Wisconsin University (EWU). The request was approved and the acknowledgment copy mailed to EWU.

- Follow the flowchart steps on page 20.

December

- No** 20 Increased employee wage rates, and employees changed their federal income tax withholding amounts, both effective December 16. There were no changes in filing status or withholding allowances.

	New Wage Rate	Withholding Amt.
Ray Kramer	\$3,700.00 semimonthly	\$491.71
Jim Adams	\$23.00 per hour	\$392.34
Nancy Ford	\$18.20 per hour	\$140.01

• No accounting entries are necessary, but you must update the pay rate history information in the Employee Earnings Subsidiary Ledger.

- Yes** 22 Received merchandise from Velocity Sporting Goods as listed on *purchase order No. 328*. All merchandise listed on the *purchase order* was delivered in good condition and in the quantities ordered, except that only 85 basketball pole pads (Item No. BB-019) were received. The goods were placed immediately in the inventory warehouse.

Freight carrier: Interstate Motor Freight
 Freight bill: No. 26425 (Doc. No. 19), received with shipment

• Remember to follow the flowchart on page 22. You can't record a purchase yet because the invoice hasn't been received.

- Yes** 22 Received *check No. 28564* (Doc. No. 8) from Branch College for payment in full for *charge invoice No. 730*, and deposited the *check*.

- No** 22 Received legal notification from Benson, Rosenbrook and Martinson, P.C., attorneys at law, that Stevenson College will be unable to pay any of its outstanding debts to its suppliers. Write off the account as a bad debt.

• Remember that Waren Sports Supply uses the "Allowance" method rather than "Direct write-off" for accounting for bad debts.

- Yes** 23 Received all goods that Waren had authorized Eastern Wisconsin University (EWU) to return on EWU's *return request No. R8034* for credit against their account balance.

• Process and record the sales return now.

- Yes** 23 Received *check No. 49326* (Doc. No. 8) for \$10,000 from Eastern Wisconsin University in *partial* payment of the remaining amount (after sales return) on *charge invoice No. 729*, and deposited the *check*.

• Do not finalize a *deposit slip* until you determine whether there are other cash receipts on the same day.

December

Yes

23 Received *vendor invoice No. 34719* (Doc. No. 18) from Velocity Sporting Goods for goods ordered December 16 and received December 22.

- Follow the flowchart steps on page 22.
- Upon receiving the invoice, you can now record the purchase using the date on which Waren incurred the liability for the goods, December 22.

Yes

23 Issued *check* (Doc. No. 20) to Interstate Freight for the amount of the *freight bill* (Doc. No. 19) for the Velocity Sporting Goods shipment received December 22.

- Follow the flowchart steps on page 23.

Yes

23 Received *check No. 18418* (Doc. No. 8) for \$10,240 and *customer purchase order No. P79328* (Doc. No. 4) in the mail from Wright University for a cash sale. All goods ordered were shipped and the cash sale was processed and recorded.

Carrier & number: Interstate Motor Freight; Carrier number 62XY404
Freight charges: Collect (i.e., paid by Wright University)
Route: Direct
Truck & driver: Truck 64, Dale Hoch
Freight rate: \$15.00 per 100 lbs.
Shipment: 5 cartons/basketballs @ 23 lbs./carton
4 cartons/hip, tail, arm pad sets @ 36 lbs./carton
2 cartons/footballs @ 16 lbs./carton

- Start with the flowchart on page 21.

Yes

26 Received office supplies from Chicago Office Supply as listed on *purchase order No. 327* (Doc. No. 16), a copy of which is being held in accounting. Chicago Office Supply's *vendor invoice No. 2378* (Doc. No. 18) was received with the goods. All supplies ordered were received in good condition and taken directly to the office, but the invoice was not paid.

Yes

29 Issued *check* (Doc. No. 20) to Velocity Sporting Goods for payment in full of their *invoice No. 34719* for goods received December 22.

- Consider the credit terms before making the payment.

Yes

31 Received payroll *time cards* (Doc. No. 21) from Ford and Adams for the time period ended December 31 and prepared the payroll for all three employees, including paychecks.

- Paychecks are considered "Mailed/Given to Outsiders."
- *Timecards* are filed in the "Accounting" file tab.

December

- Yes** 31 Received the laptop computers ordered on Waren's *purchase order No. 325* (Doc. No. 16) and *vendor's invoice No. 2423* (Doc. No. 18) from Chicago Office Supply. The computers were received in new and undamaged condition and taken directly to the office. The estimated useful life is 5 years with no salvage value.
- Yes** 31 Received *vendor invoice No. 72654* (Doc. No. 18) from University Athletic News for advertisements Waren ran during the Christmas season and immediately issued a *check* (Doc. No. 20) for payment in full.

• Purchase orders are not issued for services that Waren purchases.

MONTH-END PROCEDURES – After you have recorded all the transactions, go to page 12 of the *Instructions, Flowcharts and Ledgers Book* and complete all the month-end procedures. An additional month-end requirement for this project is:

- Yes** Monthly Statement: Prepare a *monthly statement* (Doc. No. 15) for University of Southern Iowa.

YEAR-END PROCEDURES – After completing all the month-end procedures, go to page 13 of the *Instructions, Flowcharts and Ledgers Book* and complete all the year-end procedures. Additional information for the year-end is:

- No** Ending Inventory: A physical inventory was taken 1/1/10, before business began for the new year. Merchandise on hand cost \$192,593.00.
- No** Bad Debt Expense: The expense for bad debts is estimated at the end of the year as two-fifths of one percent (0.004) of net sales.
- No** Marketable Securities: At December 31, 2009, the market value of marketable securities held by Waren approximated the cost of the securities.

☺ ☺ ☺

The project is now complete. Good Work! Review your materials to make certain everything is finalized. Complete the filing of documents, records, and working papers using the file tabs and the envelope in which the *Aid* is packaged. File all materials as indicated in the flowcharts.