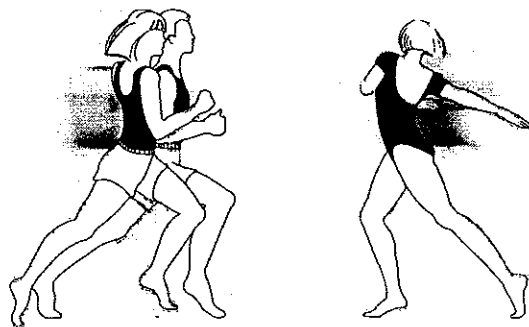


# **Witness Fitness Centre**

## **An Accounting Simulation for Students**



### **Module 2: A Profitable Year**

Background Information

Chart of Accounts

Trial Balance

Source Documents

Accounting Forms

Computer Instructions

# School Accounting Modules



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## Background Information

Perhaps you were concerned that the Witness Fitness Centre lost money in its first month of operation—\$5,602.06, to be exact. Do not be alarmed, however. Your bookkeeping expertise is still very much required. During the rest of the year, action really picked up: music blared, sweat flew, and profits surged. The total membership grew to nearly 300, and Ted Winslow, the owner, was very pleased with the overall operation.

The success of the Witness Fitness Centre was partly due to the close working relationship between Ted and his number one fitness instructor, Taryn Gordon. In fact, their affinity for each other was so strong that the inevitable occurred: a June wedding. They took advantage of the fact that July and August are traditionally slow months for fitness centres by taking a month-long honeymoon in the Caribbean.

In addition to becoming a partner in life, Taryn invested some funds in the business to become a co-owner of the Centre. Net income will be ultimately shared on a 50/50 basis. This arrangement does not take effect, however, until the month of August has ended.

Once again, you will perform the bookkeeping duties of the Centre. Like the business itself, those tasks have expanded. Source documents will be journalized in a synoptic journal. Each cash payment—except petty cash expenditures—will require a cheque prepared for one of the partners to sign. Also, the monthly bank statement will have to be reconciled, and the part-time workers will have to receive their wages. Posting requirements remain as usual.

This month is also historic: the last month of the first year of operations! In addition to staging a gala celebration, this means that the year-end accounting activities will have to be completed. These include preparing a trial balance, an income statement, a statement of partners' equity, a balance sheet, and a post-closing trial balance (the last item also implies that the closing entries have been journalized and posted). You are welcome, of course, to join the Second Year's Eve party . . . when you have finished your work! We will try to save some caviar for you.

# School Accounting Modules



## CHART OF ACCOUNTS

### Assets

- 101 Bank
- 102 Petty Cash
- 105 Accounts Receivable
- 125 Supplies
- 150 Equipment
- 155 Furniture

### Liabilities

- 201 Bank Loan Payable
- 205 Accounts Payable
- 225 E. I. Payable
- 230 C. P. P. Payable
- 235 Employees' Income Tax Payable
- 240 GST Charged on Sales
- 245 GST Paid on Purchases

### Equity

- 301 Ted Winslow, Capital
- 305 Ted Winslow, Drawings
- 310 Taryn Winslow, Capital
- 315 Taryn Winslow, Drawings
- 399 Income Summary

### Revenue

- 401 Membership Fees
- 405 Drop-in Fees

### Expenses

- 501 Salaries Expense
- 505 Rent Expense
- 510 Advertising Expense
- 515 Renovations Expense
- 520 Loan Interest Expense
- 525 Miscellaneous Expense
- 530 Bookkeeping Expense
- 535 Office Expense
- 540 E. I. Expense
- 545 C. P. P. Expense
- 550 Cash Short and Over
- 555 Telephone Expense
- 560 Utilities Expense
- 565 Choreography Expense
- 570 Legal Expense
- 575 Bank Charges
- 580 Equipment Maintenance

# WITNESS FITNESS CENTRE

Trial Balance

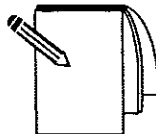
July 31, 20-2

No.	ACCOUNT TITLE	DEBIT					CREDIT				
101	Bank	12	2	3	4	08					
105	Accounts Receivable			6	0	00					
125	Supplies			6	7	2 14					
150	Equipment	11	5	1	7	34					
155	Furniture			9	1	6 72					
201	Bank Loan Payable						10	0	0	0	00
205	Accounts Payable						2	1	2	00	
225	E.I. Payable							9	7	66	
230	C.P.P. Payable							6	9	77	
235	Employees' Income Tax Payable						2	0	9	03	
240	GST Charged on Sales						1	8	0	5 02	
245	GST Paid on Purchases			6	8	0 58					
301	Ted Winslow, Capital						5	0	0	0	00
305	Ted Winslow, Drawings	21	0	1	5	00					
401	Membership Fees						83	5	8	0 06	
405	Drop-in Fees						19	4	2	8 37	
501	Salaries Expense	31	4	2	6	12					
505	Rent Expense	30	3	0	0	00					
510	Advertising Expense	4	0	9	2	76					
515	Renovations Expense			5	1	2 47					
520	Loan Interest Expense			9	6	1 40					
525	Miscellaneous Expense			6	5	7 59					
530	Bookkeeping Expense	1	1	0	0	00					
535	Office Expense			3	7	6 49					
540	E.I. Expense			8	4	8 51					
545	C.P.P. Expense			5	6	5 67					
550	Cash Short and Over				4	50					
555	Telephone Expense			2	8	6 00					
560	Utilities Expense	1	0	7	6	20					
565	Choreography Expense			7	1	2 89					
570	Legal Expense			2	8	8 00					
575	Bank Charges			9	7	45					
		120	4	0	1	91	120	4	0	1	91

# Witness Fitness Centre

## Memorandum

**To:** You, my bookkeeper  
**From:** Ted Winslow



**Date:** Aug 1 20 -2

*Please record the \$10,000.00 investment of my new wife and partner, Taryn Winslow. (Starting next month, this investment will give her a 50% share in the business.) It was deposited in the business' bank account today. Do not forget to record this deposit and all deposits on the next available cheque stub.*

# Witness Fitness Centre

## Memorandum

**To:** You, my bookkeeper  
**From:** Ted Winslow



**Date:** Aug 1 20 -2

*A Petty Cash fund is needed. Draw a cheque of \$50.00 payable to Taryn. She will administer the fund and will give the vouchers to you. Hold on to them until the cash box needs to be replenished. You can then complete a Petty Cash summary form and make the appropriate accounting entries.*

# Witness Fitness Centre

## Memorandum

**To:** You, my bookkeeper  
**From:** Ted Winslow



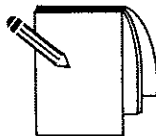
**Date:** Aug 1 20 -2

*Pay Reliable Realty the rent for August— \$4,173 (\$3,900 for the rent; \$273 GST).*

# Witness Fitness Centre

## Memorandum

**To:** *You, my bookkeeper*  
**From:** *Ted Winslow*



**Date:** *Aug 2* 20 *-2*

*Prepare a cheque payable to The North 49 Commercial Bank for \$10,000.00.  
 This will reduce the demand loan to a zero balance.*

# Outstanding Office Supplies



**2999 Oxford Ave.  
 Ciborea City  
 V2V 1X9  
 624-8972  
 #3645B**

**Sold To:** Witness Fitness Centre  
 10 Dun Street, Ciborea City V8A 6L2

**Date:** Aug 3, 20-2  
**Terms:** Net/30

Quantity	Description	Unit Price	Amount
1000	Letterhead; Litho'd reflex blue	.072	72.00
		Sub-total	72.00
		GST	5.04
		Total	77.04
	GST Reg. #R839458219		



**Witness  
Fitness  
Centre**

**"Become a Fitness Witness"**

**10 Dun Street  
 Ciborea City V8A 6L2  
 (703) 697-4007**

**Invoice: 0296A**

**Date:** Aug 5, 20-2

**Terms:** Cash

**GST Reg. No. R712367927**

Quantity	Particulars	Amount
1	Annual Membership to Peggy Tyler	320 00
	Sub-total	320 00
	GST 7%	22 40
	Received in Cash	342 40
	Amount Owed	0 00

FORM 7


**Witness  
Fitness  
Centre**
**"Become a Fitness Witness"**
**10 Dun Street  
Ciborea City V8A 6L2  
(703) 697-4007**
**Invoice: 0297A**
**Date: Aug 6, 20-2**
**Terms: 30/60/90**
**GST Reg. No. R712367927**

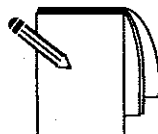
Quantity	Particulars	Amount	
1	Annual Membership to Doug Reichert 1155 Eastvan Ave., Ciborea City V8A 6B6 723-5523	320	00
	<b>Sub-total</b>	320	00
	<b>GST 7%</b>	22	40
	<b>Received in Cash</b>	80	00
	<b>Amount Owed</b>	262	40

FORM 8


**Witness  
Fitness  
Centre**
*Record the figures in  
the Totals column.  
TW*
**Weekly Summary of Drop-in Fees**
**Week of August 1-6, 20-2**

	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Totals
<b>Drop-in Fees</b>	40.00	40.00	36.00	44.00	28.00	92.00	280.00
<b>GST</b>	2.80	2.80	2.52	3.08	1.96	6.44	19.60
<b>Totals</b>	42.80	42.80	38.52	47.08	29.96	98.44	299.60

FORM 9

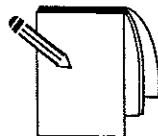
**Witness Fitness Centre  
Memorandum**
**To:** *You, my bookkeeper*
**From:** *Ted Winslow*

**Date:** *Aug 6* 20 *-2*

*Use one of the forms provided to prepare a cash proof for the week ended August 6.  
This will allow me to compare the balance of the cheque stubs to the total obtained  
from your journal records.*

# Witness Fitness Centre

## Memorandum

**To:** *You, my bookkeeper*  
**From:** *Ted Winslow*



**Date:** *Aug 8* 20-2

*Please pay the invoice from Perry and Mason Barristers and Solicitors today.*

Witness Fitness Centre  
 10 Dun Street  
 Ciborea City V8A 6L2  
 August 8, 20-2

Invoice No. 2047  
 GST Reg. 349200348



**Perry and Mason  
 Barristers and Solicitors**

3432 Precedent Way  
 Ciborea City, V7S 2Y2 355-3945

Quantity	Details	Amount
1	Partnership agreement, Registration No. 3482153	\$550.00
		GST 38.50
		Total \$588.50
		Now Due

## Witness Fitness Centre

### Remittance Slip #112

Cash \_\_\_\_\_

Cheque ☒ \_\_\_\_\_

Amount \$ 60.00

#### Explanation:

*From Bruce Ashdown in full  
 payment of his account*

Received  
 by: *TW*

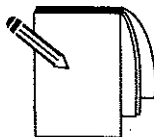
Date *8/8* 20-2



# Witness Fitness Centre

## Memorandum

**To:** *You, my bookkeeper*  
**From:** *Ted Winslow*



**Date:** *Aug 10* 20 *-2*

*Check written to*  
*Draw a cheque to Presto Printing for \$212.00 to pay the balance owing on that*  
*account.*



**"Become a Fitness Witness"**

**10 Dun Street  
 Ciborea City V8A 6L2  
 (703) 697-4007**

**Invoice: 0298A**

**Date:** *Aug 11* 20-*2*

**Terms:** *Cash*

**GST Reg. No. R712367927**

Quantity	Description	Amount	
1	Quarterly Membership to Les Shields	90	00
	<b>Sub-total</b>	90	00
	<b>GST 7%</b>	6	30
	<b>Received in Cash</b>	96	30
	<b>Amount Owed</b>	-	--



**"Become a Fitness Witness"**

**10 Dun Street  
 Ciborea City V8A 6L2  
 (703) 697-4007**

**Invoice: 0299A**

**Date:** *Aug 12* 20-*2*

**Terms:** *30/60/90*

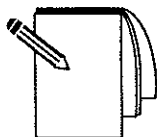
**GST Reg. No. R712367927**

Quantity	Description	Amount	
1	Annual Membership to Jim Dayton 8934 Workman's Rd. Ciborea City V3B 4W9 747-8928	320	00
	<b>Sub-total</b>	320	00
	<b>GST 7%</b>	22	40
	<b>Received in Cash</b>	80	00
	<b>Amount Owed</b>	262	40

# Witness Fitness Centre

## Memorandum

**To:** *You, my bookkeeper*  
**From:** *Ted Winslow*



**Date:** *Aug 13* 20 *-2*

*Draw two separate cheques — one to Taryn and one to me. These are for our drawings of \$750.00 each.*



### Weekly Summary of Drop-in Fees

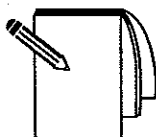
Week of *August 8-13, 20-2*

	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Totals
<b>Drop-in Fees</b>	84.00	108.00	76.00	92.00	64.00	72.00	496.00
<b>GST</b>	5.88	7.56	5.32	6.44	4.48	5.04	34.72
<b>Totals</b>	89.88	115.56	81.32	98.44	68.48	77.04	530.72 <i>(I think we short-charged a customer — there were five extra dollars in the cash register.)</i> plus \$5.00 535.72

# Witness Fitness Centre

## Memorandum

**To:** *You, my bookkeeper*  
**From:** *Ted Winslow*



**Date:** *Aug 13* 20 *-2*

*Prepare a cash proof for the week ended Aug 13th.*

# Witness Fitness Centre

## Memorandum

**To:** *You, my bookkeeper*  
**From:** *Ted Winslow*



**Date:** *Aug 15 20 -2*

*Please pay the invoice from Cardiocare Equipment today.*

# Cardiocare Equipment Ltd.

911 Ventricle Way  
 Ciborea City V6P 1B7  
 Tel: 734-2941

Invoice 1219  
 GST Reg. R450383004  
 Terms: Cash  
 Date: 20-2 08 15

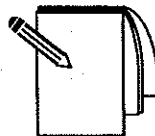
☒ Witness Fitness Centre  
☐ 10 Dun Street  
 Ciborea City V8A 6L2

Quantity	Particulars	Amount
	Repaired and serviced exercise bikes	108.00
	GST 7%	7.56
		<b>\$115.56</b>

# Witness Fitness Centre

## Memorandum

**To:** *You, my bookkeeper*  
**From:** *Ted Winslow*



**Date:** *Aug 15 20 -2*

*Please draw a cheque to the Receiver General of Canada for \$376.46. This amount represents the total payroll liabilities for July. The \$376.46 should be distributed to the following accounts: EI Payable (\$97.66); CPP Payable (\$69.77); and Employees' Income Tax Payable (\$209.03)*



1003 POMMEL AVE.  
CIBOREA CITY V9Z 1M3 742-6904

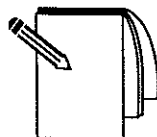
INVOICE: 6893-B  
DATE: Aug 18, 20-2  
TERMS: 30 Days  
GST REG. 495039458  
SOLD TO:

Witness Fitness Centre  
10 Dun Street Ciborea City

QUANTITY	PARTICULARS	UNIT PRICE	AMOUNT
3	Sets of Weights	140.00	420.00
		GST	420.00
		TOTAL	29.40
			449.40

## Witness Fitness Centre Memorandum

**To:** You, my bookkeeper  
**From:** Ted Winslow



**Date:** Aug 19 20-2

*Please draw a cheque payable to Reeling Rocking Recording Studios for \$98.99.  
I will be picking up some new music tapes from them tomorrow. Wait until you  
receive the invoice before making the journal entry.*



### Weekly Summary of Drop-in Fees

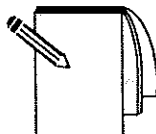
Week of August 15-20, 20-2

	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Totals
<b>Drop-in Fees</b>	100.00	84.00	72.00	92.00	88.00	116.00	552.00
<b>GST</b>	7.00	5.88	5.04	6.44	6.16	8.12	38.64
<b>Totals</b>	107.00	89.88	77.04	98.44	94.16	124.12	590.64

# Witness Fitness Centre

## Memorandum

**To:** *You, my bookkeeper*  
**From:** *Ted Winslow*



**Date:** *Aug 20 20 -2*

*Whoops! The balance owing to Reeling Rocking Recording Studios was not \$98.99. The correct amount appears on the invoice below. Please void yesterday's cheque and prepare a new one for my signature. Then, record the journal entry.*

# Reeling Rocking Recording Studios

5783 Grammy Ave

Ciborea City

458-3354

Invoice Number 39029

GST Registration No. 494903224

Name: Witness Fitness Centre

Address: 10 Dun Street Ciborea City V8A 6L2

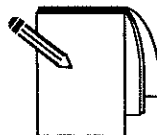
Date Aug 20, 20-2

Quantity	Particulars	Unit Price	Amount
2	Choreographed music tapes (fitness theme)	46.72	\$93.44
		GST @7%	6.54
<u>Cash</u>	Charge	Terms	\$99.98

# Witness Fitness Centre

## Memorandum

**To:** *You, my bookkeeper*  
**From:** *Ted Winslow*



**Date:** *Aug 20 20 -2*

*The petty cash fund needs to be brought back up to \$50.00. The vouchers are attached. There is \$7.28 left in the petty cash box, but there appears to be some money missing. Since you are a terrific bookkeeper, however, I'm sure you can balance everything.*

### Witness Fitness Centre Petty Cash Voucher

Date: Aug 5, 20-2 No. **041**

Paid To: Timothy Lau

For: Window Washing

Account Debited: Miscellaneous Expense/GST Paid

Amount: \$ 10.70 Approved by: TW  
(A \$10.00 charge plus 70 cents for GST)

### Witness Fitness Centre Petty Cash Voucher

Date: Aug 13, 20-2 No. **042**

Paid To: Bay Bay Drugstore

For: Pens and paper

Account Debited: Office Expense/GST Paid

Amount: \$ 7.98 Approved by: TW  
( \$7.46 plus 52 cents for GST)

### Witness Fitness Centre Petty Cash Voucher

Date: Aug 19, 20-2 No. **043**

Paid To: Yup Ease Restaurant

For: Lunch with Taryn

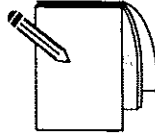
Account Debited: Drawings (50/50 split)

Amount: \$ 21.74 Approved by: TW

# Witness Fitness Centre

## Memorandum

**To:** *You, my bookkeeper*  
**From:** *Ted Winslow*



**Date:** *Aug 20 20-2*

*Prepare a cash proof for the week ended August 20.*



**"Become a Fitness Witness"**

**10 Dun Street  
 Ciborea City V8A 6L2  
 (703) 697-4007**

**Invoice: 0300A**

**Date:** *Aug 22 20-2*

**Terms:** *Cash*

**GST Reg. No. R712367927**

Quantity	Particulars	Amount	
1	Annual Membership to Catherine Hui-- plus three extra months for being our 300th member.	320	00
	<b>Sub-total</b>	320	00
	<b>GST 7%</b>	22	40
	<b>Received in Cash</b>	342	40
	<b>Amount Owed</b>	0	00

# C

## WHY Radio Station

4711 Airway Road  
 Ciborea City V4P 2M1  
 732-0671

**To:**

*Witness Fitness Centre  
 10 Dun Street C. City V8A 6L2  
 20-2 08 24*

*"Hear Why  
 CWHY is  
 Number One"*

**Invoice # 6712C**

**GST Reg. #456920497**

Quantity	Description		Price	Amount
10	1 Min. Advertisements		85.00	850.00
			<b>Sub-total</b>	850.00
			<b>GST 7%</b>	59.50
			<b>Total</b>	\$909.50
Cash	Charge	Terms		
	X	N/30		



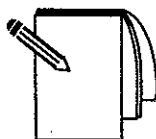
# Weekly Summary of Drop-in Fees

Week of August 22 to 27, 20-2

	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Totals
<b>Drop-in Fees</b>	72.00	92.00	88.00	76.00	88.00	96.00	512.00
<b>GST</b>	5.04	6.44	6.16	5.32	6.16	6.72	35.84
<b>Totals</b>	77.04	98.44	94.16	81.32	94.16	102.72	547.84

## Witness Fitness Centre Memorandum

**To:** *You, my bookkeeper*  
**From:** *Ted Winslow*

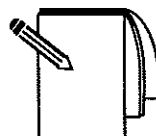


**Date:** Aug 27 20 -2

*Prepare a cash proof for the week ended August 27th.*

## Witness Fitness Centre Memorandum

**To:** *You, my bookkeeper*  
**From:** *Ted Winslow*



**Date:** Aug 30 20 -2

*Please pay the attached telephone bill today.*



# TELL TELEPHONE COMPANY



Statement 27193

700 Extension Road Ciborea City V3G 2A7

Account: **Witness Fitness Centre**

Telephone: (703) 697-4007

Bill Date: **August 23 20-2**

Quantity	Particulars	Amount
1	Commercial access line	42.00
1	Phone Rental	4.50
	<b>Total New Charges</b>	<b>46.50</b>
	<b>GST 7%</b>	<b>3.26</b>
	<b>Total Due</b>	<b>49.76</b>

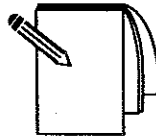
GST Reg. #  
R450358933

NEW CHARGES DUE ON SEPTEMBER 15, 20-2

*Received on Aug 30  
TW*

## Witness Fitness Centre

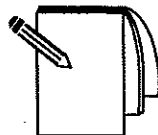
### Memorandum

**To:** *You, my bookkeeper***From:** *Ted Winslow***Date:** *Aug 31* 20 *-2*

*Prepare two separate cheques — one to Taryn and one to me. These are for our individual drawings of \$750.00 each.*

## Witness Fitness Centre

### Memorandum

**To:** *You, my bookkeeper***From:** *Ted Winslow***Date:** *Aug 31* 20 *-2*

*In preparation for the year-end activities, please replenish the petty cash fund. Two vouchers are attached. There is \$32.89 left in the petty cash box. By the way, the GST portions of the two expenditures were not recorded, but I am confident you can calculate how much tax was charged.*

### Witness Fitness Centre Petty Cash Voucher

Date: Aug 24, 20-2 No. **044**

Paid To: Taryn

For: Postage stamps

Account Debited: Miscellaneous Expense

Amount: \$ 4.28 Approved by: TW

### Witness Fitness Centre Petty Cash Voucher

Date: Aug 25, 20-2 No. **045**

Paid To: Outstanding Office Supplies

For: Typewriter ribbon

Account Debited: Office Expense

Amount: \$ 12.83 Approved by: TW

### Witness Fitness Centre Memorandum

**To:** You, my bookkeeper

**From:** Ted Winslow



**Date:** Aug 31 20-2

*Time to collect your regular \$100.00 monthly fee for bookkeeping services. This time however make it \$200.00. You have done a great job and have earned a year-end bonus!*



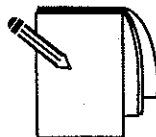
# Weekly Summary of Drop-in Fees

Week of August 29-31, 20-2

	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Totals
<b>Drop-in Fees</b>	68.00	84.00	78.00				230.00
<b>GST</b>	4.76	5.88	5.46				16.10
<b>Totals</b>	72.76	89.88	83.46				246.10

## Witness Fitness Centre Memorandum

**To:** *You, my bookkeeper*  
**From:** *Ted Winslow*



**Date:** Aug. 31 20-2

*I have attached figures from the latest payroll journal. Please write cheques for the employees. Afterwards, make the necessary journal entries. Do not forget to record our contributions to C.P.P. and E.I.*

Note: Ignore this form if you are using Simply Accounting.

### Payroll Journal

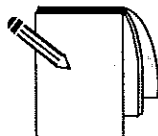
Month Ended August 31, 20-2

Name	Gross Pay	Taxable Earnings	Income Tax Deductions	C.P.P.	E.I.	Total Deductions	Net Pay
<i>Rebekah Lee</i>	1200.00	1200.00	172.89	21.27	23.40	217.56	982.44
<i>Kelsey Karissa</i>	1150.00	1150.00	151.44	20.17	22.43	194.04	955.96
<i>Dan Chia</i>	1240.00	1240.00	183.09	22.15	24.18	229.42	1010.58
<i>Darlene Ing</i>	1275.00	1275.00	192.01	22.92	24.86	239.79	1035.21
<b>Totals</b>	4865.00	4865.00	699.43	86.51	94.87	880.81	3984.19

# Witness Fitness Centre

## Memorandum

**To:** *You, my bookkeeper*  
**From:** *Ted Winslow*



**Date:** *Aug 31 20 -2*

*The bank statement arrived today. Cancelled cheques were not included, but you can determine those items by carefully reading the statement. Debit memos are attached. Prepare a bank reconciliation statement (as of August 31) and do all the other things you bookkeepers like to do with this type of information.*



**73 Current Sea Road  
 Ciborea City V8H 1L7  
 734-4344**

Account Number 0240121  
 Branch 9460  
 Statement Page 12  
 August 29, 20-2

Witness Fitness Centre  
 10 Dun Street  
 Ciborea City V8A 6L2

### Current Account

DESCRIPTION	CHEQUES/DEBITS	DEPOSITS/CREDITS	DATE	BALANCE
BALANCE FORWARD			7/28	13,138.08
DEPOSIT		596.00	7/28	13,734.08
CHEQUE 223	750.00		7/29	12,984.08
CHEQUE 224	750.00		7/29	12,234.08
DEPOSIT		10,000.00	8/01	22,234.08
CHEQUE 225	50.00		8/02	22,184.08
CHEQUE 227-LOAN PAYMENT	10,000.00		8/02	12,184.08
DEPOSIT		342.40	8/05	12,526.48
DEPOSIT		80.00	8/05	12,606.48
CHEQUE 226	4,173.00		8/06	8,433.48
DEPOSIT		299.60	8/06	8,733.08
DEPOSIT		60.00	8/08	8,793.08
CHEQUE 229	212.00		8/11	8,581.08
DEPOSIT		96.30	8/11	8,677.38
DEPOSIT		80.00	8/12	8,757.38
CHEQUE 228	588.50		8/13	8,168.88
DEPOSIT		535.72	8/13	8,704.60
CHEQUE 231	750.00		8/17	7,954.60
CHEQUE 230	750.00		8/17	7,204.60
RETURNED ITEM-NSF	60.00		8/18	7,144.60
DEPOSIT		590.64	8/20	7,735.24
CHEQUE 235	99.98		8/22	7,635.26
CHEQUE 233	376.46		8/22	7,258.80
DEPOSIT		342.40	8/22	7,601.20
CHEQUE 236	42.72		8/25	7,558.48
DEPOSIT		547.84	8/27	8,106.32
INTEREST CHARGE	3.56		8/29	8,102.76
SERVICE CHARGE	5.08		8/29	8,097.68
<b>DEBITS</b>	<b>DEBIT TOTAL</b>	<b>CREDITS</b>		<b>CREDIT TOTAL</b>
15	18,611.30	12		13,570.90



73 Current Sea Road  
Ciborea City V8H 1L7  
734-4344

To: Witness Fitness Centre  
10 Dun Street  
Ciborea City V8A 6L2

Date: 20-2 08 29

Your account has been charged with:

Interest

Service Charges

Account Number: 0240121

Dollars

Cents

\$3 56

\$5 08



73 Current Sea Road  
Ciborea City V8H 1L7  
734-4344

To: Witness Fitness Centre  
10 Dun Street  
Ciborea City V8A 6L2

Date: 20-2 08 18

Your account has been charged with:

NSF cheque from Bruce Ashdown

Account Number: 0240121

Dollars

Cents

\$60 00

## Witness Fitness Centre Memorandum

To: You, my bookkeeper

From: Ted Winslow



Date: Aug 31 20 -2

Please prepare a cash proof for August 29-31. Then, finish the accounting cycle for the Centre. Note that the partnership agreement gives Taryn's capital account a 50% share of the net income or loss starting September 1, 20-2. Therefore, all profits for the first year are to be allocated to my capital account. Adjustments to the capital accounts will be made at the start of the next fiscal year.

DATE	PARTICULARS	REF.	BANK		ACCOUNTS RECEIVABLE		ACCOUNTS PAYABLE	
			DR	CR	DR	CR	DR	CR
1								
2								
3								
4								
5								
6								
7								
8								
9								
10								
11								
12								
13								
14								
15								
16								
17								
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31								
32								
33								
34								
35								
36								
37								
38								
TOTALS FORWARDED								

Page

Module 2/page 23

No. _____	Date _____ 20__	No. _____																																	
<table border="1" style="width: 100%; border-collapse: collapse;"> <tr><td>Balance Forward</td><td></td><td></td></tr> <tr><td>Deposits</td><td></td><td></td></tr> <tr><td> </td><td></td><td></td></tr> <tr><td> </td><td></td><td></td></tr> <tr><td>Total Deposits</td><td></td><td></td></tr> <tr><td>Sub-total</td><td></td><td></td></tr> <tr><td>Invoice (Pre-tax)</td><td></td><td></td></tr> <tr><td>GST Portion</td><td></td><td></td></tr> <tr><td>Other</td><td></td><td></td></tr> <tr><td>Cheque Amount</td><td></td><td></td></tr> <tr><td>Balance</td><td></td><td></td></tr> </table>		Balance Forward			Deposits									Total Deposits			Sub-total			Invoice (Pre-tax)			GST Portion			Other			Cheque Amount			Balance			<b>Witness Fitness Centre</b> 10 Dun Street Ciborea City, Canada V8A 6L2  _____ 20__ PAY TO THE ORDER OF _____ \$ _____  _____ DOLLARS 100
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GST Portion																																			
Other																																			
Cheque Amount																																			
Balance																																			
To _____ For _____		<b>North 49</b> Commercial Bank 73 Current Sea Road Ciborea City V8H 1L7 734-4344  ■ 0005000 ■ 9460 ■ 003 ■ 0240121 ■																																	

No. _____	Date _____ 20__	No. _____																																	
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## Witness Fitness Centre Petty Cash Replenishment

**Date:** \_\_\_\_\_ **Cheque No.** \_\_\_\_\_

[illegible]

## Witness Fitness Centre Petty Cash Replenishment

**Date:** \_\_\_\_\_ **Cheque No.** \_\_\_\_\_

Voucher	Account	Amount
<b>GST Paid</b>		
<b>Total Payments</b>		
<b>Cash Short or Over</b>		
<b>Replenishment Amount</b>		
<b>Cash on Hand</b>		
<b>TOTAL</b>		

[illegible]

### Weekly Cash Proof

From Aug 1 To Aug 6

Beginning Cash Balance \$ \_\_\_\_\_

Cash Receipts (journal) \_\_\_\_\_

Total Cash Debits \_\_\_\_\_

Cash Payments (journal) \_\_\_\_\_

Ending Cash Balance \$ \_\_\_\_\_

Chequebook Balance \$ \_\_\_\_\_

### Weekly Cash Proof

From Aug 8 To Aug 13

Beginning Cash Balance \$ \_\_\_\_\_

Cash Receipts (journal) \_\_\_\_\_

Total Cash Debits \_\_\_\_\_

Cash Payments (journal) \_\_\_\_\_

Ending Cash Balance \$ \_\_\_\_\_

Chequebook Balance \$ \_\_\_\_\_

### Weekly Cash Proof

From Aug 15 To Aug 20

Beginning Cash Balance \$ \_\_\_\_\_

Cash Receipts (journal) \_\_\_\_\_

Total Cash Debits \_\_\_\_\_

Cash Payments (journal) \_\_\_\_\_

Ending Cash Balance \$ \_\_\_\_\_

Chequebook Balance \$ \_\_\_\_\_

### Weekly Cash Proof

From Aug 22 To Aug 27

Beginning Cash Balance \$ \_\_\_\_\_

Cash Receipts (journal) \_\_\_\_\_

Total Cash Debits \_\_\_\_\_

Cash Payments (journal) \_\_\_\_\_

Ending Cash Balance \$ \_\_\_\_\_

Chequebook Balance \$ \_\_\_\_\_

### Weekly Cash Proof

From Aug 29 To Aug 31

Beginning Cash Balance \$ \_\_\_\_\_

Cash Receipts (journal) \_\_\_\_\_

Total Cash Debits \_\_\_\_\_

Cash Payments (journal) \_\_\_\_\_

Ending Cash Balance \$ \_\_\_\_\_

Chequebook Balance \$ \_\_\_\_\_

ACCOUNT

No.

DATE	PARTICULARS	P.R.	DEBIT	CREDIT	D/C	BALANCE

ACCOUNT

No.

DATE	PARTICULARS	P.R.	DEBIT	CREDIT	D/C	BALANCE

ACCOUNT

No.

DATE	PARTICULARS	P.R.	DEBIT	CREDIT	D/C	BALANCE

ACCOUNT

No.

DATE	PARTICULARS	P.R.	DEBIT	CREDIT	D/C	BALANCE

ACCOUNT

No.

DATE	PARTICULARS	P.R.	DEBIT	CREDIT	D/C	BALANCE

# Accounts Receivable Ledger

Ashdown, Brace

5535 Pennyway Lane, Cibola City, V5P 8B8 293-5025

DATE 20-2	PARTICULARS	P.R.	DEBIT	CREDIT	D/C	BALANCE
Jul 31	Forwarded				Dr	60.00

DATE	PARTICULARS	P.R.	DEBIT	CREDIT	D/C	BALANCE

DATE	PARTICULARS	P.R.	DEBIT	CREDIT	D/C	BALANCE

DATE	PARTICULARS	P.R.	DEBIT	CREDIT	D/C	BALANCE

# Accounts Payable Ledger

*CW44 Radio Station*

*4711 Airway Rd., Ciborea City, V4P 2M1 732-0671*

DATE	PARTICULARS	P.R.	DEBIT	CREDIT	D/C	BALANCE

*Jim's Gymnastic Equipment*

*1003 Pommel Ave., Ciborea City, V9Z 1M3 742-6904*

DATE	PARTICULARS	P.R.	DEBIT	CREDIT	D/C	BALANCE

*Outstanding Office Supplies*

*2999 Oxford Ave., Ciborea City, V2V 1X9 624-8972*

DATE	PARTICULARS	P.R.	DEBIT	CREDIT	D/C	BALANCE

*Presto Printing*

*3947 Eton St., Ciborea City, V8M 3P2 774-3874*

DATE	PARTICULARS	P.R.	DEBIT	CREDIT	D/C	BALANCE
20-2						
Jul 31	Forwarded				Cr	212.00

*Trial Balance*  
*August 31, 20-2*

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Year Ended August 31, 20-2

[illegible]

Year Ended August 31, 20-2

Taryn Winslow

[illegible]



August 31, 20-2

[illegible]





## Witness Fitness Centre

### Introduction

Although the Witness Fitness Centre is still a modest business, it has been growing. It has more employees, members, and vendors. What's more, exciting plans for expansion are on the horizon. To help keep pace with the growth, Ted and Taryn Winslow would like you to modify the Centre's automated accounting system.

When you used Simply Accounting for Windows in the first month of business (September, 20-1), all entries were processed in the General journal. You will now help establish the Payables, Receivables, and Payroll journals. Then, you will complete the transactions for the last month of the Centre's first year (August, 20-2).

### 1. Loading Company Files

Load your Windows software and find the Simply Accounting file named **Wfit2win**. Accept the Session date of July 31, 20-2. Simply Accounting's Home window appears and should look similar to Figure 1.

### 2. Modifying the Home Window

The Home window for the Witness Fitness Centre shows the General module. Now that the business is bigger, you will need to increase your accounting power by using more modules. To see the additional modules you need, choose **View, Modules, Payables**. Repeat these steps for the Receivables and Payroll modules. Your screen should look like Figure 2 when you are done.

### 3. Displaying Reports

To get a sense of how the Witness Fitness Centre progressed during its first 11 months of business, choose **Reports, Financials, Income Statement**. Notice that Revenues exceed \$100,000 and Net Income is nearly \$30,000. Also examine the balance sheet and compare the total Current Assets to the total Current Liabilities.

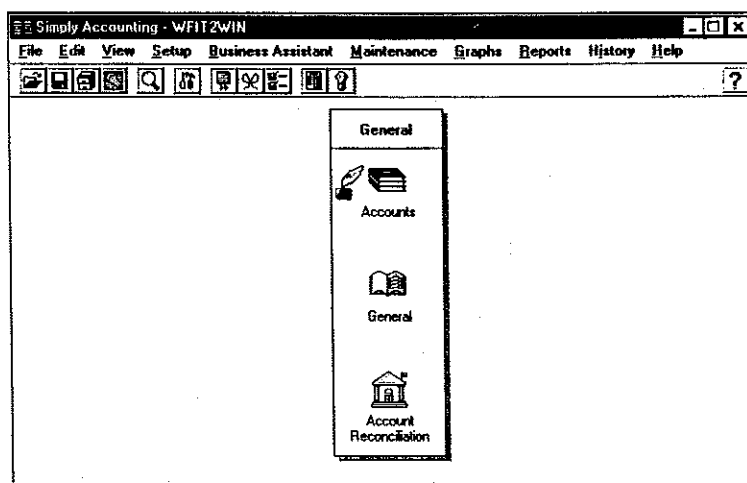


Figure 1 The Home window showing just the General module

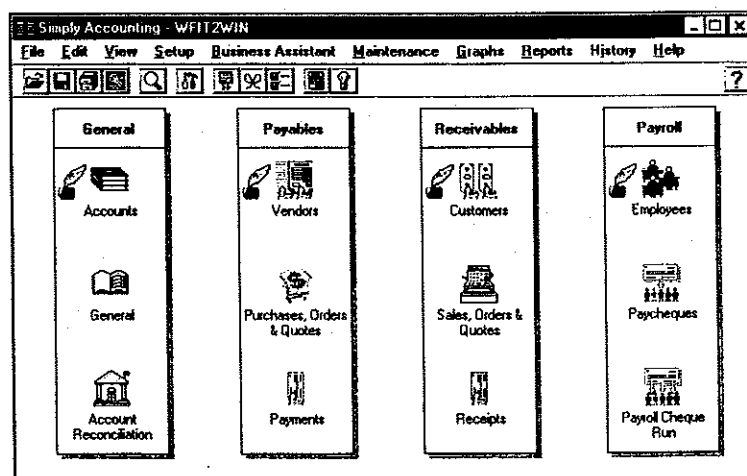


Figure 2 The Home window with additional accounting modules

## 4. Entering Company Information

To enter some basic data for the business, follow the steps that appear at the top of Figure 3. (From now on, similar instructions will be worded as “follow the Figure 3 steps.”)

At the end of the “Name” field, replace *(your name)* with your actual name. This title will be printed on all reports and statements. Also, change the province to your home province. Enter all the other data from the fields shown in Figure 3. Press OK.

**Reminder:** When entering data in *Simply Accounting's* menus, pressing the **Tab** key is often the best way to move from field to field.

Setup — Company Information

Figure 3 The screen for entering basic company data

## 5. Preparing the Payables Ledger

Even before the use of computers became common, accountants divided the General ledger into sub-sections in order to perform bookkeeping tasks efficiently. For example, as a business grows and obtains more customers and vendors, an accountant creates “subsidiary ledgers”—one for Accounts Receivable and one for Accounts Payable. Accounting clerks are then hired to look after the two new ledgers.

The concept of having a General ledger and subsidiary ledgers continues with electronic forms of accounting. You will understand the needs and benefits of this system as you work with *Simply Accounting*. Begin by adding vendors in the Payables module.

### a) Entering Vendor Data

Follow the Figure 4 steps and enter the data shown for CWHY Radio Station. Use your own province where required. After you finish creating a vendor card for CWHY Radio Station, repeat the process for the other three vendors shown below:

Vendors — Edit — Create

Figure 4 The screen for entering vendor information

Vendor	Contact	Street	City	Postal	Phone	Fax	Tax I.D.	e-mail	Web Site
Jim's Gymnastic Equipment	David Creighton	1003 Pommel Ave.	Ciborea City	V9Z 1M3	742-6904	742-8200	956 566 668	jge@hiway.net	n/a
Outstanding Office Supplies	Loretta Friesen	2999 Oxford Ave.	Ciborea City	V2V 1X9	624-8972	620-3433	938 956 868	oos@speed.com	n/a
Presto Printing	Laurena Hensel	3947 Eton St.	Ciborea City	V8M 3P2	774-3874	774-1091	945 343 333	presto@byte.ca	www.presto.com

Close the Payables Ledger window when you have entered the above data.

### b) Recording Outstanding Invoices

The Vendors window now shows icons for the vendors you have created. The Witness Fitness Centre owes money to one of the vendors for a July invoice. To record this amount, open the **Presto Printing** icon and press the **History** tab. Click the **Invoices** button and enter invoice **078955** on July 21, 20-2, for **212.00** dollars. (Ignore the fields for entering data about the “terms.”) Click the **Record** button, the **Done** button, and return to the Home window.

### c) Linking Ledgers

A connection must be made between accounts in the Payables and General ledgers. When you record an entry in a subsidiary ledger, changes must also happen to related accounts in the General ledger. In Simply Accounting, these changes will occur automatically if you first link the General ledgers accounts to the subsidiary ledger.

From the Home window, follow the Figure 5 steps and link the accounts shown. *Note: To choose accounts, use the drop-down menus and select from the lists shown.*

Setup — Linked Accounts — Payables

**Payables Linked Accounts**

Principal bank:	1010 Bank
Alternate bank:	
Accounts Payable:	2050 Accounts Payable
GST Paid on Purchases:	2450 GST Paid on Purchases
Freight Expense:	
Purchase Discount:	

OK Cancel

Figure 5 The linked accounts for Payables

## 6. Preparing the Receivables Ledger

The Receivables ledger is prepared in the same way as the Payables ledger—enter customer data, record outstanding invoices, and link accounts. Presently, there is only one customer who owes the business money, so your work will go quickly.

### a) Entering Customer Data

Follow the Figure 6 steps and enter the data shown for Bruce Ashdown. Click the Create button when done.

### b) Recording Outstanding Invoices

Open the newly created icon for Bruce Ashdown. Press the History tab, click the Invoices button, and record invoice 0692A on March 31, 20-2 for 60.00 dollars, terms 30 days. Click OK to return to the Home window when you are finished.

### c) Linking Ledgers

Follow the Figure 7 steps and enter the accounts displayed in the illustration.

Customers — Edit — Create

**Receivables Ledger**

Edit Online Report Help

Select: [ ]

Customer: Bruce Ashdown

Address Ship-to Address Options Activity Memo Import/Export History

Contact: [ ] Phone: 293-5025

Street: 5535 Pennyway Lane Fax: [ ]

City: Ciborea City

Province: B.C. E-mail: ash@habitant.com

Postal Code: V5P 8B8 Web Site: [ ]

Create

Figure 6 The screen for entering customer data

Setup — Linked Accounts — Receivables

**Receivables Linked Accounts**

Principal bank:	1010 Bank
Alternate bank:	
Accounts Receivable:	1050 Accounts Receivable
GST Charged on Sales (Rate 1):	2400 GST Charged on Sales
GST Charged on Sales (Rate 2):	
PST Payable:	
Freight Revenue:	
Sales Discount:	

OK Cancel

Figure 7 The linked accounts for Receivables

## 7. Preparing the Payroll Ledger

The Payroll ledger greatly speeds the process of paying employees, recording journal entries, and keeping track of historical payroll data. Open the Payroll ledger by clicking the **Employees** icon. You will discover that two staff members of the Witness Fitness Centre have been entered already—Dan Chiu and Darlene Ing.

Open Dan Chiu's payroll record and explore the various "tabs" of information. You should be able to discover items such as his monthly salary, when he was hired, how much he has contributed to the Canada Pension Plan, and so on. Repeat this process for Darlene Ing.

## a) Entering Employee Data

You will now create payroll records for two more employees—Kelsey Karissa and Rebekah Lee. Start with Kelsey's by choosing **Employees, Edit, Create**. Then, enter the payroll data shown in Figures 8 to 12.

*(Note: Use British Columbia as the province for payroll applications. You may continue to use your province in other ledgers of Simply Accounting. Also, for simplicity, some payroll details are not considered—vacation pay, workers' compensation, and employer's health tax are examples.)*

Payroll Ledger - Personal tab

Employee: Kelsey Karissa

YTD Taxes	Memo	Historical Income	Historical Deductions	Historical Taxes
Personal	Taxes	Income	Deductions	YTD Income
Street:	616 Hope Rd.	Phone:	987-8872	
City:	Coquitlam City	SIN:	812 888 642	
Province:	B.C.	Birth Date:	6/16/79	
Postal Code:	V7E 3V5	Hire Date:	2/28/02	
Status:		<input checked="" type="radio"/> Active <input type="radio"/> Inactive		

Create

Figure 8 Data to enter when the Personal tab is selected

Payroll Ledger - Taxes tab

Employee: Kelsey Karissa

YTD Taxes	Memo	Historical Income	Historical Deductions	Historical Taxes
Personal	Taxes	Income	Deductions	YTD Income
Tax Table:	British Columbia			
Federal Claim:	6,458.00			
Quebec Claim:	0.00			
WCB Rate:	0.0%			
Deduct EI Rate:	1.4%			
Additional Fed Tax:	0.00			

Create

Figure 9 Data to enter when the Taxes tab is selected

Payroll Ledger - Income tab

Employee: Kelsey Karissa

YTD Taxes	Memo	Historical Income	Historical Deductions	Historical Taxes
Personal	Taxes	Income	Deductions	YTD Income
Hours Per Period:				
Regular Per Hour:	0.00	0.00	Pay Periods Per Year:	12
Overtime Per Hour 1:	0.00	0.00	Retain Vacation:	0.0%
Overtime Per Hour 2:	0.00	0.00	Date Last Paid:	
Salary Per Period:	1,150.00	0.00		
Benefits Per Period:	0.00			
Que Bene Per Period:	0.00			

Create

Figure 10 Data to enter when the Income tab is selected

Payroll Ledger - Historical Taxes tab

Employee: Kelsey Karissa

YTD Taxes	Memo	Historical Income	Historical Deductions	Historical Taxes
Personal	Taxes	Income	Deductions	YTD Income
Income Tax:	890.73			
Qtax:	0.00			
EI Premiums:	148.98			
CPP Contributions:	110.47			
QPP Contributions:	0.00			

Create

Figure 11 Data to enter when the Historical Taxes tab is selected.

Payroll Ledger - Historical Income tab

Employee: Kelsey Karissa

YTD Taxes	Memo	Historical Income	Historical Deductions	Historical Taxes
Personal	Taxes	Income	Deductions	YTD Income
Regular Wages:	0.00	Taxable Benefits:	0.00	
Overtime Wages 1:	0.00	Benefits (Que):	0.00	
Overtime Wages 2:	0.00	Vac Pay Paid:	0.00	
Salary:	5,750.00	Vac Pay Owed:	0.00	
Commission:	0.00	Advances Paid:	0.00	
Income C:	0.00	EI Ins Earnings:	5,750.00	
Income D:	0.00	Net Pay:	4,599.52	
Income E:	0.00			

Create

Figure 12 Data to enter when the Historical Income tab is selected

After you press the Create button for Kelsey Karissa, create an employee record for Rebekah Lee using the following data:

<b>Personal</b>		<b>Taxes</b>		<b>Historical Income</b>	
Street:	486 Rostvig Rd.	Tax Table:	British Columbia	Salary:	3600.00
City:	Ciborea City	Federal Claim:	6066	Elns. Earnings:	3600.00
Province:	B.C.	<b>Income</b>		<b>Historical Taxes</b>	
Postal Code:	V2T 7Y7	Salary Per		Income Tax:	680.00
Phone:	985-6002	Period:	1200.00	EI Premiums:	97.45
SIN:	812912319	Pay Periods		CPP Contr.:	64.80
Birth Date:	4/18/74	Per Year:	12		
Hire Date:	5/1/01	Ret. Vacation:	Uncheck		

### b) Linking Ledgers

The procedures for linking Payroll ledger items to General ledger accounts are very much like those you used for Payables and Receivables. Choose **Setup, Linked Accounts, and Payroll**. The opening screen shows the Bank field and the Income tab. Use the drop-down menu beside the Bank field to select the Bank account (#1010). In the Salary field, enter **Salaries Expense (#5010)**.

Then select the **Taxes** tab and enter the accounts shown in Figure 13.

### 8. Preparing for Bank Reconciliation

Bank reconciliation is an important monthly task that allows you to compare changes in the Cash account in your ledger to the bookkeeping done by your banking institution. Bank reconciliation reveals accounting errors—made by either you or the bank—and it allows you to update your records when the bank deducts money from or adds money to your account (e.g., service charges and interest earned).

Bank reconciliation can be a time-consuming task, but Simply Accounting eases the burden and speeds the process. To prepare the Witness Fitness Centre files for reconciliation, open the **Accounts** icon in the **General** module and double-click the **Bank** account (#1010). Notice that the current balance is \$12,234.08. Select the **Account Reconciliation** tab and check the box in front of **Save Transactions for Account Reconciliation**. To aid your work later on, click the **Linked Accts.** button and enter the information on the Expense side of Figure 14. (The income and adjustment accounts are not needed now.)

**Payroll Linked Accounts**

Bank: 1010 Bank

Income | Deductions | Taxes

**Payables**

E.I.: 2250 E.I. Payable EHT: [ ]

CPP: 2300 C.P.P. Payable Qtax: [ ]

Tax: 2350 Employees' Income Tax QPP: [ ]

WCB: [ ] QHSF: [ ]

**Expenses**

E.I.: 5400 E.I. Expense EHT: [ ]

CPP: 5450 C.P.P. Expense QPP: [ ]

WCB: [ ] QHSF: [ ]

OK Cancel

Figure 13 The General ledger accounts linked to payroll taxes

**Account Reconciliation Linked Accounts**

**Income 1**

Name: Income1

Account: [ ]

**Expense 1**

Name: Ser. Charge

Account: 5750 Bank Charges

**Income 2**

Name: Income2

Account: [ ]

**Expense 2**

Name: Int. Charge

Account: 5200 Loan Interest Expense

**Income 3**

Name: Income3

Account: [ ]

**Expense 3**

Name: Expense3

Account: [ ]

**Adjustment**

Name: Adjustment

Account: [ ]

OK Cancel

Figure 14 The linked accounts for common bank statement deductions



The final step is to press the **Set Ready** button. Do this now and proceed through the warning given.

## 10. Entering Journal Entries

Set Up Account Reconciliation

Edit Report Help

Enter the ending balance from your last reconciled statement: 0.00

Enter all amounts that were outstanding on or after the date of your last reconciliation. Enter outstanding deposits as debit amounts and outstanding cheques as credit amounts.

Source	Comment	Date	Debits	Credits

Selected Total: 0.00 0.00

Unresolved: -12,234.08

OK Cancel Set Ready Help

Set Up Account Reconciliation

Edit Report Help

Enter the ending balance from your last reconciled statement: 13138.00

Enter all amounts that were outstanding on or after the date of your last reconciliation. Enter outstanding deposits as debit amounts and outstanding cheques as credit amounts.

Source	Comment	Date	Debits	Credits
223	To Taryn Winslow	7/29/02	--	750.00
224	To Ted Winslow	7/29/02	--	750.00
DIF 048	Drop-in Fees	7/29/02	596.00	--
Selected Total			596.00	1,500.00
Unresolved			0.00	

OK Cancel Set Ready Help

Module 2/page 41

When new sections of Simply Accounting are introduced, you will be given notes to guide you. You may ignore instructions in the source documents that refer to filling in cheque stubs, writing cheques, and preparing cash proofs. Those are tasks that you would complete if you were completing the exercise without a computer.

### Form 1

Taryn Winslow is the new partner in the Centre. Before you can journalize the transaction on Form 1, new accounts must be created. Choose **Accounts**, **Edit**, and **Create**. Type **3100**, and **Taryn Winslow, Capital**. In the "Type" section, click **Group Account** and then the **Create** button.

Repeat the above process for account **3150 Taryn Winslow, Drawings** and return to the Home window.

Open the General journal. Since there is no source document number for Form 1, enter your initials. Do not accept the default date of 08-31-02; type **8/01/02** instead and an appropriate comment.

Enter the proper accounts and amounts for the journal entry. (*Note: To efficiently select account numbers, type the first one or two digits of a number, press the Tab or Enter key, and select from the chart of accounts that pops up on your screen.*) Make sure you check every entry in its familiar debit/credit format. (Choose **Report, Display General Journal Entry**.) Post when you are sure your entry is correct.

### Form 2

A petty cash account needs to be created before the journal entry can be completed. Use account number **1020** and be sure to identify the type of account as a **Group Account**. After you create the Petty Cash account, complete the journal entry.

### Form 3

Take extra care with the GST Paid on Purchases account when you are working in the General journal. The purpose of this account is to reduce another liability account—GST Charged on Sales; therefore, amounts posted to GST Paid on Purchases are normally debits.

To move an amount to the debit column after it first defaults to the credit column, you can delete it and reposition the cursor with the mouse, or you can simply re-enter the amount with a negative sign.

### Form 4

Use the General journal for this payment to the bank.

### Form 5

This is your first opportunity to use a new journal. Open **Purchases, Orders, & Quotes**. In the "Purchased From" field, click the drop-down arrow and make a selection or type the first one or two letters of the vendor you want. Enter the rest of the data that you see in Figure 17. (*Note: The number 3 in the "G" field is a code used to indicate that the GST should be charged and that it is excluded from the sales price. If you press the Enter key when the cursor is in that field, you will observe the other GST options.*)

When you are finished, check your journal entry by choosing **Report, Display Purchases Journal Entry**. Post when you are sure your entry is correct.

Rec'd	Description	Price	G	G. Amt.	Amount	Acct
1,000	Letterhead	0.0723	3	5.04	72.00	1250 Supplies

☒ Invoice Received  
 Freight: 5.04  
 GST: 5.04  
 PST:   
 Total: 77.04  
 Terms: 2% Days, Net 30 Days  
 Shipped by:   
 Tracking Number:

Figure 17 An entry in the Purchases journal

## Form 6

This time, you may work in the Receivables journal, even though it is a cash sale. (Recording this entry in General journal is also a valid option, but the GST considerations would require more input on your part.) Choose **Sales, Orders & Quotes** and enter the data shown in Figure 18.

Remember to check your journal entry before you post it.

## Form 7

This sale is partially on account; therefore, you must first create a new receivables account for Doug Reichert. Choose **Customers, Edit, and Create**. Check the source document (Form 7) for the data to enter. Ignore any fields that seem unnecessary.

After the account has been created, open the **Sales, Orders & Quotes** journal. Enter the data displayed in Figure 19. Notice that the cash down payment is entered with a negative sign.

## Form 8

Again, you can enter this transaction in either one of two journals: the General or Sales. Choose the Sales journal and select the "One-time customer" option.

## Form 9

This instruction is for students who are not using computers, so no action is necessary on your part.

Ship	Description	Price	Amount	GST	Acct
1	Annual Membership	320.00	320.00	3	4010 Membership Fees

Freight	22.40
GST @ 7.0%	
PST	
Total	342.40
Amount Received	342.40

Figure 18 A cash sale in the Sales journal

Ship	Description	Price	Amount	GST	Acct
1	Annual Membership	320.00	320.00	3	4010 Membership Fees
	Cash Down Payment		-80.00		1010 Bank

Freight	22.40
GST @ 7.0%	
PST	
Total	262.40

Figure 19 A credit sale with a cash down payment

**Required:** Complete the remaining journal entries using Forms 10 to 49. Remember to check each journal entry before you post it. Make sure you read the additional instructions for the forms listed below.

## Form 11

Treat the firm of Perry and Mason as a one-time vendor.

## Form 12

Choose the **Receipts** journal for this transaction. Enter 112 for the receipt number, which is the number of the remittance slip. Then press the Tab key until the payment amount of \$60.00 is registered in the "Payment Amt." column and in the "Total" field. Check the journal entry before posting by choosing **Report, Display Receipts Journal Entry**.

## Form 13

Choose the **Payments** journal for this transaction. The information required is straightforward. Accept the default setting for the cheque number. Check your journal entry before posting.

**Form 20**

You need to create a new expense account before journalizing this transaction. Choose an appropriate name and classify it as a Group account.

**Form 21**

To record the payment of payroll liabilities, use the General journal and make one compound entry.

**Form 45**

Payroll work is done very quickly in Simply Accounting. From the Home window, choose **Paycheques** and select the first employee to be paid—**Dan Chiu**. Press the Tab key and notice that calculations are made automatically. Choose **Report**, and **Display Payroll Journal Entry** to confirm that a standard payroll journal entry has been made, including deductions and payroll taxes. (Don't be alarmed that the payroll deductions *do not match* those on Form 45. Simply Accounting updates its payroll formulas regularly to match current government guidelines.)

Accept the default cheque number and post the transaction. (Proceed through a warning about formulas being valid for certain time period.) Repeat the same steps for each employee.

**Forms 46-49**

You prepared the Bank account for reconciliation earlier, and now it is time to take advantage of your efforts. Open **Account Reconciliation** in the General module. Identify the account as **1010 Bank** and enter **8/31/02** in two fields: "End Date" and "Show Transactions On or Before." Type **August Reconciliation** in the Comment field.

In the Work Sheet area, notice that the balance forward is 13,138.08, just as it is on the bank statement (Form 47). The last balance shown on the bank statement is **8,097.68**. Enter this amount in the End Balance field.

You previously linked accounts to some common deductions made by the bank. Choose **Expense** in the Display section. Enter your **initials** in the Source field and the **amount** of the service charges shown on the bank statement. Click **Int. Chrg** and repeat. When you click **Transactions** in the Display section, notice that an "Expense" amount has been calculated in the Work Sheet area and that it affects the unresolved balance.

Now you will identify transactions as either cleared or outstanding. If a transaction shown on your monitor appears on the bank statement, click the "C" column beside the amount. A check mark appears and the Status says "Cleared." If you can't find the transaction on the bank statement, leave the "C" column blank; the status remains "outstanding."

If you do the preceding task successfully, your screen will look like Figure 20. The unresolved amount is \$60.00, the amount of the NSF cheque. You need to think about what has happened and adjust your accounts accordingly. To do this without closing the Account Reconciliation window, press the Home icon located just below the word **File**. When you decide which accounts need changing, choose the proper journal and experiment with the amounts until you achieve the desired results. Post when you are done.

Finally, return to the Account Reconciliation window and mark the change you just made as cleared. The unresolved amount should now be zero. Choose **Report**, **Display Account Reconciliation Journal** to view the journal entries resulting from the reconciliation process. Post when you are done.

Source	Deposit No.	Date	Comment	Debits	Credits	C	Status
223		7/29/02	To Taryn Winslow	-	750.00	✓	Cleared
224		7/29/02	To Ted Winslow	-	750.00	✓	Cleared
DIF 048		7/28/02	Drop-in Fees	596.00	-	✓	Cleared
dep		8/1/02	Investment by Taryn	10,000.00	-	✓	Cleared
225		8/1/02	To establish petty ca	-	50.00	✓	Cleared
226		8/1/02	To pay for Aug. rent	-	4,173.00	✓	Cleared

Figure 20 The Account Reconciliation window with the unresolved amount at -\$60.

### **11. Displaying and Printing Reports**

Select the **Reports** menu and examine the variety of reports offered, especially those concerning payables and receivables. Make sure you understand how to read an “aged” report. The basic reports to print are the journal entries for the month, the income statement for the year, and the balance sheet dated August 31, 20-2. Your teacher will inform you of any extra reports to print. Simply Accounting also offers a number of graphs that highlight aspects of payables and receivables.

As in Module 1 of the Witness Fitness Centre, you have the option of exporting statements—such as the income statement and balance sheet—to spreadsheet and word-processing software. This ability gives you extra tools to analyze the Centre’s profitability and make a report to the owners.

### **12. Writing a Collection Letter**

You are now aware that a customer—Bruce Ashdown—paid the amount he owed the Centre with a cheque that was ultimately dishonoured by his bank because there were non-sufficient funds in his account (a NSF cheque). It is your task to write him a business letter concerning this matter.

Before you compose your letter, check the receivables reports offered by Simply Accounting to get all the relevant details about Mr. Ashdown’s account receivable. (You will want to refer to some of these details in your letter.) The strength and tone of your letter will depend on a number of factors, including how much is owed, how long it has been owed, the revenue potential offered by the customer, and general public relations considerations.

Your letter should be three to four paragraphs long. You will want to inform Mr. Ashdown of the situation, persuade him of the right response, specifically outline the action you want taken, and add an appropriate closing. Refer to the sample given in Module 1, pages 27-28, to help you with the format of the letter.

