**Welcome to your accounting practice set**

An accounting practice set is a real world simulation of a single month in the accounting cycle of a small business. In this context, the word "practice" does not mean "a casual attempt" but rather an opportunity to demonstrate your accounting skills in your own simulated "accounting practice". This particular practice set will give you practical experience in a manual accounting system by taking you through all of the steps involved in the accounting cycle of a small general sports store called Ball-Mart.

This practice set adopts a manual approach. This means it requires you to complete the accounting cycle entirely by hand, albeit using the Perdisco website instead of paper. None of the steps will be automated. For example, journal entries will not be automatically posted to accounts, running balances in the accounts will not be automatically maintained, and totals will not be automatically calculated. This is by design. This practice set website is not an accounting software package and is not meant to perform any accounting software functions. Instead, this website is a learning tool designed to give you direct experience in all elements of a manual accounting cycle - it does not hide any of those elements behind automated computing processes, no matter how mundane they may seem.

By the conclusion of this practice set you will have:

* applied the perpetual inventory system
* recorded transactions
* journalized and posted entries, and
* prepared a number of financial reports.

To begin, you will be provided with information about the company and you will use this information to:

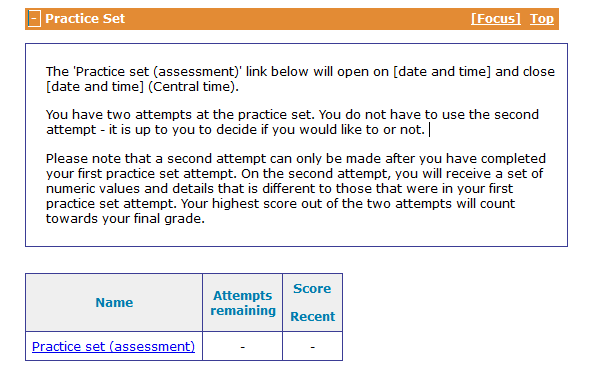
* record the given transactions in the company's journals
* manually post journal entries to the appropriate ledgers
* perform a bank reconciliation
* prepare an accounting worksheet
* journalize adjusting entries
* complete schedules of accounts receivable and payable
* construct the financial statements
* record closing entries, and
* generate a post-closing trial balance.

This practice set is a very large activity that continues over lots of web pages and that will take you many study hours to complete - likely over multiple days or even weeks of time. More details of the structure of this activity and the time it will take to complete are provided over the next few web pages. Please read all of our instructions carefully and ensure you allow enough time to complete this activity.

Before you start, we suggest that you download and read the STUDENT COMPANION & HELPFUL HINTS document provided on your [practice set home page](http://www.perdisco.com/workbook/workbook.asp). That document provides you with a comprehensive overview of what to expect as you complete this practice set, tells you how this practice set is graded, and gives you some hints to maximize your chance of success.

Click the Begin introduction button below to provide your agreement to complete this practice set honestly, read some general instructions and then complete two sample exercises to help you become familiar with the functionality of this practice set. Alternatively, click Home to start at a later time.

**The link to the project which is entitled “practice set assessment” is depicted below. You will find it toward the bottom of the Perdisco.com webpage.**



**General instructions**

You have agreed to follow the instructions listed below:

**This practice set continues over many web pages**



Each web page of your practice set requires a different set of actions.

Read the information and instructions at the top of each web page before answering any of its questions to avoid making obvious mistakes.

**Technical website support**



If you experience technical problems when accessing or using this practice set website, we encourage you to visit [www.perdisco.com/support](http://www.perdisco.com/support)

That page provides answers to the most common questions about registering, paying for or using this practice set website. It also provides steps and information that will help you find quick solutions to website related issues.

**Back-On-Track functionality**



If you make errors in your accounting practice set, at the start of each new web page, our Back-On-Track functionality will correct your accounting records to avoid those errors being carried forward throughout the rest of your practice set.

Alternatively, imagine that you were instead permitted to print out the practice set all at once, do it all offline and then enter all of your answers in one go. In that case, if you made errors in the initial stages of the practice set, those errors would be carried forward through the rest of your practice set penalizing you many times over! To prevent this from happening, our Back-On-Track functionality requires that you enter your answers one web page at a time.

**Feedback as you go**



Unlike a paper assignment, this practice set will grade each page of your answers as you go and also provide you with full solutions.

Once you submit a page and are given your solutions, you can never return to that particular page of the practice set again. This prevents you from changing the answers that you have already submitted. However, even though you cannot return to previous pages, all of the information you need to proceed is collected and presented on every subsequent page of the practice set. This means that you do not need to print every page of this practice set.

Indeed, an important implication is that you cannot print your entire practice set, complete it offline as a single unit of work, and then enter all your answers in one session. Instead, the practice set is designed so that you can not move to the next section until you have submitted the current section. That said, any individual section can be printed and worked on offline - you do not have to stay online all the time.

Please understand that this structure has been set up to help you. After each step, you receive feedback so you can avoid making the same mistake twice! Further, at the start of each new section, you will be brought back-on-track by resetting all of your journals, ledgers and account balances to their correct values in a way that ensures you cannot be penalized for follow on errors (unlike what could happen if you submitted the entire practice set at one time).

**Bookmark your current position**



Since this practice set is a large activity, you are unlikely to complete it all at once. You are therefore able to bookmark (that is, save) your current position so that you can return at a later time.

The bookmark feature is explained and demonstrated in detail during the sample exercises that will follow.

**Saves your work where you are – so use it often even in one session. Can always correct anything before you submit your answers.**

**Acceptable web browsers**



Your practice set is compatible with Windows and Mac desktop/laptop versions of:

* Internet Explorer 6+
* Firefox 1+
* Chrome 10+
* Safari 3+
* Opera 11+

Your practice set has not been tested with other browsers or with versions of the above browsers earlier than those stated. Further, your practice set is designed only to be used on a full desktop or laptop computer and may not be compatible with browsers within most phones, tablets and other portable devices.

You must use only the browsers listed here and do so only on a fully featured desktop or laptop computer. The use of any other browsers or computing devices may result in the inability to complete one or more questions within this practice set and the subsequent loss of points.

**Back and refresh buttons**



Since each page of your practice set is graded as you submit it, the pages of your practice set work in a forward-only direction.

If you use the back or refresh buttons of your browser you may be presented with an error screen. This is OK. Just follow the instructions on the error screen and you will return to the page you were up to.

We recommend that you use only the navigation buttons that we provide for you within the pages of your practice set.

**NOTE: You may wish to build some excel spreadsheets to help you with the calculations**

## Navigating your practice set

## The puzzle map showing your progress

The puzzle map shown on the right will now be displayed on every subsequent page of your practice set. Its purpose is to guide you through your practice set by showing you what you have done and what you still have remaining to do.

How does it work? Each puzzle piece represents a section that you are about to complete. Each section contains one or more web pages. You will initially start with a single piece of the puzzle in place - being the 'Introduction'.

Each of the remaining sections are labeled along an arrow to demonstrate the order that you will complete those sections. As you attempt a new section, a new piece will be added to the puzzle.

To see how the puzzle will be assembled during the accounting practice set, click the Assemble puzzle link beneath the puzzle image.

## Tracking your progress status over time

Your accounting practice set is graded out of 1,089 points and is a large activity that will take approximately 19 hours or more of study to complete. As such, you will not complete your whole practice set in one sitting.

To help you monitor your progress on the practice set, our VirtualTutor and AutoGrade functionality will provide ongoing performance reports on your progress to date.

As you move through different sections of your practice set, you will receive ongoing notification of how long it is estimated to take to complete that section of the practice set and the maximum points allocated to that section. As already noted, some sections are completed over more than one web page.

The following table provides a summary of approximate study time and maximum points for each section of the practice set:

|  |  |  |  |
| --- | --- | --- | --- |
| **Section** | **Approximate study time** | | **Maximum  points** |
| Introduction | Up to 0.25 | hour | 0 |
| Transactions - week 1 | Up to 1.5 | hours | 156 |
| Transactions - week 2 | Up to 2 | hours | 116 |
| Transactions - week 3 | Up to 1.5 | hours | 136 |
| Transactions - week 4 | Up to 1.5 | hours | 88 |
| Transactions - week 5 | Up to 1 | hour | 45 |
| End of month posting | Up to 1.5 | hours | 131 |
| Bank reconciliation statement | Up to 2 | hours | 172 |
| Worksheet | Up to 1.5 | hours | 74 |
| Adjusting entries | Up to 1.5 | hours | 40 |
| Schedules of accounts | Up to 0.25 | hour | 9 |
| Financial statements | Up to 2 | hours | 57 |
| Closing entries | Up to 2 | hours | 44 |
| Post-closing trial balance | Up to 0.5 | hour | 21 |
| TOTAL all steps (approximate) | Up to 19 | hours | 1,089 |

Do I have to complete the above sections within the given timeframes? The study times shown in the table above are not time limits. They are provided only to give you a general guide as to how to manage your study while completing your practice set and the relative size (in terms of study hours) of each of its sections. The only time limit is the submission deadline set by your instructor and displayed on your [home page](http://www.perdisco.com/workbook/workbook.asp) next to the link you clicked to access this practice set. Subject to the deadline set by your instructor, please take as much or as little time as you need.

How will the practice set be graded? Your practice set will be graded automatically by our AutoGrade functionality. As you submit answers to the practice set website, you will receive ongoing information about the points you have scored on previous pages, the points obtained on the current page and the remaining points left to score.

For more information on how points are awarded throughout the practice set, please review the STUDENT COMPANION & HELPFUL HINTS document available on your [home page](http://www.perdisco.com/workbook/workbook.asp).

## Information to complete your practice set

All of the information required to complete a particular page of your practice set will be provided on that page or within the links found below the 'Information from previous pages' heading for that page. This means that you do not need to go back to earlier pages of your practice set to find information that you were previously given.

We suggest that you print this page for your future reference so that you have a record of the approproximate study time and maximum points for each section of the practice set. Note that this page will not be available in subsequent pages of the practice set.

## Your practice set starts on the next page

All the web pages you have read up to this point have provided you with the instructions, guidance and examples that you will need to follow in order to successfully complete your practice set. The academic content of your practice set starts on the next web page. Click the Start practice set button below when you are ready to commence work.

**The following is a typical set of instructions for the practice set.**

**Background**

Assume it is currently June 1, 2016.

You are working for the temporary accounting employment agency known as Accomptemp. Today you have been asked to work at Ball-Mart, a small general sports store that operates in inner city San Francisco and is owned by Maria Bethe. Your task here is to complete the accounting cycle for Ball-Mart for the month of June 2016. To assist you in this task, Maria tells you to read the company's accounting policies and procedures. Note that you will be required to follow these policies and procedures when completing the accounts for Ball-Mart.

**Accounting policies**

a.Business operations: Ball-Mart is set up as a private non-listed corporation based in San Francisco with Maria Bethe as the sole stockholder. The business derives its main source of revenue from retail sales of sporting goods.

To assist in managing the business, Ball-Mart rents a small office space. Note that the business is required to pay for the rent for this premises in advance.

The electricity and water expenses incurred during the month relate to the running of the office. Additional expenses include an insurance policy to protect the equipment in the office in the event of theft or fire.

**All costs associated with the office are classified as general and administrative expenses**.

Maria is the only full-time employee and her role is to handle all administrative tasks. Maria's salary is paid once at the end of each month. All other employees are sales staff who are employed on a part-time basis. The sales staff receive their wages on a weekly basis.

b.Accounting cycle: The business adopts a monthly accounting cycle.

c.Purchases: Purchases are recorded when the business receives the goods. All items purchased are received on the same day as recorded in the transaction list, except for purchase orders which are received at a later date. Note that the business uses the gross method of recording purchases and receives trade discounts from some suppliers.

d.Revenue recognition: The business **recognizes revenue when goods sold are delivered to customers**. All items sold are delivered on the same day as recorded in the transaction list except for sales orders, which are delivered at a later date as agreed with the customer. Note that the business uses the gross method of recording sales **(for cash transactions (1) record cash received and sales—do not record sales discount (2) cash paid and inventory—but remember cash paid affects price per unit)** and sometimes grants trade discounts to customers. Past experience has shown that offering early payment discounts did not increase the likelihood of accounts receivable being paid promptly. Therefore, discounts for early payment of accounts are not normally offered to credit customers except in exceptional circumstances.

e.Sales returns: So that the business can easily track the level of sales returns in relation to overall sales, all sales returns are recorded using a contra revenue account (Sales Returns and Allowances) rather than being recorded directly in the Sales Revenue account.

f.Sales tax: Maria has advised you to ignore the effect of the sales tax. [ASIDE: This is an assumption to make the practice set easier for you to complete. In the real world, sales tax cannot be ignored.]

g.Cash: The business accepts cash and checks and uses checks to pay for the majority of its expenses. On the day checks are received, Maria deposits them at the bank. It may take a number of days for the checks to be cleared by the bank. The business holds its checking account with EastPac Bank.

h.Inventories: The business uses the perpetual inventory system and applies the FIFO method to allocate costs to inventory and cost of goods sold. Note that the business maintains a set of inventory cards with multiple pairs of lines to keep track of changes in inventory. In each inventory card under the Balance column, items with different unit costs are listed in separate lines with the items purchased earlier listed first in the pair of lines provided.

i.Prepayments: The business has a policy of recording prepayments, including office supplies, as assets. At the end of the month, adjustments are made to the relevant accounts to recognize the expense during the accounting period.

j.Property, plant and equipment: Property, plant and equipment items are depreciated over their estimated useful life using the straight line method to calculate the depreciation charge. Depreciation is allocated on a monthly basis and the monthly depreciation charge is calculated as the yearly depreciation expense divided by the number of months in a year.

k.Long term liabilities: The business obtained an interest only loan from MRMC Bank on June 1, 2016 at a simple interest rate of 6% per year. The first interest payment is due at the end of August 2016 and the principal on the loan is due on June 1, 2020.

**Accounting procedures**

Ball-Mart adopts a manual accounting system and uses the general journal and special journals for the recording of individual transactions. Maria Bethe has tailored the design of those journals to meet the specific needs of the business so the format of those journals may be slightly different to those you have seen before. However, she advises you that the general principles of how to use special journals are followed in her business.

The table below shows the journals used by the business and the types of transactions that can be recorded in each of these journals:

|  |  |  |
| --- | --- | --- |
| **Journal** | **Code** | **Transaction type** |
| General journal | GJ | All transactions that are not able to be recorded in the special journals below. |
| Sales journal | SJ | Credit sales of inventory |
| Purchases journal | PJ | Credit purchases of inventory |
| Cash receipts journal | CRJ | Cash inflows to the business |
| Cash payments journal | CPJ | Cash outflows from the business |

To summarize the effects of transactions recorded in those journals, Maria maintains the general ledger and the following ledgers:

* accounts receivable subsidiary ledger,
* accounts payable subsidiary ledger, and
* inventory cards.

Maria then indicates that she is aware other businesses using a manual accounting system may post transactions from journals to ledgers at different times (i.e. daily or monthly). Although the posting procedures used in her business may be different to what you have seen before, she asks that you specifically follow her company's accounting procedures.

The information below explains when transactions are required to be posted from the journals to the appropriate ledger accounts and inventory cards:

**Posting of entries recorded in the general journal**

All transactions that are entered in the general journal are posted on a daily basis. Note that if a transaction recorded in the general journal involves both a control account and a subsidiary ledger account, that journal entry will need to be posted to both ledgers.

**Posting of entries recorded in the special journals**

When a transaction is recorded in a special journal, part of the journal entry may need to be posted daily and part of that entry is to be posted monthly.

a.Daily:

* If a transaction affects a subsidiary ledger account, then the entry that involves a subsidiary ledger account is to be posted to that subsidiary ledger on a daily basis. However, the same amount posted to the subsidiary ledger account is not posted to the related control ledger account immediately. This procedure allows the business to keep track of supplier and customer balances on a daily basis.
* In the cash receipts journal or the cash payments journal, if a transaction is recorded in the Other Accounts column, then the amount recorded in the Other Accounts column is to be posted to the appropriate general ledger account daily.
* If a transaction results in a change in the number of inventory items on hand, then the entry that affects inventory is to be posted to the appropriate inventory card on a daily basis. In this way, the business is able to track the balance of inventory on hand.

b.Monthly:

* At the end of the month, the totals of each column in the special journals are manually calculated. Those totals, with the exception of the totals of the Other Accounts columns in the cash journals, are posted to the appropriate general ledger accounts at the end of the month.

**You should next print out the list of transactions to aid you in inputting, the adjusting entries information, trial balance from the previous month, schedules of accounts (AR and AP), Inventory cards, prior month bank reconciliation, and bank statements.** I have copied what you will typically find here. You will refer to the pages for your set several times, so I suggest you print these.

Pay attention to sales order and purchase policies and procedures to determine if something is a transaction.

**Transactions for June**

You will use the following five weeks of transactions as you complete the books for June. Note that the transactions are divided into five separate weeks. This is because you will not enter this whole list of transactions in any one page. You will be given five separate pages in which to enter the transactions for that week for each of the five weeks.

|  |  |
| --- | --- |
| Date | Description |
|  | |
| Week 1 | |  |
| 1 | Issued Check No. 651 for $9,100 to pay Blue Blazer Realty for two month's worth of rent in advance. |  |
| 1 | Obtained a loan of $57,000 from MRMC Bank at a simple interest rate of 6% per year. The first interest payment is due at the end of August 2016 and the principal of the loan is to be repaid on June 1, 2020. |  |
| 4 | Paid sales staff wages of $2,051 for the week up to and including yesterday, Check No. 652. Note that $1,144 of this payment relates to the wages expense incurred during the last week of May. |  |
| 5 | Paid the full amount owing to Addax Sports, Check No. 653. |  |
| 5 | Made payment of $803 to State Power for 3 months of electricity up to and including May 31, Check No. 654. |  |
| 5 | Issued Check No. 655 to Office Supplies Warehouse for the purchase of $317 worth of office supplies. |  |
| 6 | The Locker Room paid the full amount owing on their account. |  |
|  | |  |
| Week 2 | |  |
| 9 | Purchased 16 sets of Sting Ray Golf Clubs from Addax Sports for $392 each, terms net 30. |  |
| 9 | Paid the full amount owing to Sports 'R Us, Check No. 656. Payment fell outside discount period. |  |
| 11 | Paid the full amount owing to Extreme Sports Inc, Check No. 657. |  |
| 11 | Sold 13 sets of Minor-league Base Balls to Jump Around for $312 each, Invoice No. 475. |  |
| 11 | Paid sales staff wages of $1,636 for the week up to and including yesterday, Check No. 658. |  |
| 12 | Paid the full amount owing to Hike, Check No. 659. |  |
| 12 | Balls 'n All paid the full amount owing on their account. Since Balls 'n All has been a loyal customer from the day the business commenced, a 10% discount was given for this early repayment. |  |
| 14 | Made cash sale of 3 Quidditch Snitches for $664 each. |  |
|  | |  |

|  |  |  |
| --- | --- | --- |
| Week 3 | |  |
| 15 | Sold 15 pairs of Football Boots to The Locker Room for $400 each, Invoice No. 476. |  |
| 16 | Purchased 14 sets of Sting Ray Golf Clubs from Extreme Sports Inc for $448 each, terms 2/10, n/30. |  |
| 17 | Purchased 13 Quidditch Snitches from Hike for $400 each, terms net 30. |  |
| 18 | Paid sales staff wages of $1,977 for the week up to and including yesterday, Check No. 660. |  |
| 19 | Great Sports paid $1,100 in partial payment of their account. |  |
| 19 | Jump Around returned 3 sets of Minor-league Base Balls that were originally sold for $312 each on 11 June. These items cost $192 each and were not faulty or damaged. Issued a Credit Memorandum for $936. |  |
| 20 | Received a purchase order from Great Sports. Created a corresponding sales order to deliver 35 pairs of Football Boots to this customer for $400 each, Invoice No. 478. |  |
| 21 | Made cash sale of 58 boxes of Super-Sprung Tennis Balls for a list price of $320 each. A trade discount of 25% applies. |  |
|  | |  |
| Week 4 | |  |
| 23 | Sold 90 sets of Sting Ray Golf Clubs to The Locker Room for $648 each, Invoice No. 477. |  |
| 23 | Jump Around paid the full amount owing on their account. |  |
| 25 | Paid sales staff wages of $2,133 for the week up to and including yesterday, Check No. 661. |  |
| 25 | Ordered 16 sets of Sting Ray Golf Clubs from J. J. Spud for $448 each. Agreed terms with J. J. Spud are 2/10, n/30. |  |
| 26 | Delivered 35 pairs of Football Boots to Great Sports for $400 each, Invoice No. 478. These items were ordered on the 20th. |  |
| 28 | Paid the full amount owing to Extreme Sports Inc, Check No. 662. Payment fell outside discount period. |  |
| 28 | Made cash sale of 68 sets of Minor-league Base Balls for $312 each. |  |
| 28 | Returned 7 faulty Quidditch Snitches, originally purchased for $400 each, to Hike. Received a Credit Note for $2,800. |  |
|  | |  |
| Week 5 | |  |
| 29 | Received 16 sets of Sting Ray Golf Clubs for $448 each, which were ordered on the 25th. Agreed terms with J. J. Spud are 2/10, n/30. |  |
| 29 | Made cash sale of 41 Quidditch Snitches for $664 each. |  |
| 29 | Purchased 14 boxes of Super-Sprung Tennis Balls with cash for a list price of $192 each. A trade discount of 25% applies, Check No. 663. |  |
| 30 | Mick's Sporting Goods paid the full amount owing on their account. |  |
| 30 | Paid monthly salary of $4,600 to Maria Bethe, Check No. 664. |  |

## Adjusting entries information

Using the following information, you will record end of month adjustments:

* Office Furniture owned by the business: original purchase price was $8,000, estimated useful life was 4 years, and estimated residual value was $1,500 at the end of the useful life. Depreciation is calculated on a monthly basis using the straight line method. The monthly depreciation charge is calculated as the yearly depreciation expense divided by the number of months in a year.
* Office Equipment owned by the business: original purchase price was $45,000, estimated useful life was 8 years, and estimated residual value was $5,500 at the end of the useful life. Depreciation is calculated on a monthly basis using the straight line method. The monthly depreciation charge is calculated as the yearly depreciation expense divided by the number of months in a year.
* The water usage for the month of June is estimated to be $105.
* The estimated electricity payable as at the end of June is $294.
* Sales staff work every single day during the week including weekends and are paid on a weekly basis. Wages were last paid up to and including 24 June. Wages incurred after that day (from June 25 to June 30 inclusive) are estimated to have been $300 per day.
* Interest expense incurred during the month of June but not yet paid to MRMC Bank for the bank loan is $285.
* Office supplies totaling $1,874 are still on hand at June 30.
* One month of prepaid rent expired during June. Remember that at the beginning of June, the business paid two month's worth of rent in advance.
* 3 months of advertising remained pre-paid at the start of June.
* 5 months of insurance remained pre-paid at the start of June.

When calculating the portion of prepayments that expire during the month of June, you are asked to assume that an equal amount of expense is incurred per month.

After taking a physical count of inventory at the end of the month, the balance of inventory on hand as at June 30 is found to be equal to the closing balance of the Merchandise Inventory account. This means there is no adjusting entry required for inventory shrinkage.

**Post-closing trial balance ~ May**

|  |  |  |
| --- | --- | --- |
| |  |  | | --- | --- | | Company logo | Ball-Mart Post-closing Trial Balance May 31, 2016 | |
| |  |  |  |  |  | | --- | --- | --- | --- | --- | | **Account No.** | **Name** | **Debit  ($)** | **Credit  ($)** |  | | 100 | Cash | 65,167 |  |  | | 110 | ARC - Accounts Receivable Control | 28,719 |  |  | | 120 | Merchandise Inventory | 88,512 |  |  | | 130 | Office Supplies | 2,086 |  |  | | 140 | Prepaid Rent |  |  |  | | 141 | Prepaid Advertising | 9,000 |  |  | | 142 | Prepaid Insurance | 4,950 |  |  | | 150 | Office Furniture | 8,000 |  |  | | 151 | Accum Depn: Office Furniture |  | 2,031 |  | | 160 | Office Equipment | 45,000 |  |  | | 161 | Accum Depn: Office Equipment |  | 26,745 |  | | 210 | APC - Accounts Payable Control |  | 44,198 |  | | 220 | Wages Payable |  | 1,144 |  | | 221 | Electricity Payable |  | 891 |  | | 222 | Water Payable |  | 107 |  | | 225 | Interest Payable |  |  |  | | 250 | Bank Loan Payable |  |  |  | | 300 | Common Stock |  | 40,000 |  | | 301 | Retained Earnings |  | 136,318 |  | | 310 | Income Summary |  |  |  | | 400 | Sales Revenue |  |  |  | | 401 | Sales Returns and Allowances |  |  |  | | 402 | Sales Discounts |  |  |  | | 403 | Interest Revenue |  |  |  | | 500 | Cost of Goods Sold |  |  |  | | 511 | Advertising Expense |  |  |  | | 516 | Wages Expense |  |  |  | | 540 | Rent Expense |  |  |  | | 541 | Electricity Expense |  |  |  | | 542 | Water Expense |  |  |  | | 543 | Insurance Expense |  |  |  | | 544 | Office Supplies Expense |  |  |  | | 545 | Salary Expense |  |  |  | | 560 | Depn Expense: Office Furniture |  |  |  | | 561 | Depn Expense: Office Equipment |  |  |  | | 571 | Interest Expense |  |  |  | | 572 | Admin. Expense - Bank Charges |  |  |  | | Total | | 251,434 | 251,434 |  | |

**Schedule of accounts receivable ~ May**

|  |  |  |
| --- | --- | --- |
| |  |  | | --- | --- | | Company logo | Ball-Mart Schedule of Accounts Receivable May 31, 2016 | |
| |  |  |  |  |  | | --- | --- | --- | --- | --- | | **Account No.** | **Name** | **Debit  ($)** | **Credit  ($)** |  | | 110-1 | ARC - Balls 'n All | 2,680 |  |  | | 110-2 | ARC - Croquet and Cricket | 2,321 |  |  | | 110-3 | ARC - Jump Around | 12,670 |  |  | | 110-4 | ARC - Mick's Sporting Goods | 3,542 |  |  | | 110-5 | ARC - The Locker Room | 2,567 |  |  | | 110-6 | ARC - Great Sports | 4,939 |  |  | | Total | | 28,719 |  |  | |

Please note: Ball-Mart does not generally give a discount for early payment except in exceptional circumstances. All debtors are on net 30 credit terms.

**Schedule of accounts payable ~ May**

|  |  |  |
| --- | --- | --- |
| |  |  | | --- | --- | | Company logo | Ball-Mart Schedule of Accounts Payable May 31, 2016 | |
| |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | | **Account No.** | **Name** | **Debit  ($)** | **Credit  ($)** | **Terms** |  | | 210-1 | APC - Extreme Sports Inc |  | 3,163 | 2/10, n/30 |  | | 210-2 | APC - Sports 'R Us |  | 4,805 | 1/15, n/30 |  | | 210-3 | APC - Sport Borders |  | 27,078 | net 30 |  | | 210-4 | APC - J. J. Spud |  | 2,431 | 2/10, n/30 |  | | 210-5 | APC - Hike |  | 2,612 | net 30 |  | | 210-6 | APC - Addax Sports |  | 4,109 | net 30 |  | | Total | |  | 44,198 |  |  | |

**Inventory cards ~ May**

**Quidditch Snitches**

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Date** | | **Purchases** | | | **Cost of Goods Sold** | | | **Balance** | | |  |
| **Units** | **Unit Cost** | **Total Cost** | **Units** | **Unit Cost** | **Total Cost** | **Units** | **Unit Cost** | **Total Cost** |  |
| May | 1 |  |  |  |  |  |  | 58 | 344 | 19952 |  |
|  |  |  |  |  |  |  |  |  |  |  |  |
| May | 6 | 16 | 400 | 6400 |  |  |  | 58 | 344 | 19952 |  |
|  |  |  |  |  |  |  |  | 16 | 400 | 6400 |  |
|  |  |  |  |  |  |  |  |  |  |  |  |
| May | 24 |  |  |  | 16 | 344 | 5504 | 42 | 344 | 14448 |  |
|  |  |  |  |  |  |  |  | 16 | 400 | 6400 |  |
|  |  |  |  |  |  |  |  |  |  |  |  |
| May | 31 |  |  |  | 19 | 344 | 6536 | 23 | 344 | 7912 |  |
|  |  |  |  |  |  |  |  | 16 | 400 | 6400 |  |
|  |  |  |  |  |  |  |  |  |  |  |  |

**Boxes Of Super-Sprung Tennis Balls**

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Date** | | **Purchases** | | | **Cost of Goods Sold** | | | **Balance** | | |  |
| **Units** | **Unit Cost** | **Total Cost** | **Units** | **Unit Cost** | **Total Cost** | **Units** | **Unit Cost** | **Total Cost** |  |
| May | 1 |  |  |  |  |  |  | 51 | 144 | 7344 |  |
|  |  |  |  |  |  |  |  | 58 | 192 | 11136 |  |
|  |  |  |  |  |  |  |  |  |  |  |  |
| May | 12 |  |  |  | 7 | 144 | 1008 | 44 | 144 | 6336 |  |
|  |  |  |  |  |  |  |  | 58 | 192 | 11136 |  |
|  |  |  |  |  |  |  |  |  |  |  |  |
| May | 26 |  |  |  | 17 | 144 | 2448 | 27 | 144 | 3888 |  |
|  |  |  |  |  |  |  |  | 58 | 192 | 11136 |  |
|  |  |  |  |  |  |  |  |  |  |  |  |
| May | 31 | 18 | 192 | 3456 |  |  |  | 27 | 144 | 3888 |  |
|  |  |  |  |  |  |  |  | 76 | 192 | 14592 |  |
|  |  |  |  |  |  |  |  |  |  |  |  |

**Sets Of Minor-League Base Balls**

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Date** | | **Purchases** | | | **Cost of Goods Sold** | | | **Balance** | | |  |
| **Units** | **Unit Cost** | **Total Cost** | **Units** | **Unit Cost** | **Total Cost** | **Units** | **Unit Cost** | **Total Cost** |  |
| May | 1 |  |  |  |  |  |  | 50 | 168 | 8400 |  |
|  |  |  |  |  |  |  |  | 51 | 192 | 9792 |  |
|  |  |  |  |  |  |  |  |  |  |  |  |
| May | 7 | 18 | 192 | 3456 |  |  |  | 50 | 168 | 8400 |  |
|  |  |  |  |  |  |  |  | 69 | 192 | 13248 |  |
|  |  |  |  |  |  |  |  |  |  |  |  |
| May | 26 |  |  |  | 50 | 168 | 8400 | 57 | 192 | 10944 |  |
|  |  |  |  |  | 12 | 192 | 2304 |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |
| May | 31 | 25 | 192 | 4800 |  |  |  | 82 | 192 | 15744 |  |
|  |  |  |  |  |  |  |  |  |  |  |  |

**Pairs Of Football Boots**

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Date** | | **Purchases** | | | **Cost of Goods Sold** | | | **Balance** | | |  |
| **Units** | **Unit Cost** | **Total Cost** | **Units** | **Unit Cost** | **Total Cost** | **Units** | **Unit Cost** | **Total Cost** |  |
| May | 1 |  |  |  |  |  |  | 57 | 192 | 10944 |  |
|  |  |  |  |  |  |  |  |  |  |  |  |
| May | 10 |  |  |  | 4 | 192 | 768 | 53 | 192 | 10176 |  |
|  |  |  |  |  |  |  |  |  |  |  |  |
| May | 22 |  |  |  | 21 | 192 | 4032 | 32 | 192 | 6144 |  |
|  |  |  |  |  |  |  |  |  |  |  |  |
| May | 31 | 25 | 240 | 6000 |  |  |  | 32 | 192 | 6144 |  |
|  |  |  |  |  |  |  |  | 25 | 240 | 6000 |  |
|  |  |  |  |  |  |  |  |  |  |  |  |

**Sets Of Sting Ray Golf Clubs**

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Date** | | **Purchases** | | | **Cost of Goods Sold** | | | **Balance** | | |  |
| **Units** | **Unit Cost** | **Total Cost** | **Units** | **Unit Cost** | **Total Cost** | **Units** | **Unit Cost** | **Total Cost** |  |
| May | 1 |  |  |  |  |  |  | 57 | 328 | 18696 |  |
|  |  |  |  |  |  |  |  | 53 | 392 | 20776 |  |
|  |  |  |  |  |  |  |  |  |  |  |  |
| May | 2 |  |  |  | 57 | 328 | 18696 | 48 | 392 | 18816 |  |
|  |  |  |  |  | 5 | 392 | 1960 |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |
| May | 18 | 23 | 392 | 9016 |  |  |  | 71 | 392 | 27832 |  |
|  |  |  |  |  |  |  |  |  |  |  |  |

**Bank reconciliation statement ~ May**

|  |  |  |
| --- | --- | --- |
| |  |  | | --- | --- | | Company logo | Ball-Mart Bank Reconciliation Statement May 31, 2016 | |
| |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | | Balance per bank: | | | | $67,703 |  | | Add: |  | | | | | | deposit in transit from Mick's Sporting Goods | | $3,494 |  | | | | deposit in transit from Balls 'n All | | 1,400 |  | 4,894 |  | |  | | | | 72,597 |  | | Deduct: | | | | | | | outstanding check | No. 650 | $6,100 |  | | | | outstanding check | No. 649 | 1,330 |  | 7,430 |  | | Adjusted balance per bank | | | | $65,167 |  | |  | | | | | | | Balance per book: | | | | $64,894 |  | | Add: |  | | | | | | interest earned | |  | | 282 |  | |  | | | | 65,176 |  | | Deduct: | | | | | | | bank service charge |  | | | 9 |  | | Adjusted balance per book | | | | $65,167 |  | |  | | | | | | |

**Bank statement ~ June**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | |  | | bank logo San Francisco branch |
| Maria Bethe 752 Bertrand Boulevard San Francisco, CA 94104 | |  | | Account No.  64660303  Page No.  1 |
|  | | | | |
| Ball-Mart | | | | |
|  | | | | |
| **Date** | **Particulars** | **Debit** | **Credit** | **Balance** |
| JUN 1 | BALANCE BROUGHT FORWARD |  |  | $67,703 CR |
| JUN 1 | DEPOSIT - Mick's Sporting Goods |  | $3,494 | $71,197 CR |
| JUN 2 | DEPOSIT - Balls 'n All |  | $1,400 | $72,597 CR |
| JUN 3 | 650 | $6,100 |  | $66,497 CR |
| JUN 4 | 651 | $9,100 |  | $57,397 CR |
| JUN 4 | LOAN |  | $57,000 | $114,397 CR |
| JUN 5 | 652 | $2,051 |  | $112,346 CR |
| JUN 6 | 649 | $1,330 |  | $111,016 CR |
| JUN 7 | 653 | $4,109 |  | $106,907 CR |
| JUN 7 | 654 | $803 |  | $106,104 CR |
| JUN 9 | 655 | $317 |  | $105,787 CR |
| JUN 12 | DEPOSIT - The Locker Room |  | $2,567 | $108,354 CR |
| JUN 13 | 657 | $3,163 |  | $105,191 CR |
| JUN 13 | DEPOSIT - Balls 'n All |  | $2,412 | $107,603 CR |
| JUN 13 | 658 | $1,636 |  | $105,967 CR |
| JUN 15 | 656 | $4,805 |  | $101,162 CR |
| JUN 17 | 659 | $2,612 |  | $98,550 CR |
| JUN 20 | 660 | $1,977 |  | $96,573 CR |
| JUN 21 | DEPOSIT - Cash sales |  | $1,992 | $98,565 CR |
| JUN 22 | DEPOSIT - Great Sports |  | $1,100 | $99,665 CR |
| JUN 24 | NSF CHECK - Great Sports | $1,100 |  | $98,565 CR |
| JUN 26 | DEPOSIT - Cash sales |  | $13,920 | $112,485 CR |
| JUN 26 | 661 | $2,133 |  | $110,352 CR |
| JUN 29 | DEPOSIT - Cash sales |  | $21,216 | $131,568 CR |
| JUN 30 | DEPOSIT - Mick's Sporting Goods |  | $3,542 | $135,110 CR |
| JUN 30 | 663 | $2,016 |  | $133,094 CR |
| JUN 30 | INTEREST |  | $528 | $133,622 CR |
| JUN 30 | SERVICE CHARGE | $9 |  | $133,613 CR |
|  | | | | |
|  | | | | |
| |  |  | | --- | --- | | Last statement to  05/31/16 | This statement to  06/30/16 | | | Total debits  $43,261 | Total credits  $109,171 | Final balance  $133,613 CR |
| Proceeds of checks will not be available until cleared. All entries for the last business day are subject to verification and authorization. Any items not paid, or withdrawn, will be adjusted by reversal entry on a later statement. NSF means Not-Sufficient-Funds. | | | | |

## Journals and ledgers instructions

Displaying selected accounting records:

* To save space, not all accounting records (e.g. journals and ledgers) will be displayed on every page. However, on each page you can access all accounting records necessary to answer the questions on that page.
* There are several tabs representing different views of the accounting records. The active tab by default is Show All, but you may also select to view just one particular accounting record by selecting the appropriate tab.
* If you fill in any accounting records and change the view on the page by selecting a different tab, the information that you have entered will remain in that accounting record and be displayed whenever you can see that accounting record.
* Before submitting your answers, we recommend that you click the Show All tab and check that all relevant accounting records have been completed. You are required to complete all relevant accounting records before pressing the Submit answers button. Once submitted, you will not be able to return to the page to re-enter or alter your answers.

**Journals:**

* Each transaction recorded in a special journal must be entered in one line. In order to receive full points, you must not split up the relevant transaction into more than one line in the special journal.
* For certain transactions in special journals, some accounting textbooks do not always require an account to be chosen under the column labeled Account. In this practice set you are required to select an account for each transaction in the special journals. Specifically, in all special journals, under the column labeled Account, you must select the correct account name for each transaction in order to receive full points. Note that for some transactions, this will mean that the account name selected will correspond to the heading of one of the columns in that special journal.
* For each journal, in the Post Ref. column you will need to correctly type the account number of the account you are posting to.
* In particular, in special journals, some accounting textbooks do not always require a reference to be recorded in the Post Ref. column. In this practice set, in order to receive full points, every transaction entered in a special journal requires an entry in the Post Ref. column. Note that in the special journals, if the account name selected for a transaction corresponds to the heading of one of the columns in that special journal, the post ref is to be recorded as an X. This is because these transactions are not posted on a daily basis. In order to receive full points, you must record only the letter X in the Post Ref. column for these transactions.
* Note that in special journals, the Other Accounts column should not be used to record movements of inventory.
* There may be entries in the general journal that require posting to both a control account and a subsidiary ledger. In these cases, after you have posted to both ledgers, you should enter the reference for both the general ledger account and the subsidiary ledger account in the Post Ref. column to indicate that you have posted to both accounts. For example, if the reference number for the control account is 110 and the reference number for the subsidiary ledger account is 110-1, you should type '110/110-1' into the Post Ref. column.
* General journal entries do NOT require a description of the journal entries.

**Ledgers:**

* When posting a transaction to a ledger account, under the Description column, please type the description of the transaction directly into the field. The exact wording does not matter for grading purposes. For example, it does not matter in an electricity transaction if you type 'Paid for electricity' or 'Paid electricity bill'.
* For each ledger, under the Ref. column, you need to select the correct journal from a list in the drop-down box provided, in order to receive full points.
* If the balance of a ledger account is zero you do not need to select a debit or credit from the drop-down box.
* Each transaction posted to the subsidiary ledgers must be entered in one line. In order to receive full points, you must not split up the relevant transaction into more than one line in the subsidiary ledger.

**Both journals and ledgers:**

* Most journals and ledgers will have blank rows left at the end of the web page.
* Some journals and ledgers may not require any entries.
* When purchases and sales are recorded in special journals, changes in inventory must not be posted to the Merchandise Inventory account in the general ledger on a daily basis.

**Next are typical special instructions for each week**

**NOTE: You can input numbers without using commas**

**Instructions for week 1**

After completing this practice set page, you should know how to record basic transactions in the journals provided below and understand the posting process in the manual accounting system. Note that you will record the remaining June transactions in the following sections of this practice set.

Remember, one purpose of using special journals is to make the posting process more efficient by posting the total of most columns in the special journals after all of the transactions for the period have been recorded. However, some parts of a journal entry are still required to be posted on a daily basis. View the company's accounting [policies and procedures](http://www.perdisco.com/resources/html/scenario/accPS3popup3.html) for details of what is to be posted daily or monthly.

1)Record all week 1 transactions in the relevant journals.

Note that special journals must be used where applicable. Any transaction that cannot be recorded in a special journal should be recorded in the general journal.

2)Post entries recorded in the journals to the appropriate ledger accounts according to the company's accounting [policies and procedures](http://www.perdisco.com/resources/html/scenario/accPS3popup3.html).

Note that the relevant totals of the special journals will be posted to the general ledger accounts at the end of the month. You will enter this before you prepare the Bank Reconciliation Statement.

Remember to enter all answers to the nearest whole dollar. When calculating a discount, if a discount is not a whole number, round the discount to the nearest whole dollar. Then, to calculate the cash amount, subtract the discount from the original amount.

Additional instructions

Displaying selected accounting records:

* To save space, not all accounting records (e.g. journals and ledgers) will be displayed on every page. However, on each page you can access all accounting records necessary to answer the questions on that page.
* There are several tabs representing different views of the accounting records. The active tab by default is Show All, but you may also select to view just one particular accounting record by selecting the appropriate tab.
* If you fill in any accounting records and change the view on the page by selecting a different tab, the information that you have entered will remain in that accounting record and be displayed whenever you can see that accounting record.
* Before submitting your answers, we recommend that you click the Show All tab and check that all relevant accounting records have been completed. You are required to complete all relevant accounting records before pressing the Submit answers button. Once submitted, you will not be able to return to the page to re-enter or alter your answers.

Journals:

* Each transaction recorded in a special journal must be entered in one line. In order to receive full points, you must not split up the relevant transaction into more than one line in the special journal.
* For certain transactions in special journals, some accounting textbooks do not always require an account to be chosen under the column labeled Account. **In this practice set you are required to select an account for each transaction in the special journals. Specifically, in all special journals, under the column labeled Account, you must select the correct account name for each transaction in order to receive full points. Note that for some transactions, this will mean that the account name selected will correspond to the heading of one of the columns in that special journal.**
* For each **journal, in the Post Ref. column you will need to correctly type the account number of the account you are posting to.** In particular, in special journals, some accounting textbooks do not always require a reference to be recorded in the Post Ref. column. In this practice set, in order to receive full points, **every transaction entered in a special journal requires an entry in the Post Ref. column.** Note that in the special journals, **if the account name selected for a transaction corresponds to the heading of one of the columns in that special journal, the post ref is to be recorded as an X. This is because these transactions are not posted on a daily basis**. In order to receive full points, you must record only the letter X in the Post Ref. column for these transactions.
* Note that in special journals, the Other Accounts column should not be used to record movements of inventory.
* There may be entries in the **general journal** that require posting to both a control account and a subsidiary ledger. In these cases, after you have posted to both ledgers, you should enter the reference for both the general ledger account and the subsidiary ledger account in the Post Ref. column to indicate that you have posted to both accounts. For example, if the reference number for the control account is 110 and the reference number for the subsidiary ledger account is 110-1, you should type '110/110-1' into the Post Ref. column.
* General journal entries do NOT require a description of the journal entries.

Ledgers:

* When posting a transaction to a ledger account, under the Description column, please type the description of the transaction directly into the field. The exact wording does not matter for grading purposes. For example, it does not matter in an electricity transaction if you type 'Paid for electricity' or 'Paid electricity bill'.
* For each ledger, under the **Ref. column, you need to select the correct journal** from a list in the drop-down box provided in order to receive full points.
* If the balance of a ledger account is **zero you do not need to select a debit or credit** from the drop-down box.
* Each transaction posted to the subsidiary ledgers must be **entered in one line**. In order to receive full points, you must not split up the relevant transaction into more than one line in the subsidiary ledger.

Both journals and ledgers:

* Most journals and ledgers will have blank rows left at the end of the page.
* Some journals and ledgers may not require any entries.
* **When purchases and sales are recorded in special journals, changes in inventory must not be posted to the Merchandise Inventory account in the general ledger on a daily basis.**

**Instructions for week 2**

1)Record all week 2 transactions in the relevant journals.

Note that special journals must be used where applicable. Any transaction that cannot be recorded in a special journal should be recorded in the general journal.

2)Post entries recorded in the journals to the appropriate ledger accounts according to the company's accounting [policies and procedures](http://www.perdisco.com/resources/html/scenario/accPS3popup3.html).

Note that the relevant totals of the special journals will be posted to the general ledger accounts at the end of the month. You will enter this before you prepare the Bank Reconciliation Statement.

3)Update inventory cards on a daily basis.

**Back-On-Track functionality**

Learning Centre icon

Please note that any answers from previous pages carried through onto this page (either on the page or in a popup information page) have been reset, if necessary, to the correct answers. Your particular answers from previous pages are no longer shown.

Remember to enter all answers to the nearest whole dollar. When calculating a discount, if a discount is not a whole number, round the discount to the nearest whole dollar. Then, to calculate the cash amount, subtract the discount from the original amount.

Before pressing the Submit answers button, we recommend that you click the Show All tab and check that all relevant accounting records have been completed.

**Additional instructions**

**Inventory cards:**

* Each transaction recorded in the inventory cards must be entered in a pair of lines provided. You may be required to record a transaction in a single line or two separate lines within the pair of lines provided. Whether one or two lines are required depends on the unit costs of the items involved in that transaction. If a transaction involves items with the same unit cost, you must record that transaction in a single line. Alternatively, if those items have two different unit costs, you are required to use a separate line within the pair of lines provided for each different unit cost.
* In order to receive full points, you must not combine two transactions into the one pair of lines. See the Inventory cards ~ May popup below the 'Information from previous pages' heading for an example of how inventory cards are to be completed.
* Note that **you may enter a positive or negative number into the Units and Total Cost columns but all unit costs must be entered as positive numbers into the Unit Cost columns**.

Remember:

* Each transaction recorded in a special journal must be entered in one line. In order to receive full points, you must not split up the relevant transaction into more than one line in the special journal.
* In special journals, some accounting textbooks do not always require a reference to be recorded in the Post Ref. column. In this practice set, in order to receive full points, every transaction entered in a special journal requires an entry in the Post Ref. column. Note that in the special journals, if the account name selected for a transaction corresponds to the heading of one of the columns in that special journal, the post ref is to be recorded as an X. This is because these transactions are not posted on a daily basis. In order to receive full points, you must record only the letter X in the Post Ref. column for these transactions.
* You are also required to apply the [journals and ledgers instructions](http://www.perdisco.com/resources/html/scenario/accPS3popup20.html) provided in Week 1.

**Instructions for week 3**

1)Record all week 3 transactions in the relevant journals.

Note that special journals must be used where applicable. Any transaction that cannot be recorded in a special journal should be recorded in the general journal.

2)Post entries recorded in the journals to the appropriate ledger accounts according to the company's accounting [policies and procedures](http://www.perdisco.com/resources/html/scenario/accPS3popup3.html).

Note that the relevant totals of the special journals will be posted to the general ledger accounts at the end of the month. You will enter this before you prepare the Bank Reconciliation Statement.

3)Update inventory cards on a daily basis.

Back-On-Track functionality

Learning Centre icon

Please note that any answers from previous pages carried through onto this page (either on the page or in a popup information page) have been reset, if necessary, to the correct answers. Your particular answers from previous pages are no longer shown.

Remember:

* Enter all answers to the nearest whole dollar. When calculating a discount, if a discount is not a whole number, round the discount to the nearest whole dollar. Then, to calculate the cash amount, subtract the discount from the original amount.
* There may be entries in the general journal that require posting to both a control account and a subsidiary ledger. In these cases, after you have posted to both ledgers, you should enter the reference for both the general ledger account and the subsidiary ledger account in the Post Ref. column to indicate that you have posted to both accounts. For example, if the reference number for the control account is 110 and the reference number for the subsidiary ledger account is 110-1, you should type '110/110-1' into the Post Ref. column.
* When completing the inventory cards, you may enter a positive or negative number into the Units and Total Cost columns but all unit costs must be entered as positive numbers into the Unit Cost columns.
* You are also required to apply the [journals and ledgers instructions](http://www.perdisco.com/resources/html/scenario/accPS3popup20.html) and the [inventory cards instructions](http://www.perdisco.com/resources/html/scenario/accPS3popup23.html) provided in previous weeks.

Before pressing the Submit answers button, we recommend that you click the Show All tab and check that all relevant accounting records have been completed.

**Instructions for week 4**

1)Record all week 4 transactions in the relevant journals.

Note that special journals must be used where applicable. Any transaction that cannot be recorded in a special journal should be recorded in the general journal.

2)Post entries recorded in the journals to the appropriate ledger accounts according to the company's accounting [policies and procedures](http://www.perdisco.com/resources/html/scenario/accPS3popup3.html).

Note that the relevant totals of the special journals will be posted to the general ledger accounts at the end of the month. You will enter this before you prepare the Bank Reconciliation Statement.

3)Update inventory cards on a daily basis.

Back-On-Track functionality

Learning Centre icon

Please note that any answers from previous pages carried through onto this page (either on the page or in a popup information page) have been reset, if necessary, to the correct answers. Your particular answers from previous pages are no longer shown.

Remember:

* Enter all answers to the nearest whole dollar.
* There may be entries in the general journal that require posting to both a control account and a subsidiary ledger. In these cases, after you have posted to both ledgers, you should enter the reference for both the general ledger account and the subsidiary ledger account in the Post Ref. column to indicate that you have posted to both accounts. For example, if the reference number for the control account is 110 and the reference number for the subsidiary ledger account is 110-1, you should type '110/110-1' into the Post Ref. column.
* When completing the inventory cards, you may enter a positive or negative number into the Units and Total Cost columns but all unit costs must be entered as positive numbers into the Unit Cost columns.
* You are also required to apply the [journals and ledgers instructions](http://www.perdisco.com/resources/html/scenario/accPS3popup20.html) and the [inventory cards instructions](http://www.perdisco.com/resources/html/scenario/accPS3popup23.html) provided in previous weeks.

Before pressing the Submit answers button, we recommend that you click the Show All tab and check that all relevant accounting records have been completed.

**Instructions for week 5**

1)Record all week 5 transactions in the relevant journals.

Note that special journals must be used where applicable. Any transaction that cannot be recorded in a special journal should be recorded in the general journal.

2)Post entries recorded in the journals to the appropriate ledger accounts according to the company's accounting [policies and procedures](http://www.perdisco.com/resources/html/scenario/accPS3popup3.html).

Note that the relevant totals of the special journals will be posted to the general ledger accounts at the end of the month. You will enter this before you prepare the Bank Reconciliation Statement.

3)Update inventory cards on a daily basis.

Back-On-Track functionality

Learning Centre icon

Please note that any answers from previous pages carried through onto this page (either on the page or in a popup information page) have been reset, if necessary, to the correct answers. Your particular answers from previous pages are no longer shown.

Remember:

* Enter all answers to the nearest whole dollar.
* You are also required to apply the [journals and ledgers instructions](http://www.perdisco.com/resources/html/scenario/accPS3popup20.html) and the [inventory cards instructions](http://www.perdisco.com/resources/html/scenario/accPS3popup23.html) provided in previous weeks.

Before pressing the Submit answers button, we recommend that you click the Show All tab and check that all relevant accounting records have been completed.

**End of the Month Journal Postings**

Now that you have finished recording all of the transactions for the month of June, you are ready to perform the end of month posting procedure. The purpose of this end of month posting is to transfer the totals from the special journals to the appropriate general ledger accounts so that the balances in those ledger accounts reflect all of the transactions that occurred throughout the period.

Instructions for end of month posting

1)Total the columns in the special journals. Record the amount in the Total row of each journal.

2)Post the totals of the columns in the special journals to their corresponding ledger account. To confirm that the posting has been performed, a posting reference is recorded in the last row of the special journals. If the total of a column is not required to be posted, you need to record an X in the post reference field for that column. **Suggestion: Make screen shots of each journal to input more easily and to check off each posting as you finish.**

3)Record the final unadjusted balance of each ledger account in the Unadjusted Balance row of each ledger, even for ledgers with a balance of zero. Although each ledger already has a running balance, the Unadjusted Balance row must still be filled out in order to receive full points.

Remember:

* Enter all answers to the nearest whole dollar.
* You are also required to apply the [journals and ledgers instructions](http://www.perdisco.com/resources/html/scenario/accPS3popup20.html) provided in previous weeks.

Before pressing the Submit answers button, we recommend that you click the Show All tab and check that all relevant accounting records have been completed.

If you want to print this page, please read and follow the [special printing information](http://www.perdisco.com/resources/html/scenario/accPS3popup19.html) to ensure you can print the special journals in full. **Or make screen shots**

**Special printing information**

Some accounting records presented in this practice set (like special journals and the worksheet) are relatively wide. A consequence of this is that those accounting records may not be able to be printed in full if the orientation of your printer is set to portrait at 100%, which is usually the default setting. In the normal course you are not expected to print out these accounting records. However, if you would nevertheless like to print them, we recommend that you follow one of the options listed below:

a)Landscape printing at 100%

Exactly how you can print the accounting records in landscape changes from one printer to another (and one web browser to another) but there are two methods that are often available:

* From the File menu, select Page setup, and change the orientation setting from portrait to landscape.
* From the File menu, select Print, and click on the Properties button in the dialog box that opens. Change the orientation setting from portrait to landscape.

Note that you may need to change the orientation back to portrait after you have printed those accounting records.

b)Portrait printing using the shrink-to-fit feature

Alternatively, you can print the full accounting records in portrait by using the shrink-to-fit (fit-to-width) feature. Note that this feature may not be available in all browsers. One way to check that your browser has this feature is by clicking the File menu and selecting Page Setup. Tick the appropriate box to enable this feature to work. Then, from the File menu, select Print Preview and check that the Shrink To Fit option is selected. After you have reviewed the document that you are about to print, press the print icon.

**Bank Reconciliation**

Now that you have completed the end of month posting procedure, you are required to prepare a bank reconciliaton as at June 30, 2016.

The purpose of the bank reconciliation process is to reconcile the balance of cash shown in the company's ledger account against the balance of cash reported in the bank statement.

Instructions for bank reconciliation

1)Prepare the bank reconciliation statement as at June 30, 2016. To do this, you will need to use:

* the previous month's [bank reconciliation](http://www.perdisco.com/resources/html/scenario/accPS3popup12.html) statement, and
* the current month's [bank statement](http://www.perdisco.com/resources/html/scenario/accPS3popup13.html) **(Be sure to use this link to obtain the current month bank statement)** and [cash journals](http://www.perdisco.com/resources/html/scenario/accPS3popup16.html)

Note that the bank reconciliation statement provided below may contain more rows than required.

* 1. Deposits in Transit – Compare deposits from the Cash Receipts Journal to the current month Bank Statement
  2. Outstanding Checks – Compare outstanding checks from last bank reconciliation and current month’s cash payments journal to checks that cleared in the current month’s Bank Statement

2)Use the bank reconciliation statement to record the relevant reconciling items in the **general journal**.

3)Post entries recorded in the general journal to the appropriate ledger accounts according to the company's accounting [**policies and procedures**](http://www.perdisco.com/resources/html/scenario/accPS3popup3.html)**.** **Don’t record something because you think Perdisco wants you to; pay attention to the policies and procedures and actual transactions.**

4)Record the updated balance of each ledger account in the Balance row of each ledger, even for ledgers with a balance of zero. Although each ledger already has a running balance, the Balance row must still be filled out in order to receive full points

Remember:

* Enter all answers to the nearest whole dollar.
* There may be entries in the general journal that require posting to both a control account and a subsidiary ledger. In these cases, after you have posted to both ledgers, you should enter the reference for both the general ledger account and the subsidiary ledger account in the Post Ref. column to indicate that you have posted to both accounts. For example, if the reference number for the control account is 110 and the reference number for the subsidiary ledger account is 110-1, you should type '110/110-1' into the Post Ref. column.
* You are also required to apply the [journals and ledgers instructions](http://www.perdisco.com/resources/html/scenario/accPS3popup20.html) provided in previous weeks.

Before pressing the Submit answers button, we recommend that you click the Show All tab and check that all relevant accounting records have been completed.

**Work Sheet Instructions for Adjusting Journal Entries**

Now that you have completed the June bank reconciliation process, you are asked to complete the worksheet for Ball-Mart.

The worksheet is an internal document that exists outside the journals and ledgers. It is often used in the manual accounting system to help record adjusting entries and prepare financial statements. After you have prepared the worksheet, in the next section of the practice set you will be asked to use the completed worksheet to help journalize and post adjusting entries to general ledger. You will also use this worksheet to assist you in preparing the financial statements for Ball-Mart in a later section of this practice set.

The details of the end of month adjustments for June are as follows:

* Office Furniture owned by the business: original purchase price was $8,000, estimated useful life was 4 years, and estimated residual value was $1,500 at the end of the useful life. Depreciation is calculated on a monthly basis using the straight line method. The monthly depreciation charge is calculated as the yearly depreciation expense divided by the number of months in a year.
* Office Equipment owned by the business: original purchase price was $45,000, estimated useful life was 8 years, and estimated residual value was $5,500 at the end of the useful life. Depreciation is calculated on a monthly basis using the straight line method. The monthly depreciation charge is calculated as the yearly depreciation expense divided by the number of months in a year.
* The water usage for the month of June is estimated to be $105.
* The estimated electricity payable as at the end of June is $294.
* Sales staff work every single day during the week including weekends and are paid on a weekly basis. Wages were last paid up to and including 24 June. Wages incurred after that day (from June 25 to June 30 inclusive) are estimated to have been $300 per day.
* Interest expense incurred during the month of June but not yet paid to MRMC Bank for the bank loan is $285.
* Office supplies totaling $1,874 are still on hand at June 30.
* One month of prepaid rent expired during June. Remember that at the beginning of June, the business paid two month's worth of rent in advance.
* 3 months of advertising remained pre-paid at the start of June.
* 5 months of insurance remained pre-paid at the start of June.

When calculating the portion of prepayments that expire during the month of June, you are asked to assume that an equal amount of expense is incurred per month.

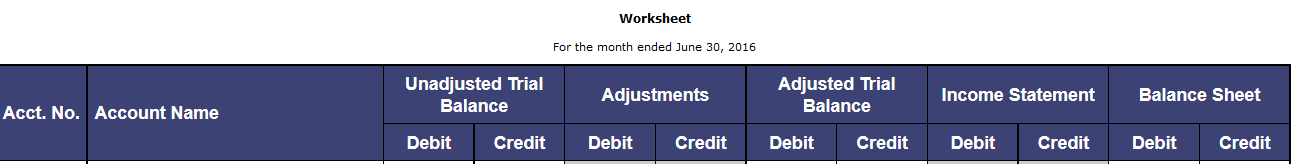
After taking a physical count of inventory at the end of the month, the balance of inventory on hand as at June 30 is found to be equal to the closing balance of the Merchandise Inventory account. This means there is no adjusting entry required for inventory shrinkage.

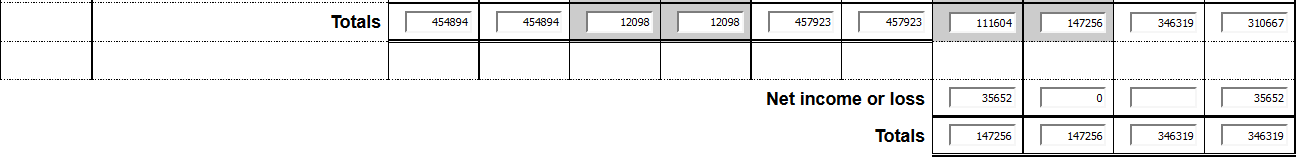
**Instructions for worksheet**

Complete all columns in the worksheet. To do this, you need to use the account balances provided in the [general ledger](http://www.perdisco.com/resources/html/scenario/accPS3popup2ab.html) to fill out the Unadjusted Trial Balance columns. You are also required to calculate the end of month adjustments for June and enter them into the worksheet before completing the remaining columns. Note that not all boxes in each column of the worksheet will need to be filled.

**When calculating the amounts in the income statement columns, record only income statement accounts. The initial debits and credits will not agree in the first total. The convention is to insert net income in the debit column on the line for net income or loss. Then total debits and credits will agree.**

**When calculating the amounts in the balance sheet columns, record only balance sheet accounts. The initial debits and credits will not agree in the first total. The convention is to insert net income in the credit column on the line for net income or loss. Then total debits and credits will agree.**





If you want to print this page, please read and follow the [special printing information](http://www.perdisco.com/resources/html/scenario/accPS3popup19.html) to ensure you can print the worksheet in full.



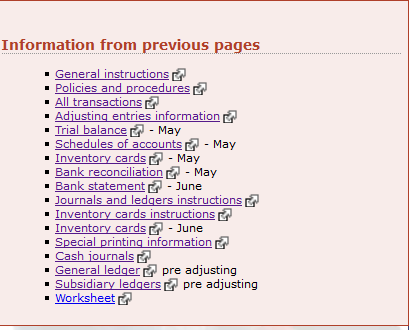
**Use these links to obtain the general ledger information you will need to complete the worksheet.**

**Instructions for adjusting entries**

1)Use the [worksheet](http://www.perdisco.com/resources/html/scenario/accPS3popup17.html) to assist you in recording the adjusting entries in the general journal.

2)Post the adjusting entries from the general journal to the general ledger accounts.

3)Record the final adjusted balance of each ledger account in the Adjusted Balance row of each ledger, even for ledgers with a balance of zero. Although each ledger already has a running balance, the Adjusted Balance row must still be filled out in order to receive full points.



**Use the worksheet link to print out the worksheet.**

**Schedules of Accounts**

Now that all adjusting entries have been posted to the general ledger, you are asked to prepare the schedule of accounts receivable and the schedule of accounts payable as at June 30, 2016.

The purpose of preparing the schedule of accounts receivable is to verify that the sum of the customer balances recorded in the accounts receivable subsidiary ledger is equal to the balance of the Accounts Receivable control account in the general ledger. Similarly, the purpose of the schedule of accounts payable is to confirm that the sum of the supplier balances recorded in the accounts payable subsidiary ledger is equal to the balance of the Accounts Payable control account in the general ledger.

**Instructions for schedules of accounts**

Using the [subsidiary ledgers](http://www.perdisco.com/resources/html/scenario/accPS3popup14.html) and the [general ledger](http://www.perdisco.com/resources/html/scenario/accPS3popup2ab.html):



1)Create a schedule of accounts receivable as at the end of June.

2)Create a schedule of accounts payable as at the end of June.

Remember to enter all answers to the nearest whole dollar.

**Financial Statements**

You are now asked to prepare the following financial statements:

* Income statement. This statement is prepared to help assess the financial performance of the business. It summarizes the revenues earned and expenses incurred over the month of June.
* Statement of stockholders' equity. This statement shows the movements in equity over the month of June.
* Balance sheet. This statement reports the financial position of the business at the end of June. It presents the assets, liabilities and equity of the business as at June 30, 2016.

**Instructions for financial statements**

Using the company's accounting policies found in the [policies and procedures](http://www.perdisco.com/resources/html/scenario/accPS3popup3.html) popup, and appropriate information from previous pages of the practice set: **NOTE: Worksheet should be sufficient.**



1)Prepare an income statement for the month of June.

To begin, select the appropriate accounts using a popup link. Note that when you select an account, brackets may automatically appear around the input box in which you are asked to enter the balance of the account. Next, **enter all values as positive amounts** because amounts to be subtracted are indicated on the income statement with brackets around the input box. To complete the income statement, you are required to select items from drop-down lists. Brackets will be displayed if you select loss.

You will have to determine which expenses fall into Selling Expenses category and which fall into General and Administrative Expenses. The policies and procedures will help you determine this. The easiest way is to consider which expenses relate to selling the product—all others are Gen and Admin. You will also have to consider what qualifies as Other Revenues and Other Expenses.

Operating expenses are classified into two sections. **Selling expenses** include the expenses of promoting sales by displaying and advertising merchandise, making sales, and delivering goods to customers. **General and administrative expenses** support a company's overall operations and include expenses related to accounting, human resource management, and financial management.

***Nonoperating activities*** consist of other expenses, revenues, losses, and gains that are unrelated to a company's operations. *Other revenues and gains* commonly include interest revenue, dividend revenue, rent revenue, and gains from asset disposals. *Other expenses and losses* commonly include interest expense, losses from asset disposals, and casualty losses.

You may not need to use all of the lines in the income statement.

2)Prepare a statement of stockholders' equity for the month of June.

**Most values are to be entered in the input boxes as positive amounts**, because amounts to be subtracted are already indicated on the statement with brackets around the input box. Note that you are **required to select income/loss from a drop-down list**. Brackets will be displayed if you select loss.

3)Prepare a balance sheet as at the end of June.

To begin, select the appropriate accounts using a popup link. Note that when you select an account, brackets may automatically appear around the input box in which you are asked to enter the balance of the account. Next, **enter all values as positive amounts** because amounts to be subtracted will be indicated on the balance sheet with brackets around the input box.

You may not need to use all of the lines in the balance sheet.

**Closing Entries:**

In this stage of the accounting cycle, you are asked to record closing entries in the general journal and then post them to the general ledger accounts. This step must be completed to prepare the accounts for the next accounting period.

Instructions for closing entries

1)Record closing entries in the general journal. Use **worksheet** to help visualize these entries

The entries for a corporation are similar to the entries for a sole proprietor.

* 1. Credit all expense (including interest expense) and contra sales accounts and close with a debit to income summary
  2. Debit all revenue (including interest revenue) accounts and close with a credit to income summary
  3. Close the income summary account to retained earnings (instead of owner’s capital)

2)Post the closing entries from the general journal to the relevant general ledger accounts

3)Record the final closing balance of each ledger account in the Post-Closing Balance row of each ledger, even for **ledgers with a balance of zero.** Although each ledger already has a running balance, the Post-Closing Balance row must still be filled out in order receive full points.

Post Closing Trial Balance

Now that the closing entries have been journalized and posted, you are required to prepare a post-closing trial balance. This trial balance is prepared as a final check that closing entries have been journalized and posted correctly.

**Instructions for post-closing trial balance**

Using the [general ledger](http://www.perdisco.com/resources/html/scenario/accPS3popup2ab.html), create a post-closing trial balance as at the end of June.

