Rebel Ridge Snowmobile, Inc.

1st Web-Based Edition

Journal Entries

BEGIN THE PROGRAM AND ENTER THE DATA

When you have: (1) Carefully read pages 1-8 of this handbook, (2) A good understanding of the accounts used by Rebel Ridge Snowmobile and how those accounts are used, you are ready to begin the journalizing process in the Rebel Ridge Snowmobile web-based accounting program.

The transactions for the month of December follow, and you are encouraged to prepare your account entry information before sitting down at the computer. It is suggested that you write the account numbers and dollar amounts of the journal entries in the margin of the handbook under the column titled ***Student Analysis***. This procedure will speed up your data entry time. An example of a written analysis before the data entry is shown on **page 3** with the first December 3 transaction.

You may prefer to analyze each entry and record the transaction on the computer at the same time. You will be able to access the chart of accounts, customer list, and vendor list to the screen during the data entry process. This makes the recording of transactions and related information a very quick, easy, and efficient procedure.

TO BEGIN THE DATA ENTRY PROCESS FOLLOW STEPS 1-12 AS OUTLINED BELOW:

1. **From the Home Page, Click on Rebel Ridge Snowmobile.**

2. **Log-in with your User ID Name and Password.**

3. **When the Rebel Ridge Snowmobile page appears on the screen, click on Journals/Ledgers/Statements and select General Ledger.**

4. **Click on Print and print the December 3 Trial Balance. Return to the General Ledger screen by clicking on the close icon.**

5. **Click on Journals/Ledgers/Statements, select Subsidiary Ledgers, and select Accounts Receivable.**

6. **Print the Schedule of Accounts Receivable.**

7. **Click on Journals/Ledgers/Statements, select Subsidiary Ledgers, and select Accounts Payable.**

8. **Print the Schedule of Accounts Payable.**

9. **Click on Data Entry.**

10. **Click on the <u>Daily JE</u> button.**

11. **Read the narrative for the first December transaction at the top of page 3.**

12. **Carefully follow instruction 1-8 as you begin the data entry procedure.**

TRANSACTIONS FOR DECEMBER 3-10

December 3

Purchased office supplies for cash. The cost of the office supplies is **$450.63,** the invoice number is **P6604** and the check number is **10055**.

Office Supplies	**$450.63**
Cash	**$450.63**

Follow instructions 1-8 below.

1. *At the date prompt, for December 3, enter 03 for day and press the Tab key (<u>do not use the Enter Key</u>). When entering any part of the transaction, you may back up and reenter the information by using the backspace key. If the date has been entered incorrectly reenter the date.*

2. *At the account prompt, type 129 and press the Tab key. To record the debit to Office Supplies enter $450.63 in the debit amount column. <u>Do not use dollar signs or commas</u>. If the account or amount is incorrect, click on the appropriate item and reenter. Tab to the next position.*

3. *At the account prompt, type 101. Press the Tab key to move to the credit column and enter $450.63 as the credit to Cash. <u>Do not use dollar signs or commas</u>.*

4. *Click on the <u>Verify Journal</u> button. The equality of debits and credits will be automatically verified. If any part of the journal entry is incorrect at this point, click on the Clear Screen button and reenter the transaction.*

5. *At the check prompt enter 10055. Tab to the Invoice prompt.*

6. *At the invoice prompt enter invoice number P6604. The alphabet letter P may be entered in upper or lower case.*

7. *Check the entry carefully. If you wish to make a correction to the invoice number, click on the invoice entry box and enter the correct number. If the entry is correct, click on the <u>Verify Documents</u> button. This verification is required before the entry can be posted. <u>This verification only tests for complete entries, it does not guarantee the correctness of the numbers entered.</u>*

8. *Click on the <u>Post Entry</u> button. The entry will be recorded in the General Journal and posted to the General Ledger.*

Continue entering the transactions for the first week. If you discover that a transaction entered into the system at an earlier time needs correction, **simply reverse or back out the incorrect entry and then enter the transaction correctly**. More detailed instructions on error correction procedures are demonstrated in the next transaction.

TRANSACTIONS FOR DECEMBER 3-10

December 3

Discovered that a **$84.40** journal entry for advertising printing charges had been recorded in error to the Miscellaneous Expense account rather than the Advertising Expense account. The date of the original cash transaction entry is ***December 2*** and the invoice number is **23339**.

Follow instructions 1-5 below:

The entry correction procedure for the Rebel Ridge Snowmobile accounting system requires that each error entry be backed out and then reentered correctly.

1. *Using the December 2 date, debit the Cash (101) account and credit the Miscellaneous Expense (629) account for the $84.40. Click on the <u>Verify Journal</u> button.*

2. *At the invoice prompt enter 23339 as the invoice number. Click on the Verify Documents button, then click on the Post Entry button.*

3. *Using the same December 2 date, enter the transaction correctly with a debit to Advertising Expense (604) and a credit to Cash (101). Click on the <u>Verify Journal</u> button.*

4. *When the check number prompt appears, enter ERROR to indicate that this is an error correction entry and a new check is not being issued.*

5. *Enter the 23339 invoice number as requested and when the data shown is correct, click on the Verify Documents button, then click on the Post Entry button.*

NOTE: This error correction procedure leaves a <u>clear audit trail</u> of all corrections and is to be followed throughout this business simulation.

NOTE: If at any time you wish to view the journal entries that you have entered, click on <u>Journals/Ledgers/Statements</u>, select <u>General Journal</u>. You may scroll through the journal entries or print a copy of the journal. To exit the General Journal, click on <u>Data Entry</u>.

NOTE: Instructions for corrections to journal entries for incorrect accounts, incorrect amounts, incorrect dates, and incorrect documents can be found under Support on the Menu Bar.

TRANSACTIONS FOR DECEMBER 3-10

Student Analysis

Note: The following time-saving options (A and B) may be used when journalizing transactions!

   A. *USING THE CHART OF ACCOUNTS FOR DATA ENTRY*
   B. *AUTOMATIC BALANCING OF JOURNAL ENTRY AMOUNTS*

December 3
Purchased on account from Boyd Business Supply, store fixtures listed at **$268.00** and store supplies listed at **$115.42.** The invoice number for this transaction is **BB671** and Boyd Business Supply offers net 10 credit terms.

1. *At the date prompt, enter 03 for the day.*

2. *Click on the down arrow at the end of the Account Number and Titles row.*

3. *Select account number 130, Store Fixtures, and the account number and title will automatically be entered in the account title column of the general journal. Tab to the Debit column and enter $268.00. Tab to the next row.*

4. *Click on the down arrow at the end of the Account Number and Titles. Select account number 127, Store Supplies. Enter the second debit amount of $115.42. Tab to the next row.*

5. *Click on the check mark at the end of the Account Number and Titles and select account number 201, Accounts Payable. Tab to the credit amount column, and type "CV". The correct balancing credit amount of $383.42 will automatically be entered in the credit amount column. This feature may be used for both simple entries (one debit account and one credit account), and for compound journal entries at the last account credited. Click on Verify Journal.*

6. *At the invoice prompt enter BB671 as the invoice number.*

7. *At the vendor number prompt click on the down arrow and select Boyd Business Supply, the first vendor on the list. On future entries involving Accounts Payable or Accounts Receivable, use the scroll bar to select the correct vendor or customer. Vendor (and customer) numbers can also be entered directly.*

8. *When all of the data displayed is correct, click on Verify Documents, and then click on Post Entry.*

TRANSACTIONS FOR DECEMBER 3-10

December 3
Sold for cash, **two** snowmobiles with a retail price of $**6,780.00**
each. The sales invoice for this transaction is **R0045**. Remember,
sales tax is ignored in this project.

Because a perpetual inventory system is being used by Rebel Ridge Snowmobile for each entry where a product is being sold, an update of the Merchandise Inventory account and the Cost of Goods Sold accounts is a part of the journalizing procedure.

1. *Enter the journal entry to record the sales transaction.*

2. *Click on Verify Documents.*

3. *If the document is correct, click on the Post Entry button.*

After each sale entry is recorded and posted, the program will automatically journalize and post the required second entry of a debit to the Cost of Goods Sold account and a credit to the Merchandise Inventory account for the cost of the inventory sold. The amount of this entry ($9,685.71) will appear in a message box immediately after the posting. Click on the OK button and continue recording transactions.

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December 4
Received the balance of Emory Yonkers' account (**11800**) of
$**1,324.00.** Use the accounting system to verify that the amount is
correct.

1. *Click on Journals/Ledgers/Statements, select Subsidiary Ledgers, then select Accounts Receivable.*

2. *The balance of every customer account appears in the Schedule of Accounts Receivable.*

3. *Click on Customer. From the dropdown list box select 11800 Emory Yonkers.*

4. *Click on Show AR Ledger and note the balance due and the number of the sales invoice shown in Yonkers' account.*

5. *Click on Data Entry, select Daily JE, note the last journal entry you recorded and posted, appears on the screen. Click on OK, and Clear the Screen.*

6. *Enter and Post the required journal entry.*

TRANSACTIONS FOR DECEMBER 3-10

Student Analysis

December 5
Received a new shipment of merchandise inventory from Tri-City Snowmobiles (**29500**). Invoice **T2717** from Tri-City shows the **net** price of the merchandise at **$4,800.00**. Credit terms of net 30 are offered and the merchandise has been shipped FOB destination.

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December 6
Sold three snowmobiles and accessories to Klem's Snowmobile Klub and charged the total sales price of **$18,769** to Klem's account (**11200**). The sales invoice number is **R0046.**

****

December 8
Received a new shipment of snowmobile parts and snowmobile accessories from Edwards Sporting (**22100),** invoice **E4522,** for a **net** price of **$8,760.00.**

****

December 9
Issued check number **10056** and paid **$8,435.55** due to Sierra Buttes Sports (**28600**) for the November 29 invoice **S1240**.

****

December 10
In order to raise additional cash, stockholders approved the sale of 5,000 shares of common stock at **$5.00** par value per share. At the invoice prompt enter **CMSTK** for common stock.

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December 10
Issued check number **10057** and paid the **$6,231.89** due to High Sierra Sports (**25300**) for the November 30 invoice **H4230**.

You have completed the journal entries for December 3 to December 10.

1. **Print a copy of your Trial Balance (Click on Journals/Ledgers/Statements, select General Ledger, and click on Print).**

2. **Print a copy of your General Journal (Click on Journals/Ledgers/Statements, select General Journal, and click on Print).**

Check your totals against the "CHECK IT OUT" box below:

	"CHECK IT OUT"	
101	Cash	$33,585.93
105	Accounts Receivable	23,738.20
127	Store Supplies	3,326.92
129	Office Supplies	1,596.23
201	Accounts Payable	13,943.42
301	Common Stock	225,000.00
401	Sales	145,737.80
501	Cost of Goods Sold	96,282.94
604	Advertising Expense	2,230.40
635	Miscellaneous Expense	103.34
TRIAL BALANCE TOTAL		**$414,681.22**

IF ALL OF YOUR TRIAL BALANCE TOTALS MATCH THE CHECK FIGURES, you are ready to continue recording the transactions for December 11 to 17.

If any of your account balances <u>DO NOT</u> match the check figures, you have one or more errors that MUST BE CORRECTED before you continue! See Instructions for Correcting Journal Entries under Support on the Menu Bar.

<u>**It is recommended that you backup your data files at the end of each data entry session. This is common practice for all accounting and tax work**</u>**. See Instructions for Backing Up and Retrieving Data Files under Administration on the Menu Bar. Up to this point in Rebel Ridge Snowmobile, you can, if you wish, reset your files back to the beginning of the practice set. (Go to Support on the Menu Bar and scroll down to Reset To Beginning Balances.) Once you begin the entries in the second module, a reset can only be completed by your professor.**

TRANSACTIONS FOR DECEMBER 11-17

Student Analysis

December 11
Received a new shipment of merchandise inventory from Prospector Diggins (**27000**). Invoice **P2792** lists the merchandise at a **net** price of **$5,300.00,** plus freight charges of **$235.00.** Credit terms of Net 30 are offered and the merchandise is shipped FOB factory (shipping point). **Record this as a compound journal entry.**

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December 12
Sold two snowmobiles and accessories to Flossie Jones. Rebel Ridge Snowmobile accepted Flossie's bank credit card for the sale. The total sales price is **$12,488**. The sales invoice number is **R0047.**

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December 12
Issued check number **10058** and paid **$183.55** to North San Juan Delivery for the delivery of the merchandise purchased by customer Flossie Jones. The invoice number is **N4512.**

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December 15
The president of Klem's Snowmobile Klub (**11200)** returned one the accessories purchased on December 6. The selling price of the accessory was **$145.00.** The sales invoice number was **R0046.** Rebel Ridge Snowmobiles issued Credit Memo **CM004** for **$145.00.**

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December 17
Received a **$2,356.00** check from Daylite Snowmobile Club (**10720**) as partial payment on its account balance. There was no notation on the check as to the sales invoice number being paid. Use the accounting system and determine the sales invoice for the November 26 sale before recording this receipt of cash.

You have completed the journal entries for December 11 to December 17.

1. **Print a copy of your Trial Balance (Click on Journals/Ledgers/Statements, select General Ledger, and click on Print).**

2. **Print a copy of your General Journal (Click on Journals/Ledgers/Statements, select General Journal, select Second Week, click on Show Portion, and click on Print).**

Check your totals against the "**CHECK IT OUT**" box below:

<div style="border:2px solid black; padding:20px">

"CHECK IT OUT"

101	Cash	$48,246.38
105	Accounts Receivable	21,237.20
127	Store Supplies	3,326.92
129	Office Supplies	1,596.23
201	Accounts Payable	19,478.42
301	Common Stock	225,000.00
401	Sales	158,225.80
501	Cost of Goods Sold	105,099.37
505	Transportation-In	1,576.90
606	Delivery Expense	1,071.55
TRIAL BALANCE TOTAL		**$432,704.22**

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IF ALL OF YOUR TRIAL BALANCE TOTALS MATCH THE CHECK FIGURES, you are ready to continue recording the transactions for December 18 to 24.

If any of your account balances <u>DO NOT</u> match the check figures, you have one or more errors that MUST BE CORRECTED before you continue! See Instructions for Correcting Journal Entries under Support on the Menu Bar.

<u>**It is recommended that you backup your data files at the end of each data entry session. This is common practice for all accounting and tax work**</u>. **See Instructions for Backing Up and Restoring Data Files under Administration on the Menu Bar.**

TRANSACTIONS FOR DECEMBER 18-24

December 18
Issued check **10059** to Edwards Sporting Goods **(22100)** as payment in full for invoice **E4522** with a **net** price of **$8,760.00**

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December 20
Received a new shipment of merchandise inventory from Edwards Sporting Goods (**22100**). Invoice **E4630** shows the merchandise at a **net** price of **$6,450.00,** plus freight charges of **$135.00.** Credit terms of 2/10, n/30 are offered and the merchandise is shipped FOB factory (shipping point). **Record this as a compound journal entry.**

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December 21
Sold two snowmobiles and accessories to Helen Patterson. Rebel Ridge Snowmobile accepted Helen's bank credit card for the sale. The total sales price is **$10,663**. The sales invoice number is **R0048.**

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December 23
Rebel Ridge Snowmobile was notified by Edwards Sporting Goods (**22100**) that the invoice of December 18 (**E4630**) was incorrect and Rebel Ridge had been overcharged by **$150.00**. Debit Accounts Payable and credit Merchandise Inventory for **$150.00**. Record the notice as a Debit Memo (**DM001**).

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December 24
One of the windows of the showroom was broken. Rebel Ridge Snowmobile issued check **10060** to Jack's Pain in the Glass for the repair which is to be charged to Miscellaneous Expense. Jack's issued invoice **J3400** for **$320.00.**

TRANSACTIONS FOR DECEMBER 18-24

December 24
Sold one snowmobile and accessories to John Parrish who used his
Master Card bank credit card. The sales invoice is **R0049** for
$6,128.90.

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You have completed the journal entries for December 18 to December 24

1. **Print a copy of your Trial Balance (Click on Journals/Ledgers/Statements, select General Ledger, and click on Print).**

2. **Print a copy of your General Journal (Click on Journals/Ledgers/Statements, select General Journal, select Third Week, click on Show Portion, and click on Print).**

Check your totals against the "**CHECK IT OUT**" box below.

<div style="border:2px solid black; padding:1em;">

"CHECK IT OUT"

101	Cash	$55,958.28
105	Accounts Receivable	21,237.20
127	Store Supplies	3,326.92
130	Store Fixtures	19,168.00
201	Accounts Payable	17,153.42
401	Sales	175,017.70
402	Sales Returns and Allowances	4,312.00
501	Cost of Goods Sold	117,093.59
505	Transportation-In	1,711.90
	TRIAL BALANCE TOTAL	$447,171.12

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IF ALL OF YOUR TRIAL BALANCE TOTALS MATCH THE CHECK FIGURES, you are ready to continue recording the transactions for December 26 to 31.

If any of your account balances <u>DO NOT</u> match the check figures, you have one or more errors that MUST BE CORRECTED before you continue! See Instructions for Correcting Journal Entries under Support on the Menu Bar.

It is recommended that you backup your data files at the end of each data entry session. This is common practice for all accounting and tax work. See Instructions for Backing Up and Retrieving Data Files under Administration on the Menu Bar.

TRANSACTIONS FOR DECEMBER 26-31

Student Analysis

December 26
Issued check **10061 for $560.00** to the North San Juan Reporter for advertisements in its weekly newspaper. At the invoice prompt enter **NS689.**

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December 28
Sold snowmobile accessories to Larry Green for cash. The total sales price is **$1,477.00.** The sales invoice number is **R0050.**

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December 30
Issued check **10062** for $5,000, plus interest of **5.0 percent per year on the unpaid balance.** This is the **third monthly payment** on the $40,000 (original balance) note payable. **The last payment was made on November 30**. Record this compound journal entry with an invoice prompt notation of **NTPAY** for note payable. (Be sure to use a 360-day year in all of your interest calculations.)

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December 31
Received a **$350.00** invoice (**D3443**) from Douglas Janitorial (**21300**) for janitorial services performed over the month of December. Charge Miscellaneous Expense (**629**). Payment is due January 15th.

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December 31
Issued the following checks:

Check No.	Payee	Expense	Invoice	Amount
Check 10063	Sierra Power	624	99066	$635.00
Check 10064	Sierra Telephone	625	44555	$240.00
Check 10065	Payroll	601	PR003	$3,800.00

Record each check and expense separately.

TRANSACTIONS FOR DECEMBER 26-31

December 31
Klem's made a purchase on December 6 **($18,769.00)** and returned merchandise on December 15 **($145.00)**. Rebel Ridge Snowmobile accepted a 90-day, 8%, note receivable from Klem's Snowmobile Klub **(11200)** for the balance of its account. At the invoice prompt enter **NTREC.**

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You have completed the journal entries for December 26 to December 31

1. **Print a copy of your Trial Balance (Click on Journals/Ledgers/Statements, select General Ledger, and click on Print).**

2. **Print a copy of your General Journal (Click on Journals/Ledgers/Statements, select General Journal, select Fourth Week, click on Show Portion, and click on Print).**

Check your totals against the "CHECK IT OUT" box below:

"CHECK IT OUT"

101	Cash	$47,075.28
105	Accounts Receivable	2,613.20
109	Notes Receivable	33,624.00
201	Accounts Payable	17,503.42
203	Notes Payable	25,000.00
401	Sales	176,494.70
501	Cost of Goods Sold	118,148.59
601	Salaries and Wages Expense	14,300.00
604	Advertising Expense	2,790.40
629	Miscellaneous Expense	773.34
811	Interest Expense	437.50
	TRIAL BALANCE TOTAL	**$443,998.12**

IF ALL OF YOUR TRIAL BALANCE TOTALS MATCH THE CHECK FIGURES, you are ready to complete the Bank Reconciliation. **If any of your account balances <u>DO NOT</u> match the check figures above, you have one or more errors that MUST BE CORRECTED before you continue! See Instructions for Correcting Journal Entries under Support on the Menu Bar.**

It is recommended that you backup your data files at the end of each data entry session. This is common practice for all accounting and tax work. See Instructions for Backing Up and Retrieving Data Files under Administration on the Menu Bar.

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BANK RECONCILIATION

Before entering your adjusting entries, complete the bank reconciliation form (**page 16**) for December 31, the statement date, and the last workday of the month. *Enter the cash balance from the trial balance as the book balance* and **$49,559.93** as the **bank statement balance**. Additional information needed to complete the reconciliation is listed below:

1. A late deposit of **$1,477.00** was not listed on the bank statement.

2. Checks **10064** and **10065** were not returned with the bank statement.

3. Credit memo from the bank for interest earned on the checking account totals **$45.60.**

4. A debit memo for **$103.95** for bank credit card sales **(Credit Card Expense)** was included on the bank statement.

5. The bank service charges for the period totaled $20.00.

Using the Journalize Daily Entries (Daily JE) option, record the required transactions resulting from the bank reconciliation. Since the entries are **updating** the balance of the cash account and **no check is being issued**, when the system asks for a check number, enter **BKS12**. When an invoice number is requested for the interest earned, or bank service charge, also enter **BKS12** (Bank Statement for December).

****
Print a copy of the Trial Balance After the Bank Reconciliation! THIS IS THE TRIAL BALANCE THAT WILL BE USED WHEN RECORDING THE ADJUSTING ENTRIES FOR THE BUSINESS! The totals should match the check figures listed below.

The December 31, Trial Balance After the Bank Reconciliation balance is $444,043.72. The new balance of the Cash account is $46,996.93. Bank Service Charges total $78.00, Interest Earned totals $45.60, and Credit Card Expense totals $237.95. If your balances match these figures, you are ready to record and post the adjusting entries for the quarter ended, December 31.

Be sure to back up your data files before beginning the adjusting entries.

BANK RECONCILIATION
REBEL RIDGE SNOWMOBILE, INCORPORATED
DECEMBER 31

Book Balance: **$**_____

      Add:_____   _____

                                      Total **$**_____

Deduct: _____**$**_____

                      _____**$**_____

                                  Total **$**_____

Reconciled Book Balance   **$**_____

                                         =============

Bank Balance: **$**_____

      Add:_____ **$**_____

                                    Total **$**_____

      Deduct:_____

      Check No._____ **$**_____

      Check No._____ **$**_____

                                  Total **$**_____

Reconciled Bank Balance   **$**_____

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