

University of Southern California

Leventhal School of Accounting

ACCT 371A: Introduction to Accounting Systems

Course Syllabus

August 25, 2008 to October 17, 2008

Sec. # 431-14040D (TTh 8:00 am - 9:50 am) ACC 303

Sec. # 431-14041D (TTh 10:00 am - 11:50 am) ACC 303

Sec. # 431-14042D (TTh 12:00 pm - 1:50 am) ACC 303

Professor: Leslie R. Porter Phone: (213) 740-5004
Office: Acc 124 Email: lporter@usc.edu
Office Hours: MW 10:00-11:45 and 2:00 to 2:30, TTh 2:00 to 2:30 and by appointment
Course URL: <https://totale.usc.edu/>

Dates to Remember:

Last day to add classes or to drop without "W"	Tuesday, September 02
<i>Meet the Firms</i>	<i>Tuesday, September 23</i>
Quizzes	Tuesday, September 16
	Tuesday, September 22
Makeup class	Friday, September 19
Last day to drop with "W"	Monday, September 29
Final exam	Monday, October 13, 6:00 – 8:00 pm

Prerequisites:

Buad 250B or Buad 305
A minimum grade point average of 2.5 must have been earned in previous accounting courses (see School of Accounting Grading and Academic Standards for further information).

Co-Requisites:

None

Required Materials:

Romney and Steinbart, Accounting Information Systems, 11th Edition, Pearson (RS)
Arens and Ward, Systems Understanding Aid, 6th Edition Armond Dalton Publishers, Inc. (SUA)
(Note: Only one copy per team is needed)

Optional Materials:

Course Objectives & Description:

The goal of this course is to enable you to understand, describe, analyze and improve the accounting / business processes that exist in virtually every organization. By the end of this course you will:

- Understand organizational accounting / business processes enabling the sale and purchase of goods and services.
- Describe these processes to other accounting and IT professionals using rigorous techniques.
- Analyze / access these processes for reliability, completeness, and efficiently related to an organization's informational and physical assets.
- Suggest improvements to these processes.

These skills will be important throughout your career, but are especially useful during your first few years as an auditor, analyst or consultant. The *AICPA* defines accounting as "a service activity whose function is to provide quantitative information, primarily financial in nature, about an organization that is intended to be useful in making ... decisions." Being able to understand, describe, analyze and improve the systems that collect, store, manipulate, disseminate, and present information to the

decision-maker is becoming more important as firms reengineer processes to exploit the Internet and e-commerce.

Acct 371A is a “hands-on” course. In order to acquire the skills listed above, you will be required to practice by using several process description and evaluation techniques. You will also keep a set of accounting books both manually (SUA) and on the computer (Great Plains).

Performance:

The overall grade in this class will be determined by your performance on two quizzes, two individual assignments, five group assignments, class participation, and a final exam weighted as follows:

20%	Quizzes
10%	Individual assignments (Flowcharting, Data Flow Diagram, and Internal Control)
30%	Group assignments (SUA and Great Plains)
5%	Class participation
35%	Final exam

After total points are determined for the semester, letter grades will be assigned on a curve according to Leventhal School of Accounting grading policies.

The grade of “W” is allowed only if a student withdraws before the deadline provided by USC policy, shown above. The grade of IN is reserved for highly unusual cases where the student is unable to complete a single specified item of the course requirements. See the Leventhal School of Accounting’s policies for further information.

After each quiz is returned, there is a one-week cooling off period after which you will have one week to challenge your grade. For assignments, you have one week after the assignment is returned to challenge the grade (there is no cooling off period). After the challenge period, grades on exams and assignments become final. Participation grade is final once given.

Exams

There will be two quizzes and a final exam that will be cumulative. No makeup quizzes will be given. Each quiz and the final exam must be taken when scheduled. A missed quiz will be given a grade of zero. For the quizzes and final exams, you will be responsible for the readings, lectures, and class discussions.

Assignments

There will be individual assignments and group assignments. The group assignments must be done in teams consisting of four or five members. Under no circumstance will teams of more than five members be allowed as teams larger than this tend to have difficulty getting together. You may select your own groups but those who are not in a group by the end of the second class will be randomly assigned a group. These are not necessarily permanent group assignments. If, after the first assignment, you find that you cannot work with the group that you are in, you may change groups but it is up to you to find your new group. Similarly, if you have a group member who is not performing you may fire that group member and it is up to that individual to find a new group, or, in rare cases, complete the remaining assignments alone. The professor must be informed of all group changes in writing. These documents should be signed-off by all affected group members.

The points for each group assignment may be allocated to each team member based on the team’s assessment of each member’s contribution. **The first page of each group assignment must be a ‘tear-off’ cover page that identifies the assignment worked on and the team member names plus the team’s assessment of the individuals’ contribution to the project with signatures as shown below. Group assignments without this completely signed cover page may lose 10% of the points. (See form below)** The professor will keep this page. The second page of each assignment should list the section and member names to ensure the assignment can be returned.

Section:		
Member Name	Signature	Contribution
Member 1's Name	_____	% Contribution
Member 2's Name	_____	% Contribution
Member ...	_____	% Contribution
		100%

Note:

1. Unless otherwise indicated, all assignments are due at the beginning of class. Assignments that are handed in more than 15 minutes late but before 4:00 PM of the day due will lose 25% of the grade assigned. Assignments handed in after 4:00 PM of the day due but before 9:00 am of the following day will lose 50%. After that assignments will not be accepted.
2. Assignments will be graded on content, organization and neatness. With the exception of the Journal Entries in the Systems Understanding Aid assignments or express instructions to the contrary, anything turned in must be typed. Hand written assignments will not be accepted.
3. Each assignment page must have identification identifying the student(s), class and the assignment.
4. Assignments that have been marked but remain unclaimed will be discarded after four weeks.
5. **All work turned in for a grade must be solely the work of the individual or group turning it in. Collaboration or sharing with others will be considered a violation of the LSOA Student Honor Code. If you are in doubt, please contact the professor.**
6. I strive to have my handouts and review problems as correct as possible. To this end I offer a \$1.00 reward for any basic error. This does not include simple typos but errors that result in confusing and inaccurate solutions.

Class Participation

Class participation is extremely important. Participation is not simply a matter of attending or making your presence known. It's a matter helping move the discussion forward and helping others to understand the issues being discussed. I will assign participation grades based on my assessment of your classroom contributions, rather than your 'air time'. If a student is called upon in class and is not adequately prepared they will have to meet with the instructor to explain why they should not receive a zero for participation. If you miss two classes you may lose 20% of the participation grade, three classes 40%, four classes 60%, and five or more classes 100%.

As educators, we generally agree with the idea that there is no such thing as a stupid question. However, after some ad hoc "research" we have discovered there are at least six questions, and their obvious derivatives, you should never ask your instructor:

- Are we covering anything important on (pick a day)?
- Is it okay if I/we hand the assignment in late?
- Is this (good) enough for full credit?
- Can I/we re-submit for more points?
- Are you busy?
- Will this be on the exam?

Our experience has been that most students understand the implications of these questions and do not ask them, or at least are subtle in the way they ask them. We believe those few students who ask these questions do so innocently, perhaps not realizing what they are saying from a professional standpoint. For example, the question "will I miss anything important?" while seemingly legitimate, may be taken to mean that you feel the university is wasting your time and / or that the class is not a priority. In asking if a particular project is "good enough" a student may be revealing doubts about its quality or that no effort will be put into exceeding minimum standards. Obviously, these implications extend beyond the university setting. For long-term career success, everyone here needs to consider the professional attitude they display in the workplace at all times. In any event, please take these observations in the spirit they are intended.

Paperwork Retention Policy:

Returned paperwork, unclaimed by a student, will be discarded at the end of the semester.

Student with Disabilities

Any student requesting academic accommodations based on a disability is required to register with Disability Services and Programs (DSP) each semester. A letter of verification for approved accommodations can be obtained from DSP. Please be sure the letter is delivered to me or (Linda Ramos in Acc 121) as early in the semester as possible. DSP is located in STU 301 and is open 8:30 a.m. – 5:00 p.m., Monday through Friday. The phone number for DSP is (213) 740-0776.

Real Student Quotes

“Subject: Diagrams

Hi!

Thank you so much Professor. Man o man am I using what I've learned in your class! I am up to my forehead in data diagrams, flowcharts, and modified versions of the two doing Sarbanes testing. Appreciate it,”

07/21/04

“Subject: We really use flowcharts!

Hi Professor Porter,

I graduated in May and just started on my first job last week and on the second day I was given flowcharts for the Procurement process to review as I would be conducting a walkthrough later in the week. Taking your class I never thought that I would actually look at a flowchart so I was surprised to be handed one. The other new hire on the job (who graduated from that school across town) asked me questions about why processes were in different shapes and I was so excited that I could actually answer them! Tell your students that we also use ACL and as first years we are expected to understand the program. Thanks for all your great teaching. “

09/27/05

P.S. Even though he probably won't admit it, ... actually excitedly emailed me the first time he dealt with flow charts at Deloitte.

11/29/06

USC Emergency # (213) 740-4321
USC Emergency Information Line (213) 740-9233
USC Information # (213) 740-2311
and KUSC Radio 91.5 FM

ACCT 371A Schedule of Classes

CLASS	DAY	DATE	TOPIC(S) FOR CLASS	DELIVERABLES/PREPARATION
1	Tue	08/26	- Introduction to the Course	RS* - Chapter 1
2	Thur	08/28	- Revenue Cycle	RS - Chapter 2 - Chapter 10 Pages 370 - 391 Teams formed (assigned in class)
3	Tue	09/02	- Dataflow Diagrams (DFD)	SUA Exercise 1 ready for discussion RS - Chapter 3Pages 61 – 70
4	Thur	09/04	- Revenue Cycle DFD Examples and Software	
5	Tue	09/09	- Flowcharts - Introduction	SUA Exercise 2 Due Data Flow Diagram Assignment Due Review: Great Plains Software Note
6	Thur	09/11	- Flowchart Examples	Great Plains Deliverable 1 Due RS - Chapter 3Pages 70 - 77
7	Tue	09/16	- Quiz - Revenue Cycle Flowchart Examples	
8	Thur	09/18	- Revenue Cycle Automated	Flowchart Assignment Due
9	Fri	09/19	- Internal Control and Fraud	RS - Chapter 6
10	Tue	09/23	- Quiz - Revenue Cycle Internal Control Practice	Great Plains Deliverable 2 Due RS - Chapter 10 Pages 370 - 391
	Thur	09/25	-NO Class	
11	Tue	09/30	- Expenditure Cycle – Overview	SUA Exercise 3 Due RS - Chapter 11 Pages 417 - 433
12	Thur	10/02	- Expense Cycle Automated	RS - Chapter 11 Pages 433 - 445
13	Tue	10/07	- Expenditure Cycle – Internal Control	Great Plains Deliverable 3 Due RS -Chapter 12 Pages 445 – 452 -Chapter 13 Pages 482 – 488
14	Thur	10/09	- EDP Assurance and Wrap-Up	St. James Clothiers - questions below St James Clothiers Internal Control Question Due (Group) RS - Chapter 5
	Mon	10/13	Final Exam 6:00 – 8:00 pm	

*Romney and Steinbart, Accounting Information Systems, 11th Edition

**SUA Exercise 1
Group Assignment**

Do:

- a. Read SUA-R chapters 1, 2, and 3
- b. Read SUA-IF&L pages 3-11, 16 (we will be following option 1 discussed on pages 10 and 11)
- c. Scan SUA-IF&L pages 25-43
- d. Go through all the transactions on the Transaction List (**Note:** use the transaction list – Document 1 and Price List – Document 3 at the end of this syllabus! Use of any other will result in a grade of zero!) and write S&CR, P&CD, or P beside each transaction as follows:
 - Sales, sales return, cash receipt, or charge-off (S&CR)
 - Purchase of goods or services or cash disbursement, except for payroll (P&CD)
 - Payroll (P) – **We will be ignoring these!**

**SUA Exercise 2
Group Assignment**

Do:

For Sales and Cash Receipts (S&CR)

- a. Study flowcharts on pages 18-21 of SUA-IF&L
- b. Complete the **seven step process for recording a transaction** on pages 11 and 12 of SUA-IF&L for all **sales and cash receipts** transactions on the **Transaction List** (**Note:** use the transaction list – Document 1 and Price List – Document 3 at the end of this syllabus! Use of any other will result in a grade of zero!)
- c. Complete Waren's **Month-End Procedures** 1,2,5, 6 and 7 on pages 12 and 13 (SUA-IF&L) for sales and cash receipts only
- d. Complete **Waren's Year-End Procedure** 6 on page 15 (SUA-IF&L) (accounts receivable aged trial balance only)

Hand-In (keep original to use for discussion in class):

- a. Copies of schedules showing balances in the following general ledger accounts: 10100, 10200, 10300, 21000, 30100, 30200, 30300, 31200
- b. Copy of the general journal
- c. Sales and cash receipts journals, finalized
- d. Accounts receivable aged trial balance

Books: SUA-R – Systems Understanding Aid – Reference, 6th Edition, Armond Dalton, 2006
 SUA-IF&L – Systems Understanding Aid – Instruction, Flowcharts and Ledgers, 6th Edition, Armond Dalton, 2006

**SUA Exercise 3
Group Assignment**

Do:

For Purchases and Cash Disbursements (P&CD)

- a. Read SUA-R chapters 4 and 6
- b. Study flowcharts on pages 22-23
- c. Complete the **seven step process for recording a transaction** on pages 11 and 12 for all **Purchases and Cash Disbursements** transactions on the **Transaction List** (**Note:** use the transaction list – Document 1 and Price List – Document 3 at the end of this syllabus! Use of any other will result in a grade of zero!)
- d. Complete Waren's **Month-End Procedures** 1, 2, 5 and 6 on pages 12 and 13 for Purchases and Cash Disbursements only
- e. Complete **Waren's Year-End Procedure** on page 15 (accounts payable and fixed asset trial balance only)
Note: For the fixed asset trial balance you will need to do the appropriate year end procedures for depreciation procedure 2.b. on page 14.

Hand-In (keep copy to use for discussion in class):

- a. Copies of schedules showing balances for all general ledger accounts
- b. Accounts payable and fixed asset trial balances
- c. Purchases and Cash Disbursements finalized

Books: SUA-R – Systems Understanding Aid – Reference, 6th Edition, Armond Dalton, 2006
SUA-IF&L – Systems Understanding Aid – Instruction, Flowcharts and Ledgers, 6th Edition, Armond Dalton, 2006

Data Flow Diagram Assignment – Trojan Medical Supplies**Individual Exercise**

Trojan Medical Supplies makes a variety of medical supplies such as test tubes, thermometers, and disposable surgical garments.

Supplies are maintained on a real-time basis in an inventory database on the computer. All inventory records include reorder points. At 6:00am each morning the computer automatically prints on the printer in the production department a list of all inventory items that have fallen below their reorder point on the Low Inventory Alert List (LIAL). At the beginning of his work day, the production supervisor reviews the LIAL and adjusts the order amounts on the list based on his experience and judgment. He then gives the list to a production clerk who uses this listing to create a requisition record in the requisitions database. As soon as the requisition is created, the inventory database is automatically updated to reflect the amount requisitioned. The LIAL is then filed by date in the requisitioned good file.

During the day, a clerk in the purchasing department retrieves the requisition records from the requisitions database, selects a vendor from the vendor database, and creates a purchase order record in the purchase order database. Once the purchase order is saved to the purchase order database, the inventory database is automatically updated to reflect what has been ordered. The completed purchase order is printed and mailed to the vendor.

The goods and packing slip are received in the receiving department where the goods are counted. This count is compared to the packing slip. The receiving clerk then goes to the computer terminal to record the amount received. In recording the amount received he does three things: first he retrieves the appropriate purchase order from the purchase order database, then he verifies that the amounts received were actually the amounts ordered, then finally, using the information from the packing slip and the retrieved purchase order record, he records the quantity received on a received goods record in the received goods database. When the recording is completed, the computer automatically updates inventory databases indicating what has been received and writes an entry into the general ledger voucher file indicating the amounts that the general ledger accounts need to be updated. Each evening the manager of the accounting department reviews the entries in the general ledger voucher file. Upon her approval these entries are used by the computer to update the general ledger.

Prepare and Hand In:

- Context Diagram,
- Level 0 Data Flow Diagram. (Note: there should be four sub-processes – 1) Purchasing, 2) Receiving, 3) Paying, and 4) Accounting,
- The Level 1 Dataflow Diagrams for the Purchasing and Receiving sub-processes only.

Great Plains Deliverable 1**Group Assignment**

Answer the following questions:

1. Using Cards:
 - a. What was the balance in the cash account for period 10?
 - b. On October 14, there was a \$28437.64 deposit in the cash account. Where did the money come from? Specifically what was the purpose of the payment?
 - c. What payment did Branch College make in November, what was the date of that payment, what was the amount of the payment, what invoice did it cover, how much discount was taken?

2. Using Reports:
 - a. Do a financial trial balance for the period December 1 to December 16. What was the total of the debit and credit transactions for cash?
 - b. Do a detailed receivables trial balance aging the account as of 12/16/05. What were the totals (Current, 0 – 30 Days, etc) entries for Branch College? Print the first page of this document and attach it to your solution.

3. Using Inquiry (Note: many of the views you receive here are the same views you got when you were using Cards.):
 - a. What was the balance in the accounts receivable account at the end of November? On November 7 Waren receive a payment of \$34,682. From whom did it come and what was the invoice number? What was the date of the invoice?
 - b. What were Waren's total sales to Rosemont University for the month of October? How much in discounts did they take?
 - c. What was the highest balance due held by Branch College?

Hand-In:

Typed answers to the questions above.

**Great Plains Deliverable 2
Group Assignment**

Do:

For Sales and Cash Receipts (S&CR)

- a. Enter and post the **Sales and Cash Receipts** transactions on the **Transaction List** (**Note:** use the transaction list – Document 1 and Price List – Document 3 at the end of this syllabus! Use of any other will result in a grade of zero!). It is not necessary to enter the closing entries or to proceed with the closing.

Hand In:

1. Detailed General Ledger Trial Balance for the period Dec 16, 2005 through Dec. 31, 2005 only.
2. Detailed Aged Accounts Receivables Trial Balance, aged as of 12/31/05. Don't use the Historical Aged Trail Balance.

**Great Plains Deliverable 3
Group Assignment**

Do:

For Purchases and Cash Disbursements (P&CD)

- a. Enter and post all **Purchases and Cash Disbursements** transactions on the **Transaction List** (**Note:** use the transaction list – Document 1 and Price List – Document 3 at the end of this syllabus! Use of any other will result in a grade of zero!). It is not necessary to enter the closing entries or to proceed with the closing.
- b. Bonus Question – Your ending balance for Waren for the manual assignment is different from the results in Great Plains. As the starting balances were the same (if looked at the 1st of December) and all the transactions are the same, why are the ending balances different? For 10 bonus points, reconcile this difference.

Hand In:

1. Detailed General Ledger Trial Balance for the period Dec 16, 2005 through Dec. 31, 2005 only.
2. Detailed Aged Payables Trial Balance.
3. To receive the bonus points for the bonus question you also need to turn in a copy of schedules showing balances for all general ledger accounts you produced for the manual SUA exercise and a spreadsheet reconciling this to the detailed trial balance from above.

**Flowcharting Exercise – Trojan Medical Supply
Individual Exercise**

Trojan Medical Supplies makes a variety of medical supplies such as test tubes, thermometers, and disposable surgical garments.

Supplies are maintained on a real-time basis in an inventory database on the computer. All inventory records include reorder points. At 6:00am each morning the computer automatically prints on the printer in the production department a list of all inventory items that have fallen below their reorder point on the Low Inventory Alert List (LIAL). At the beginning of his work day, the production supervisor reviews the LIAL and adjusts the order amounts on the list based on his experience and judgment. He then gives the list to a production clerk who uses this listing to create a requisition record in the requisitions database. As soon as the requisition is created, the inventory database is automatically updated to reflect the amount requisitioned. The LIAL is then filed by date in the requisitioned good file.

During the day, a clerk in the purchasing department retrieves the requisition records from the requisitions database, selects a vendor from the vendor database, and creates a purchase order record in the purchase order database. Once the purchase order is saved to the purchase order database, the inventory database is automatically updated to reflect what has been ordered. The completed purchase order is printed and mailed to the vendor.

The goods and packing slip are received in the receiving department where the goods are counted. This count is compared to the packing slip. The receiving clerk then goes to the computer terminal to record the amount received. In recording the amount received he does three things: first he retrieves the appropriate purchase order from the purchase order database, then he verifies that the amounts received were actually the amounts ordered, then finally, using the information from the packing slip and the retrieved purchase order record, he records the quantity received on a received goods record in the received goods database. When the recording is completed, the computer automatically updates inventory databases indicating what has been received and writes an entry into the general ledger voucher file indicating the amounts that the general ledger accounts need to be updated. Each evening the manager of the accounting department reviews the entries in the general ledger voucher file. Upon her approval these entries are used by the computer to update the general ledger.

Hand-In:

Document flowcharts for the process described above.

Case Preparation Notes
Group Assignment

Case: St. James Clothiers

Questions:

1. Draw a document flowchart for the manual and automated system?
2. What are the risks in the manual system? How do these risks change as you move to the automated system? What new risks are added?

To be turned in:

Two pages that lists the risk that you see in the manual system and how those risks have been mitigated in the new automated system. Thus, for each risk, what controls (preventive, detective) are present in the manual system. Then, for the same risks, what controls are there in the automated system (preventive, detective) that mitigate these risks.

Transactions List

December 16-31, 2005

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

- Hints are provided in boxed areas like this.

December

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

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

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

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

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

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

December

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

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

- 19 Received customer purchase order No. 38607 (Doc. No. 4) in the mail from University of Southern Iowa, approved their credit and shipped the goods. All goods ordered were shipped, except that only 49 shoulder pad sets were available for shipment.

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

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

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

- Follow the flowchart steps on page 20.

December

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

	New Wage Rate	Withholding Amt.
Ray Kramer	\$3,600.00 semimonthly	\$ 485.83
Jim Adams	\$22.00 per hour	\$ 331.86
Nancy Ford	\$18.00 per hour	\$ 120.30

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

- 22 Received merchandise from Velocity Sporting Goods as listed on *purchase order No. 328*. All merchandise listed on the *purchase order* was delivered in good condition and in the quantities ordered, except that only 110 basketball pole pads (Item No. BB-019) were received. The goods were placed immediately in the inventory warehouse.

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

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

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

- 22 Received legal notification from Benson, Rosenbrook and Martinson, P.C., attorneys at law, that Stevenson College will be unable to pay any of its outstanding debts to its suppliers. Write off the account as a bad debt.

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

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

- Process and record the sales return now.

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

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

December

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

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

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

- Follow the flowchart steps on page 23.

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

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

- Start with the flowchart on page 21.

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

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

- Consider the credit terms before making the payment.

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

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

December

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

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

You now have completed entering the transactions. Good Work! Please see the syllabus for what month-end and year-end procedures need to be completed. The syllabus also indicates what needs to be turned in.

Document No. 3

PRICE LISTS

CURRENT AS OF DECEMBER 1, 2005

VELOCITY SPORTING GOODS

Item No.	Description	Cost	Selling Price
Baseball items:			
BA-054	Premium aluminum bat	\$ 139.00	\$ 215.00
BA-158	Baseballs - 12 game balls	42.00	62.00
BA-199	Fielding glove	46.00	69.00
BA-281	60 lb. dry line marker	65.00	96.00
BA-445	Catcher's mask	48.00	68.00
BA-507	Baseball equipment bag	27.00	38.00
BA-667	Ball bucket with seat - set of 3	23.00	34.00
BA-694	Batting gloves - 1 pair	24.00	36.00
BA-807	Pitching machine	164.00	254.00
BA-859	Set of bases	111.00	169.00
Basketball items:			
BB-008	Basketball	25.00	35.00
BB-019	Basketball pole pad	94.00	135.00
BB-113	Scoreboard and timer	258.00	400.00
BB-267	Goal and rim set	95.00	138.00
BB-358	Backboard	83.00	123.00
BB-399	Basketball net	10.00	14.00
BB-431	Whistle and lanyard - set of 6	25.00	38.00
BB-538	Basketball bag	26.00	40.00
BB-688	Portable inflation pump	69.00	106.00
BB-926	Trainer's first aid kit	30.00	42.00
Football items:			
FB-027	Shoulder pad set	89.00	138.00
FB-091	Hip, tail, arm pad set	39.00	58.00
FB-225	Football helmet	55.00	84.00
FB-344	Football	21.00	29.00
FB-51 3	Portable storage locker	135.00	208.00
FB-573	Kicking tees - set of 6	16.00	23.00
FB-650	Football post pad	96.00	146.00
FB-812	Collapsible cones set of 8	27.00	38.00
FB-874	Sideline repair kit	83.00	123.00
FB-952	Portable hand warmer	26.00	35.00

CHICAGO OFFICE SUPPLY

Item No.	Description	Cost
4126	Laser printer toner cartridge	\$ 46.50
4733	Copier paper - box	19.50
5433	Rewritable CDs - box of 10	12.50
8404	Diskettes - box of 30 ;	11.50
5302	Invoice forms - 100	6.00
6211	Legal pad - box of 5	3.95
8843	Time cards - box of 50	6.90
2342	Black ink pens - box of 12	4.50
6277	Pencils - box of 24	2.25
7234	4-column paper pad - box of 10	15.50
12302	Laptop computer	\$ 2,150.00
12489.	Facsimile machine with scanner	195.00
15321	High-speed copier	6,950.00