

Veideretti Cabinets, Incorporated

2nd Web-Based Edition

Transactions for June 24-30,

And the June 30th

Bank Reconciliation

TRANSACTIONS FOR JUNE 24-26

Student Analysis

June 24: *Paying an expense*

A \$120 check (**30429**) was issued to Amalgamated Delivery Service for delivery of cabinet components to a customer. At the invoice prompt enter **AD620**. Enter the date as 24. Remember that you can use C (for Copy) and V (to Verify) the last account for each journal entry. When all of the additional information is completed (check number, invoice number, vendor or customer number, as needed) click the Verify Documents button. If all the needed information is complete, the Post Button will turn Green and the journal entry is ready to be posted.

June 24: *Collection of an account receivable*

Received a check for Brown's Custom Cabinet (**10450**) as payment in full of sales invoice **V6033**. Click on Journals/Ledgers/Statements, select Subsidiary Ledgers, and select Accounts Receivable. Click on Customer, from the textbox select account 10450, and then click on Show AR Ledger. Examine the account to determine the amount due from the customer. Return to Daily Entries and record the receipt of cash from customer Brown's Custom Cabinet.

June 25: *Collection from credit-card companies*

Received a check from the credit card company (*American Credit Card Company*) for the **June 17 balance** of its account, minus the 4% collection fee. Click on Journals/Ledgers/Statement, select General Ledger, and click on Ledger Card. From the textbox select the Accounts Receivable – Credit Card Companies account, then click on Show Ledger Card. Examine the account to determine the balance on June 17. At the invoice prompt enter **CC780**. (Be sure to round all amounts to the nearest cent.)

June 25: *Credit charge for installment fees*

Charge (debit) the account of Chad Hana (**10740**), \$210 for the installation of the cabinets delivered on June 13 (Invoice number **V6049**).

TRANSACTIONS FOR JUNE 24-26

Student Analysis

June 25: *Payment of an account payable*

A \$5,890.00 check (**30430**) was issued to Bay Side Cabinets (**21500**) for payment of the May 25 invoice (**BS110**). The credit terms are net 30.

June 25: *Declared a cash dividend*

The board of directors of Veideretti Cabinets declared a cash dividend of \$5,000 to be paid on June 30. At the invoice prompt enter **DIVDC** for dividend declared.

June 26: *Credit purchase of merchandise inventory*

Purchased, on credit, \$12,680 of precut and unassembled, cabinet components from Downieville Cabinets (**23800**). The invoice number is **DC520**. Purchased cabinet components are recorded as merchandise inventory.

June 26: *Sale of outdated equipment*

Veideretti sold shop equipment that is no longer used. The details of the equipment sale are presented below:

Old Shop Equipment	
Original Cost	\$8,000
Accumulated Depreciation	\$5,000
Net Book Value	\$3,000
Sales Price	\$2,000

Since the equipment is being sold, the asset and the accumulated depreciation for the asset must be removed from the books. Note that the sales price of the shop equipment is less than its net book value, thus there is a loss on the disposal (sale) of this asset. Record a debit to Cash, a debit to the Loss on Asset Disposal, and a debit to Accumulated Depreciation – Shop Equipment. Credit the Shop Equipment account.

Record the sale. At the invoice prompt enter **ASALE** for asset sale.

TRANSACTIONS FOR JUNE 24-26

Student Analysis

June 26: *Sale of merchandise for cash*

Record the cash sale of cabinet components (Invoice number **V6050**) with a total list price of \$3,600. Be sure to include the 7% sales tax. **After you have recorded this sale, the program will automatically record and post a debit the Cost of Goods Sold and a credit to Merchandise Inventory for the cost of the cabinet components.**

June 26: *Collection of an account receivable*

Received a check for Lakeside Homes (**11375**) as payment in full of sales invoice V6030. Click on Journals/Ledgers/Statements, select Subsidiary Ledgers, select Accounts Receivable, and click on Customer. From the textbox select account **11375**, Lakeside Homes, then click on Show AR Ledger. **Examine the account to determine the amount owed to Veideretti Cabinets for invoice number V6030.** Return to Daily Entries and record the receipt of cash from customer Lakeside Homes.

June 26: *Sale of merchandise and installation service on credit*

Record the sale of cabinet components with a list price of \$4,200, plus sales tax, to customer Chad Hana (**10740**). Included in the invoice (**V6051**) are installation charges of 4 hours at \$100 per hour. Sales tax is **not** charged on installation fees.

June 26: *Sale of merchandise with a company credit card*

A customer purchased \$1,200 of cabinet components, plus sales tax, using an **American Credit Card Company** credit card. The sales invoice number is **V6052**.

Print a copy of your Trial Balance. Check your account and trial balance totals with the “Check It Out” box check figures on page 5. Be sure all of your totals match the check figures before continuing to the June 27th transactions.

“CHECK IT OUT”

101	Cash	\$50,884.28
105	Accounts Receivable	58,640.00
107	Accounts Rec., Credit Card Companies	1,583.60
136	Accumulated Depre., Shop Equipment	3,350.00
201	Accounts Payable	39,391.80
205	Sales Tax Payable	11,988.86
218	Dividends Payable	5,000.00
401	Cabinet Sales	337,303.80
501	Cost of Goods Sold	254,845.85
606	Delivery Expense	716.00
607	Credit Card Expense	1,155.65
TRIAL BALANCE TOTAL		\$656,993.85

TRANSACTIONS FOR JUNE 27-30

Student Analysis

June 27: Sale of merchandise with a bank credit card

Cabinet components listed at \$4,000 were sold to a customer who used her Bank Credit Card to pay the invoice (**V6053**). Record the sale, plus sales tax.

June 27: Purchased shop supplies on credit

Veideretti Cabinets purchased a supply of varnishes, on credit, from Visgoth Finishes (**28500**). The invoice (number **V2800**) totaled \$650 and will be included with other shop supplies.

June 27: Sales return of merchandise

Customer Lakeside Homes (**11375**) returned \$1,500 of cabinet components that were incorrectly measured and cannot be installed. Be sure to include the sales tax when recording this sales return. The original June 11 invoice of the sale is **V6040**. The credit memorandum number is **CM624**.

TRANSACTIONS FOR JUNE 27-30

Student Analysis

June 28: *Collection of a note receivable*

Received a check as payment in full of a \$1,000, 6%, for 90 day, short-term note receivable. No interest has been accrued to date on this note. At the invoice prompt enter **NTREC** for Note Receivable.

June 28: *Payment of an account payable after the discount period has expired*

Veideretti paid the *overdue* account of Champion Plywood (**22700**), issuing check **30431** for \$9,500. Champion Plywood offers credit terms of 2/10, net/20. Record the late payment of the **June 8** invoice (**CH754**).

June 29: *Payment of a note payable*

Veideretti issued check **30432** for payment of one of the notes payable. The amount and terms of the note, dated April 30, are \$16,000, at 9% interest, for 60 days. At the invoice prompt enter **NTPAY** for Note Payable.

June 30: *Write off an uncollectible account*

Veideretti received notice that Francis Realtors (**10830**) is no longer in business. Repeated notices to Francis Realtors of the overdue account have gone unanswered. Examine the subsidiary ledger for accounts receivable to find the sales invoice number and the balance of the account. Record the write off of the account against the Allowance for Doubtful Accounts. At the invoice prompt enter **WROFF** for Writeoff.

June 30: *Payment of the declared cash dividend*

Record the payment of the cash dividend declared on June 25. Check number **30433**. At the invoice prompt enter **DIVPD** for Dividend Paid.

TRANSACTIONS FOR JUNE 27-30

Student Analysis

June 30: *Discard of outdated, obsolete equipment*

Veideretti discontinued use of one its delivery vehicles and discarded it, receiving no salvage value.

Details of Discard	
Original Cost	\$4,000
Accumulated Depreciation	\$3,800
Net Book Value	\$200

Note that Veideretti is discarding an asset with a net book value of \$200; thus there is a loss on this disposal (discard) of \$200. Record the discard by debiting the Accumulated Depreciation – Delivery Vehicles account, debiting the Loss on Asset Disposal account, and crediting the Delivery Vehicles account. Record the discard. At the invoice prompt enter DSVEH for Discarded Vehicle.

June 30: *Replenish the Petty Cash Fund*

The Petty Cash account is maintained at \$100. At the end of June, the bookkeeper submitted the following details about issued petty cash vouchers and the cash on hand in the petty cash container:

Shop Supplies	\$30.00
Miscellaneous Expense	46.30
Cash on hand	21.70

Record the replenishment of the petty cash. At the invoice prompt enter PC630 and use check number 30434.

June 30: *Recovery of a previously written off account receivable*

Today, an agent from George's Home Showroom (10900) remitted a check for the account which was previously written off (June 2). Examine the subsidiary ledger for accounts receivable to find the sales invoice number and the amount of the write off. Reestablish the account for George's Home Showroom and the receipt of the check. Two entries are required. At the invoice prompt enter RECOV.

TRANSACTIONS FOR JUNE 27-30

Student Analysis

June 30: *Paying expenses with cash*

Record the issuance of the following checks:

Check Number	Account Title	Invoice Number	Invoice Amount
30435	Telephone Expense	AT408	\$183.00
30436	Electric and Gas Expense	6940X	\$416.00
30437	Professional Services Expense	PS680	\$500.00
30438	Salaries and Wages Expense	PAYRL	\$1,800.00

"CHECK IT OUT"

101	Cash	\$22,761.98
105	Accounts Receivable	56,435.00
107	Accounts Receivable – Credit Card Comp.	1,583.60
115	Merchandise Inventory	138,021.25
123	Prepaid Rent	16,500.00
135	Shop Equipment	13,600.00
140	Accumulated Depreciation - Delivery Vehi.	1,200.00
201	Accounts Payable	30,541.80
203	Notes Payable	5,000.00
215	Interest Payable	295.00
221	Unearned Revenues	12,513.00
401	Cabinet Sales	341,303.80
402	Sales Returns and Allowances	3,738.00
602	Store Supplies Expense	3,520.56
605	Advertising Expense	3,541.25
607	Credit Card Expense	1,155.65
628	Cash Short or Over	12.25
711	Interest Earned	660.50
811	Interest Expense	715.00
TRIAL BALANCE TOTAL		\$627,233.85

When you have entered all of the regular transactions for the final period in June, print a trial balance or call the trial balance to the screen and check your account totals against the "**Check It Out**" box totals above. If all of your totals match the check figures, you are ready to proceed to the bank reconciliation.

Bank Reconciliation

If any of your account balances do not agree with the check figures, apply the necessary audit procedures used in this accounting system and make the necessary correction/s. **Remember that the most efficient way to locate errors is to print a copy of the General Journal and the Trial Balance.** When the account balances match the "Check It Out" block, **save your data for module four**, and proceed to the bank reconciliation.

BEFORE ENTERING THE ADJUSTING ENTRIES, complete the bank reconciliation for June 30, the statement date and the last workday of the month. Enter the cash balance from the trial balance as the book balance and **\$19,302.88** as the bank statement balance. Additional information needed to complete the reconciliation is listed below:

1. Late deposits of **\$1,000.00 and \$315.00** were not listed on the bank statement.
2. Interest earned on the checking account totals **\$76.50**.
3. The bank charge for check printing (Bank Service Charges) totals **\$50.50**.
4. Checks **30435, 30436 and 30437** were not returned with the bank statement.
5. A **NSF check** for **\$2,400.00** has been returned by the bank. The check was received from **Lakeside Homes** on June 26. No additional handling charge has been added by the bank or Veideretti. At the invoice prompt enter **BKR06** for bank reconciliation.
6. During the month of June, customers purchased **\$28,970.00** in merchandise and services using their **bank credit cards**. The bank statement lists a debit memo that charges Veideretti **3%** of the total of these sales receipts as a credit card fee (Credit Card Expense). At the invoice prompt enter **BKR06**.

**BANK RECONCILIATION
VEIDERETTI CABINETS, INC.**

NAME _____
SECTION _____ DATE _____

BANK RECONCILIATION VEIDERETTI CABINETS, INC. JUNE 30	
Book Balance:	\$ _____
Add: _____	_____
Total	\$ _____
Deduct: _____	\$ _____
_____	_____
_____	\$ _____
Reconciled Book Balance	\$ _____ =====
Bank Balance:	\$ _____
Add: _____	\$ _____
Total	\$ _____
Deduct: _____	
Check No. _____	\$ _____
Check No. _____	_____
Check No. _____	\$ _____
Reconciled Bank Balance	\$ _____ =====

Using the Daily Entries option, journalize the required transactions resulting from the bank reconciliation. Since some entries are updating the balance of the cash account and no check is being issued, when the system asks for a check number, enter BKR06. When an invoice number for any bank reconciliation entry (such as NSF check, credit card expense, bank service charges, or interest earned) is requested, enter BKR06. The bank reconciliation entries may be entered individually or as a compound entry or entries.

When your Bank Reconciliation entries have been entered, print a copy of the Trial Balance! **THIS IS THE TRIAL BALANCE THAT WILL BE USED WHEN RECORDING THE ADJUSTING ENTRIES FOR THE BUSINESS!** Check your trial balance against the final check figures below.

The new, after bank reconciliation, June 30, Trial Balance check figure is \$627,310.35 and the Cash account balance is \$19,518.88. The balance of the Bank Service Charges account is now \$133.25, the Credit Card Expense account balance is \$2,024.75, and the Interest Earned account has a new total of \$737.00. When your balances match these figures, you are ready to record the adjusting entries for the quarter ended on June 30.