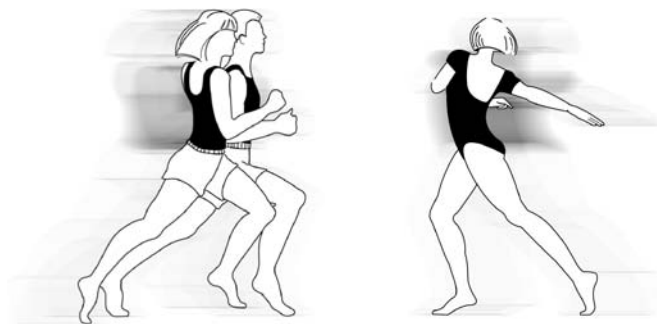


# **Witness Fitness Centre**

## **An Accounting Simulation for Students**



## **Module 1: Business Startup**

Background Information

Chart of Accounts

Source Documents

Accounting Forms

# School Accounting Modules



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## Background Information

Ted Winslow, a physical education teacher at a local high school, felt his efforts to promote high standards of physical fitness were somewhat unappreciated by his students. Therefore, after a long summer of contemplation, he decided to venture out into a business of his own. With some personal savings, a bank loan, and a daring entrepreneurial spirit, the WITNESS FITNESS CENTRE was born.

One nagging problem Ted did face was the bookkeeping: he was too busy to do it, and he was concerned that hiring an accountant would be too expensive. A solution was close at hand, however—you! Since you are a beginning accounting student and a friend of the Winslow family, *you offered to perform the bookkeeping functions of the centre free of charge!* Ted, who was slightly concerned that your services would be worth the offered price, reluctantly agreed.

The requirements are clear: Ted will give you the source document(s) for each transaction, you will select the proper accounts to debit and credit, and then you will make an entry in the General journal.

After the transactions for the month of September are completed, you will post the data, prepare a trial balance, and produce the financial statements—an income statement and a balance sheet.

# School Accounting Modules



## CHART OF ACCOUNTS

### **Assets**

101	Bank
105	A/R Lynn Ayles
106	A/R Betty Shantz
107	A/R Laura Coburn
108	A/R Judy Jurnus
125	Supplies
150	Equipment
155	Furniture

### **Liabilities**

201	Bank Loan Payable
205	A/P Jim's Gymnastic Equipment
206	A/P Handyperson Hardware Ltd.
207	A/P Fun 'N' Fair Furniture Ltd.
208	A/P Outstanding Office Supplies
209	A/P Signs and Wonders Ltd.
210	A/P CWHY Radio Station
211	A/P Presto Printing
212	A/P Tell Telephone Company
240	GST Charged on Sales
245	GST Paid on Purchases

### **Owner's Equity**

301	Ted Winslow, Capital
302	Ted Winslow, Drawings

### **Revenue**

401	Membership Fees
402	Drop-in Fees

### **Expenses**

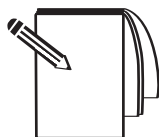
501	Salaries Expense
505	Rent Expense
510	Advertising Expense
515	Renovations Expense
520	Loan Interest Expense
525	Miscellaneous Expense
530	Telephone Expense
535	Utilities Expense
540	Choreography Expense
545	Bank Charges
550	Bookkeeping Expense

*Note: It is Ted's desire to use the above account titles only. Also, when setting up the ledger, the following need multiple accounts: GST Charged on Sales (3), GST Paid on Purchases (4), and Membership Fees (2).*

# Witness Fitness Centre

## Memorandum

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



**Date:** *Sep 2* 20 *-1*

*Please record the entry for my personal investment in the business of \$5,000.  
 It was deposited in the business' bank account today.  
 TW*



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

Date: 20-1 09 02

On demand, after date for value received, I promise to pay the NORTH 49 COMMERCIAL BANK the sum of \$ 10,000.00 payable at a monthly rate of 13 % per annum.

*Ted Winslow*

Ted Winslow  
 Witness Fitness Centre

001

Date *September 2* 20 *-1*

Balance Forward	$\phi$	
Deposits	<i>9/2 5,000</i> —	
	<i>9/2 10,000</i> —	
Total Deposits	<i>15,000</i>	—
Sub-total	<i>15,000</i>	—
Invoice (Pre-tax)	<i>1,800</i> —	
GST Portion	<i>126</i> —	
Other		
Cheque Amount	<i>1,926</i>	—
Balance	<i>13,074</i>	—

To *Reliable Realty*  
 For *September Rent*

002

Date *September 2* 20 *-1*

Balance Forward	<i>13,074</i>	—
Deposits		
Total Deposits		
Sub-total	<i>13,074</i>	—
Invoice (Pre-tax)	<i>92</i> —	
GST Portion		
Other		
Cheque Amount	<i>92</i>	—
Balance	<i>12,982</i>	—

To *Ciborea City Hall*  
 For *Business Licence-Charge to Miscellaneous Exp.*



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

INVOICE: 8370B  
DATE: 20-1 09 03  
TERMS: Net 15  
GST REG. 495039458  
SOLD TO:

Witness Fitness Centre  
10 Dun Street Ciborea City

QUANTITY	PARTICULARS	UNIT PRICE	AMOUNT
6	Weight Sets	109.75	658.50
4	Exercise Bikes	213.60	854.40
	Sub-total		1,512.90
	GST 7%		105.90
	Total		\$1,618.80

## Witness Fitness Centre Memorandum

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



**Date:** Sep 4 20 -1

*In keeping with the rental agreement, we are responsible for some renovations.  
Please charge the following invoice from Handyperson Hardware Ltd. to the  
Renovations Expense Account.*

*TW*



2572 Main St.  
Ciborea City  
V4B 6C8  
430-9221

**Handyperson  
Hardware Ltd.**

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

**Date:** Sep 4, -1

**Terms:** N30

**Order Number:** 21945

Quantity	Description	Unit Price	Amount
60 litres	Paint - Indoor/Outdoor	6.47	388.20
12	Indoor lights and fixtures	9.99	119.88
1	Paint brush	4.39	4.39
	Sub-total		512.47
	GST 7%		35.87
	Total		\$548.34

GST Registration No. 677539290

## FORM 8

003

Date September 4 20 -1

Balance Forward	12,982	—
Deposits		
Total Deposits		
Sub-total	12,982	—
Invoice (Pre-tax)	615.72	
GST Portion	43.10	
Other		
<b>Cheque Amount</b>	658	82
Balance	12,323	18

To Useful Used Office Equipment  
 For Computer, printer, and filing cabinet

## FORM 9

## FUN 'N' FAIR FURNITURE LTD.

"ENJOY EXCITING STYLES AT REASONABLE PRICES"

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

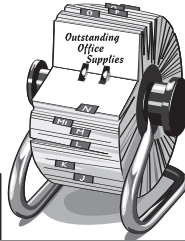
4717 6TH AVE.  
 CIBOREA CITY  
 V7H AY2 772-4119

DATE: 20-1 09 04  
 TERMS: N/30  
 INVOICE: 3452 A  
 GST REG. NO. R339023902

Quantity	Number	Description	Unit Price	Amount
1	#0314	Desk	215.00	215.00
5	#1214	Chairs	39.00	195.00
1	#0004	Sofa	302.72	302.72
		<b>SUB-TOTAL</b>		<b>712.72</b>
		GST 7%		49.89
		<b>TOTAL</b>		<b>762.61</b>

## FORM 10

# Outstanding Office Supplies



2999 Oxford Ave.  
 Ciborea City  
 V2V 1X9  
 624-8972  
 #1904B

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

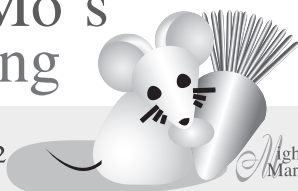
Date: Sep 5, 20-1  
 Terms: Net 30

Quantity	Description	Unit Price	Amount
1,000	20 lb bond paper - white		8.73
200	file folders	17.33/c	34.66
2,000	invoices	49.37/m	98.74
		<b>Sub-total</b>	<b>142.13</b>
		GST 7%	9.95
		<b>Total</b>	<b>152.08</b>

GST Reg. #R839458219

# Mighty Mo's Marketing

9776 Cannon Drive  
Ciborea City V8Y 2X2  
738-1309



Mighty Mo's  
Marketing

T Witness Fitness Centre  
O 10 Dun Street  
Ciborea City V8A 6L2  
20-1 09 05

Invoice 5563  
GST Reg. R459294029

Quantity	Description	Amount
500	Advertising Flyers	265.00
	Sub-total	265.00
	GST 7%	18.55
	Total	283.55
Cash <input checked="" type="checkbox"/>	Net 30 Days	

*Paid with cheque 004 TW*

## SIGNS AND WONDERS LTD.



We'll paint you a better profit picture



Witness Fitness Centre  
10 Dun Street  
Ciborea City V8A 6L2

6224 Elm Street  
Ciborea City  
V4L 1B1  
787-6333

Invoice #43001 Date: 20-1 09 06 Terms: N/30

Quantity	Particulars	Amount
2	Billboard Rentals — One Month	1,115.12
	Sub-total	1,115.12
	GST 7%	78.06
	Total	\$1,193.18

GST No. R882923922



Presto  
Printing

3947 Eton St.  
Ciborea City V8M 3P2

Sold To: *Witness Fitness Centre*  
*10 Dun Street*  
*Ciborea City V8A 6L2*  
*697-4007*

Date: September 6, 20-1  
Terms: Net 30 days No. 062472

Quantity	Description	Unit Price	Amount
500	8 1/2 X 11 sheets with letterhead	.17	85.00
500	envelopes	.11	55.00
			140.00
		GST 7%	9.80
			149.80

GST Registration:  
R984304994

323 cambridge st. ciborea city v9u 4c4 788-4821



Date: Sep 6, -1  
 Invoice 3401  
 GST reg. R993883212  
 Terms: Cash

Sold To: Witness Fitness Centre  
 10 Dun St. Ciborea City, V8A 6L2

Quantity	Description	Amount
5	Choreographed music tapes—aerobic theme	350.00
	<i>Paid with Cheque 005</i>	350.00
	<i>TW</i>	24.50
	GST 7%	374.50
	Total	

006

Date September 8 20 -1

Balance Forward	11,665	13
Deposits		
Total Deposits		
Sub-total	11,665	13
Invoice (Pre-tax)	790.00	
GST Portion	55.30	
Other		
<b>Cheque Amount</b>	845	30
Balance	10,819	83

To Morning Bugle Newspaper  
 For Advertisements

007

Date September 9 20 -1

Balance Forward	10,819	83
Deposits		
Total Deposits		
Sub-total	10,819	83
Invoice (Pre-tax)	1,215.50	
GST Portion	85.09	
Other		
<b>Cheque Amount</b>	1,300	59
Balance	9,519	24

To Fidelity Sound  
 For Stereo Equipment



"Become a Fitness Witness"

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

**Invoice: 0001A**  
**Date: 20-1 09 10**  
**Terms: Cash**  
**GST Reg. No. R712367927**

Quantity	Particulars	Amount
1	Quarterly Membership to Rob Beck	90 00
		90 00
	<b>Sub-total</b>	6 30
	<b>GST 7%</b>	96 30
	<b>Received in Cash</b>	
	<b>Amount Owed</b>	— —





**"Become a Fitness Witness"**

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

**Invoice: 0002A**

**Date: 20-1 09 11**

**Terms: N/15**

**GST Reg. No. R712367927**

Quantity	Particulars	Amount	
1	Quarterly Membership to Lynn Ayles	90	00
	<b>Sub-total</b>	90	00
	<b>GST 7%</b>	6	30
	<b>Received in Cash</b>	30	00
	<b>Amount Owed</b>	66	30

008

Date September 13 20 -1

Balance Forward	9,519	24
Deposits	9/10 96.30	
	9/11 30.00	
Total Deposits	126	30
Sub-total	9,645	54
Invoice (Pre-tax)		
GST Portion		
Other		
<b>Cheque Amount</b>	800	00
Balance	8,845	54

To Taryn GordonFor Bi-weekly salary

009

Date September 13 20 -1

Balance Forward	8,845	54
Deposits		
Total Deposits		
Sub-total	8,845	54
Invoice (Pre-tax)		
GST Portion		
Other		
<b>Cheque Amount</b>	600	00
Balance	8,245	54

To Ted WinslowFor Personal use

*Record the figures in  
the Totals column. TW*

## Weekly Summary of Drop-in Fees

**Week of** September 8-13, 20-1

	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Totals
<b>Drop-in Fees</b>	40 -	60 -	56 -	52 -	48 -	72 -	328-
<b>GST</b>	2.80	4.20	3.92	3.64	3.36	5.04	22.96
<b>Totals</b>	42.80	64.20	59.92	55.64	51.36	77.04	350.96

## FORM 22

010

Date September 15, 2011

Balance Forward	8,245	54
Deposits	9/13 350.96	
Total Deposits	350	96
Sub-total	8,596	50
Invoice (Pre-tax)		
GST Portion		
Other		
<b>Cheque Amount</b>	1,618	80
Balance	6,977	70

To Jim's Gymnastic EquipmentFor Full settlement of account

## FORM 23

**"Become a Fitness Witness"**

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

**Invoice: 0003A****Date:** 20-1 09 19**Terms:** Cash**GST Reg. No. R712367927**

Quantity	Particulars	Amount	
1	Quarterly Membership to Lisa Miller	90	00
	<b>Sub-total</b>	90	00
	<b>GST 7%</b>	6	30
	<b>Received in Cash</b>	96	30
	<b>Amount Owed</b>	0	00

## FORM 24

**"Become a Fitness Witness"**

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

**Invoice: 0004A****Date:** 20-1 09 19**Terms:** N/15**GST Reg. No. R712367927**

Quantity	Particulars	Amount	
1	Quarterly Membership to Betty Shantz	90	00
	<b>Sub-total</b>	90	00
	<b>GST 7%</b>	6	30
	<b>Received in Cash</b>	30	00
	<b>Amount Owed</b>	66	30



## Weekly Summary of Drop-in Fees

Week of September 15-20, 20-1

	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Totals
<b>Drop-in Fees</b>	48.00	56.00	64.00	48.00	56.00	80.00	352.00
<b>GST</b>	3.36	3.92	4.48	3.36	3.92	5.60	24.64
<b>Totals</b>	51.36	59.92	68.48	51.36	59.92	85.60	376.64



**"Become a Fitness Witness"**

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

**Invoice: 0005A**

**Date:** 20-1 09 20

**Terms:** N/15

**GST Reg. No. R712367927**

Quantity	Particulars	Amount	
1	Quarterly Membership to Laura Coburn	90	00
	<b>Sub-total</b>	90	00
	<b>GST 7%</b>	6	30
	<b>Received in Cash</b>	30	00
	<b>Amount Owed</b>	66	30

Invoice #5612C

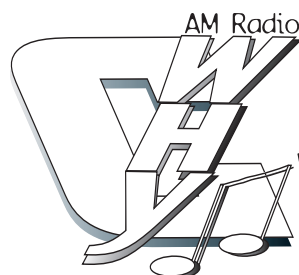
GST No. 456920497

Sold To:

*Witness Fitness Centre*

*10 Dun Street Ciborea City V8A 6L2*

*20-1 09 22*



4711 Airway Road  
Ciborea City V4P 2M1  
732-0671

*Hear Why CWHY is Number 1*

Quantity	Description		Unit Price	Amount
12	30 SEC. ADVERTISEMENTS		25.00	300.00
			<b>Sub-total</b>	300.00
			<b>GST 7%</b>	21.00
Cash	Charge <b>X</b>	Terms <b>N/30</b>	<b>Total</b>	<b>\$321.00</b>



**"Become a Fitness Witness"**

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

**Invoice: 0006A**

**Date: 20-1 09 24**

**Terms: 30/60/90**

**GST Reg. No. R712367927**

Quantity	Particulars	Amount	
1	Annual Membership to Judy Jurnus	320	00
	<b>Sub-total</b>	320	00
	<b>GST 7%</b>	22	40
	<b>Received in Cash</b>	80	00
	<b>Amount Owed</b>	262	40

**Witness Fitness Centre  
Remittance Slip #001**

Cash ☐

Cheque ☒

Amount \$ 66.30

**Explanation:**

*From L. Ayles in full payment  
of account*

Received  
by: *TW*

Date *Sep 25* 20-1

**011**

Date *September 26* 20-1

Balance Forward

Deposits

Total Deposits

Sub-total

Invoice (Pre-tax)

GST Portion

Other

**Cheque Amount**

Balance

To *Taryn Gordon*

For *Bi-weekly salary*

	6,977	70
<i>Six deposits from 9/15 to</i>		
<i>9/25:</i>	679	24
	7,656	94
	800	—
	6,856	94

**TELL TELEPHONE COMPANY**



700 Extension Road Ciborea City V3G 2A7

Statement 18934

Account: **Witness Fitness Centre**

Telephone: **(703) 697-4007**

Bill Date: **September 24, 20-1**

Quantity	Details	Amount
1	Commercial access line	42.00
1	Phone rental	4.50
	<i>Received on Sep 27 TW</i>	
	<b>Total New Charges</b>	46.50
	<b>GST 7%</b>	3.26
	<b>Total Due</b>	<b>49.76</b>
GST Reg. # R450358933	NEW CHARGES ARE DUE ON OCTOBER 15, 20-1	



# Weekly Summary of Drop-in Fees

Week of September 22-27, 20-1

	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Totals
<b>Drop-in Fees</b>	48.00	64.00	60.00	64.00	56.00	80.00	372.00
<b>GST</b>	3.36	4.48	4.20	4.48	3.92	5.60	26.04
<b>Totals</b>	51.36	68.48	64.20	68.48	59.92	85.60	398.04



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

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

Date: 20-1 09 30

Your account has been charged with:

Interest on demand loan

Account Number: 0240121

Dollars

Cents

103

29



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

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

Date: 20-1 09 30

Your account has been charged with:

Monthly Service Charges

Account Number: 0240121

Dollars

Cents

8

90



## Weekly Summary of Drop-in Fees

Week of September 29-30, 20-1

	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Totals
<b>Drop-in Fees</b>	52.00	64.00					116.00
<b>GST</b>	3.64	4.48					8.12
<b>Totals</b>	55.64	68.48					124.12

## FORM 36

012

Date September 30 20-1

Balance Forward	6,856	94
Deposits	9/27 398.04	
	9/30 124.12	
Total Deposits	522	16
Sub-total	7,379	10
Invoice (Pre-tax)		
GST Portion	Total bank debit	
Other	memos on 9/30: 112	19
<b>Cheque Amount</b>	700	00
Balance	6,566	91

To Ted WinslowFor Personal use

## FORM 37

013

Date September 30 20-1

Balance Forward	6,566	91
Deposits		
Total Deposits		
Sub-total	6,566	91
Invoice (Pre-tax)	456.78	
GST Portion	31.97	
Other		
<b>Cheque Amount</b>	488	75
Balance	6,078	16

To Northern Lights Electric Co.For Utilities bill for September

## FORM 38

014

Date September 30 20-1

Balance Forward	6,078	16
Deposits		
Total Deposits		
Sub-total	6,078	16
Invoice (Pre-tax)		
GST Portion		
Other		
<b>Cheque Amount</b>	100	00
Balance	5,978	16

To YouFor A bonus for commendable bookkeeping!

## Page \_\_\_\_\_

[illegible]

ACCOUNT

Bank

No.

101

[illegible]



ACCOUNT

No.

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

ACCOUNT

No.

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

ACCOUNT

No.

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

ACCOUNT

No.

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

ACCOUNT

No.

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

WITNESS FITNESS CENTRE

## Trial Balance

September 30, 20-1

[illegible]

[illegible]

[illegible]