

# ACCOUNTING II A VOUCHER SYSTEM

Chapter 5

# *SECTION 5.1*

\* REVIEW SLIDES

\* COMPLETE QUIZLET

\* DUE APRIL 7, 2020

Chapter 5

# BELLWORK

**Proctor and Gamble  
Page 143**

**Answer Critical Thinking  
Questions,  
1 & 2 (pg 143)**

**#3 - Describe 3 ways a  
business can diversify.  
Include the definition to  
diversification in your  
answer.**

**Okay to use your phone!**

# BELLWORK

1. Why might P&G elect to purchase materials from the company offering the higher price?
2. As a consumer what do you do to ensure you receive the best price?
3. Describe 3 ways a business can diversify. Include the definition to diversification in your answer.

**Definition:** *Diversification is a risk-reduction strategy that involves adding product, services, location, customers and markets to your company's portfolio*

# BELL WORK

- I'm sure you've heard the old adage, "Don't put all your eggs in one basket." For many small businesses, it's advice that should be taken quite seriously--especially in this digital age when product life cycles and customer sensibilities change more quickly than the leaves in Vermont come October.
- Hollywood Video and Blockbuster put all their eggs in the local video rental business. The first is completely gone and the second, well, it's pretty much gone too.
- You don't want that to happen to your small business. The answer is **diversification**, but it's an answer that is much more easily offered than implemented. *You need to strap the thinking cap on tightly for this one, and tap the most creative minds in your small business.*

# ***“DON'T PUT ALL YOUR EGGS IN ONE BASKET.”***

- 1. Adapt.** Tweak your product or service so it appeals to a new group of consumers or users. If you have a “high end” product or service, consider a less-expensive version.
- 2. Find related products.** Are there products that go along with what you sell or do that your customers or clients purchase from a different vendor? Perhaps there are training materials that you can offer as well.
- 3. Offer an integrated solution.** This flows from the previous idea, and the basic question you need to ask yourself and your team is, “Can we do more?” This might be anything: training, cloud services, apps, additional gear, monitoring, servicing; the possibilities are endless.
- 4. Find out what's next.** Are technological changes beginning to erode your base? Don't be the last in your industry to sense where things are going.

5. **Sell online.** If you don't offer your products over the Internet, add an e-commerce element to your website. If you already sell online, sell online more.
6. **Open another location.** If you're exclusively online, consider a physical location. If you have one physical location, consider opening a second.
7. **Go overseas.** Not every small business has the wherewithal to launch an overseas operation. Right now the big players are eyeing Africa the way they eyed Asia 10 years ago. Network in your community, and see if any businesses are exploring overseas ventures. You might find a project where your company fits in.
8. **Follow the growth.** If you're in an area with disheartening demographics or punishing tax rates, see if you should expand to a lower tax growth area. Look at the South, Texas, and North Dakota. Would one of these areas be a good candidate for a branch office?

Study the next slide for approximately 1 minute before moving to the next slide.

These are all Procter and Gamble products.

Are they all similar?

Life's Better  
**IAMS**

**Downy**



**BRAUN**

**MAX FACTOR**  
THE MAKEUP OF MADE-UP ARTISTS



*always*



*Secret* **P&G**



**CLAIROL**



*Procter & Gamble*

**COVERGIRL**<sup>®</sup>



*Zest*



*Febreze*

*nice'n easy*



**OLAY**



*always*

**veganrabbit.com**

# PROCTOR AND GAMBLE

List as many Proctor and Gamble items as you can in one minute!

# WHY ISN'T THE LOWEST PRICE ALWAYS THE BEST PRICE?

## Possible Reasons:

1. Low Price => Low Quality
2. Poor customer service
3. Not dependable
4. New kid on the block
5. USA vs. Overseas
6. MWBE

# OBJECTIVES

- Define accounting terms related to a voucher system
- Identify accounting concepts and practices related to a voucher system
- Prepare a voucher
- Journalize data from vouchers in a voucher register
- Journalize voucher payment transactions in a check register
- Journalize purchases and returns & allowances and payroll transactions in a voucher system

# TERMS

- Voucher
- Voucher system
- Voucher register
- Voucher check
- Check register

# 5.1 VOUCHERS & VOUCHER REGISTERS

## Accounting System

- A planned process for providing financial information that will be useful to management
- Includes procedures for
  1. recording and reporting accurate and up-to-date financial information
  2. assisting management in controlling a company's daily operations (in particular, the company's assets...Examples?)

“Cash is the asset most likely to be misused...” Why?

- Ownership easily transferred

# CASH CONTROL PROCEDURES

How can businesses control cash?

- Storing it in a safe place
- Making bank deposits regularly
- Approving all cash payments

Why approve cash payments?

- Ensure that goods or services were ordered, have been received, and the amounts due are correct.
- Small businesses – who will approve?
- Large businesses – who will approve?

# CASH CONTROL PROCEDURES

**Voucher –**

**Business form used to show an authorized person's approval for a cash payment**

**Voucher system –**

- **A set of procedures for controlling cash payments by preparing and approving vouchers before payments are made**
- **NO check can be issued without a properly authorized voucher**

# VERIFYING AN INVOICE

- Page 145 – *image of an invoice with a stamp that includes the items listed below. Unable to find picture online – Sorry!*

## Steps

1. Receive Invoice
2. Verification form is stamped on the invoice
  - Date received
  - Material received
  - Terms approved
  - Prices approved
  - Figures checked
  - Voucher No.
3. Check marks by each person showing responsibility for each part.

# A VOUCHER

## Vouchers:

- After an invoice is checked for accuracy, a voucher is prepared for each invoice received from the vendor.
- Serves as the source document for an approved cash payment

## Voucher Payable vs. Accounts Payable

Account payable – records amounts of items bought on account

Voucher payable – records ALL amounts to be paid by check

Voucher payable is a liability account & has a normal \_\_\_\_\_ balance.

# A VOUCHER

Very Important –

- With a voucher system, an accounts payable ledger is NOT kept.
- Vouchers needing to be paid are kept in an unpaid voucher file.
- Unpaid vouchers show all amounts owed to whom they are owed.
- Vouchers are prenumbered

# A VOUCHER

August 1. Purchased merchandise on account from O'Riley Company, \$3500. Voucher No. 647.

Purchases		Vouchers Payable	
Dr	Cr	Dr	Cr
\$	3,500.00		\$ 3,500.00

See page 145, invoice

- Terms - 2/10, n/30
- Stamp
- Check marks

# PREPARING A VOUCHER FROM AN INVOICE

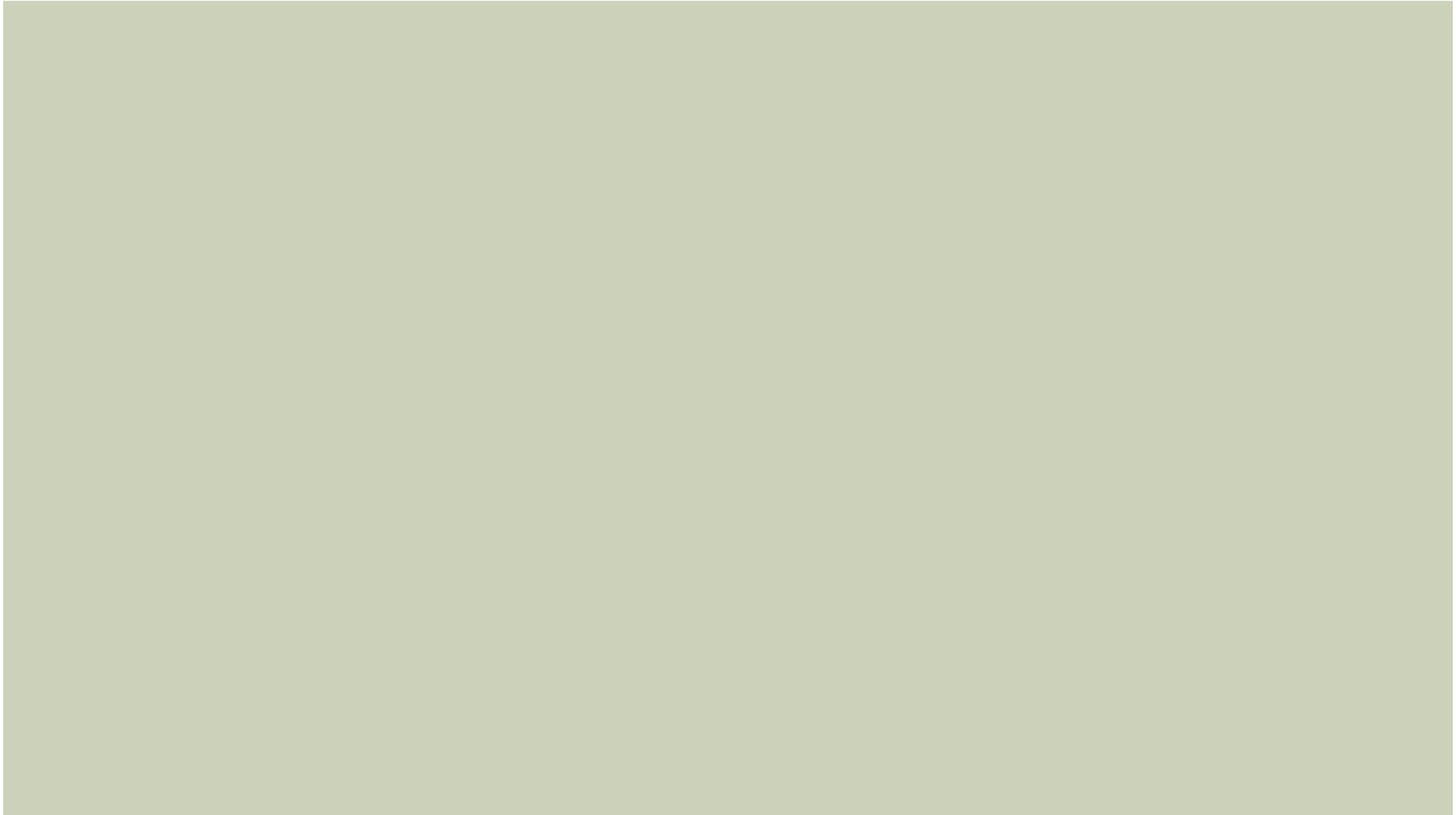
## Voucher Jacket:

- A form is printed on the outside of a voucher:
  1. To summarize the contents
  2. Provide space for approving payments
- After the invoice is summarized, the voucher is folded so that related documents can be placed inside.

## 5 sections:

1. Payee information
2. Accounts affected
3. Voucher approval
4. Where the voucher is recorded
5. Payment of the voucher

# VOUCHER JACKET!



# PREPARING A VOUCHER FROM AN INVOICE

Vchr. No. **647**

Date 8/1/-- Due Date 8/10/-- Payment Date 8/8/--

To O'Riley Company

Address 1257 N. Rosemount Dr.  
Street  
Chicago, IL 60640-3234  
City State ZIP

## Section 1—Payee Information

ACCOUNTS DEBITED	AMOUNT
PURCHASES	3,500.00
SUPPLIES—SALES	
SUPPLIES—ADMIN.	
MISCELLANEOUS EXPENSE—SALES	
MISCELLANEOUS EXPENSE—ADMIN.	
RENT EXPENSE	
SALARY EXPENSE—SALES	
SALARY EXPENSE—ADMIN.	
TOTAL DEBITS	3,500.00

## Section 2—Accounts Affected

ACCOUNTS CREDITED	AMOUNT
VOUCHERS PAYABLE	3,500.00
EMPLOYEE INC. TAX PAY.—FEDERAL	
EMPLOYEE INC. TAX PAY.—STATE	
FICA TAX PAYABLE	
TOTAL CREDITS	3,500.00

## Section 3—Voucher Approval

Section 4—Information about where the voucher is recorded

Voucher Approved by Laura Post

Recorded in Voucher Register Page \_\_\_\_\_ by \_\_\_\_\_

## Section 5—Information about the payment of the voucher

Paid { Date \_\_\_\_\_  
 Check No. \_\_\_\_\_ Amount \$ \_\_\_\_\_  
 Approved by \_\_\_\_\_

# PREPARING A VOUCHER FROM AN INVOICE

## Section 1: Payee Information

- Invoice is used to complete this section.
- Voucher due date is calculated using information from the invoice (Term 2/10, n/30)
- Payment date – can vary from company to company
- Vendor name

## Section 2: Accounts Affected

- Example on pages 145-146
  1. Purchases - Debited
  2. Vouchers Payable – Credited
  3. Other examples

# VOUCHER REGISTER

## Section 3: Voucher Approval

- Vouchers must be approved before they are journalized

## Voucher Register

- Journal used to record vouchers
- Similar to and replaces a purchase journal
- Special Columns
  - Vouchers Payable Credit
  - Purchases Debit
  - Supplies – Sales Debit
  - Supplies – Administration Debit
- No special amount column – recorded in the General column



# AUDIT YOUR UNDERSTANDING

**1)** In a voucher system, what general ledger account is used to record all amounts to be paid by check?

**Answer:**

**Vouchers Payable**

# AUDIT YOUR UNDERSTANDING

2) What is the purpose of using prenumbered voucher forms?

Answer:

To serve as an additional control: all vouchers can be accounted for.

# AUDIT YOUR UNDERSTANDING

3) A voucher register is similar to and replaces what journal?

Answer:

Purchases Journal