

ACCT 101 GROUP PROJECT INSTRUCTIONS

This project is to be completed as a group. All group members should actively participate in the project and it is up to the group to decide who will be responsible for what parts of the project. The work can be divided in whatever way your group decides. However, it is not acceptable for one person to do all of the work. All members of the group will receive the same grade. It is also recommended that the data be copied to more than one group member's USB in the event of unforeseen circumstances.

Follow the directions carefully. It is expected that you will **USE YOUR TEXTBOOK FOR REFERENCE WHEN NEEDED**. Help from the instructor will be minimal as you finish up your class and practice equity transactions in preparation of your last exam.

Step 1 – Download the data

You will need a USB/flash drive on which to save your data. To download the QuickBooks file, which contains all the data (company information, chart of accounts, etc.) for the project:

- Go to <http://www.cerritos.edu/dschmidt>
- Click on “Course Materials” then on “ACCT 101.” Scroll down below Chapter 11 until you see the Group Project.
- RIGHT Click on the ‘Sharpe Incorporated’ file, then click SAVE AS. Choose your flash drive (usually drive E or F) as the destination.

Step 2 – Start QuickBooks

- From the Desktop, choose “Start”, “Programs”, “QuickBooks Pro Edition 2009” or, click on the “QuickBooks Pro Edition 2009” icon.
- When QuickBooks opens a window is displayed that says, “No Company Open”. Click on “Open and existing company”. Choose you flash drive then double click on Sharpe Incorporated. Once the Sharpe Company file is open, the name of the company will appear in the upper left of the screen in the blue bar.
- You now need to customize your company. Click “Company” from the menu bar across the top of the screen, then click “Company Information”. Give your group a unique name. In the Company Information window enter your group name **after** Sharpe Incorporated in the Company Name text box (do not delete “Sharpe Incorporated”). Click OK when the change is completed.

•**NOTE:** When you exit QuickBooks, go to File, Exit. QuickBooks has saved all the information entered. Remember where you need to start when you re-enter QuickBooks!

Step 3 – Record Journal Entries

Now you are ready to record the Journal Entries for the transactions. Click “Company” from the menu bar across the top of the screen, and then click “Make General Journal Entries”. **USE THE DATES GIVEN IN THE PROBLEM!!! USE 2011 AS THE YEAR ON ALL TRANSACTIONS!** Number the first entry 1 and QuickBooks will automatically number each entry sequentially. Use the drop down menus to select the correct account names. Do not add any new accounts. Use the mouse or the tab keys to enter the proper

amounts; you do not need to enter a description. Press the Next arrow when you are done to advance to the next entry. Complete all regular journal entries. Don't do the adjusting entries yet!

Step 4 - Print a Trial Balance

Print out a trial balance. Click "Reports" from the menu bar across the top of the screen, and then click "Memorized reports". Click on 'Trial Balance' and the report will be displayed. Print the Trial Balance as it will be helpful to you when preparing your adjusting journal entries. Your Trial Balance should match exactly to the Trial Balance attached. If it does not, make your corrections now, before you proceed to the Adjusting Entries.

To correct a Journal Entry, open the "Make General Journal Entries" window. Click the "previous" button until the entry you need to correct is displayed on the screen. Make your changes directly to the window, click either the "Next" button or "Save and Close" to save your changes. Refresh the Trial Balance to make sure it agrees to the one provided before you proceed. **IMPORTANT: When you scroll through the journal entries they may not be saved in the same order you entered them.**

Step 5 - Prepare Adjusting Entries

Enter your adjusting entries the same way you entered the other transactions using the "Make General Journal Entries" window. Use December 31, 2011, as the date for all the adjustments.

Step 6 - Print an Adjusted Trial Balance

Print an Adjusted Trial Balance. Go to "Reports" then "Memorized reports" then "Adjusted Trial Balance" and the report will be displayed on the screen. The total should be \$4,588,244.50. **There are other selected check figures on my website. Make sure that your figures line up with mine.** Make sure your total matches before you proceed.

Step 7 - Print the Journal

Print a copy of the journal. Go to "Reports" then "Memorized reports", then "Journal". Click the Print button.

Step 8 - Print an Income Statement

Print the Income Statement by clicking "Reports" then "Memorized reports" then "Income Statement". Click the 'Print' button. The net income should be \$653,343.00.

Step 9 - Print a Retained Earnings Statement and Balance Sheet

The QuickBooks Balance Sheet combines the Retained Earnings Statement and the Balance Sheet. To print the Balance Sheet, click "Reports", then "Memorized reports" then "Balance Sheet". Click the print button. The total should be \$3,227,427.50.

Step 10 - Print a Statement of Cash Flows

Print out a Statement of Cash Flows. Click "Reports", "Memorized reports" then

“Statement of Cash Flows”. Click the Print Button.

Turn in the following items (*stapled in the order listed below*):

- Cover Sheet (include each group member's name)
- Trial Balance
- Adjusted Trial Balance
- Journal
- Income Statement
- Balance Sheet
- Statement of Cash Flows

ACCT 101 – Fundamentals of Accounting I

COMPUTER/GROUP PROJECT

Dinah Soars, Biff Wellington and Duane Pipe are the stockholders of Sharpe Incorporated. The charter of the corporation authorized 500,000 shares of \$5 par common stock, and 50,000 shares of \$40 par, 3%, preferred stock. As of January 1, 2011, there were 20,000 shares of common stock issued and outstanding and 4,000 shares of preferred stock issued and outstanding.

Selected transactions completed by Sharpe Incorporated during the fiscal year-ending December 31, 2011, are as follows:

Jan 1 Issued 16,000 shares of \$5 par common stock at \$18, receiving cash.

Jan 1 Issued 7,200 shares of \$40 par preferred 3% stock at \$72 for cash.

Jan 31 Purchased a two-year insurance policy for \$34,080.

Feb 1 Purchased equipment for \$290,000, paying \$50,000 cash and financing the remainder with a 180-day, 5% note payable.

Mar 12 Purchased Land for \$325,000 by issuing 10,000 shares of common stock.

May 1 Purchased 1,200 shares of the company's own common stock at \$22 per share.

May 31 Issued \$1,000,000 of 9-year, 8% bonds with interest payable semiannually. The amount of cash received was \$1,092,880.

July 31 Paid the amount due on the note payable signed on February 1.

Aug 1 Sold 450 shares of treasury common stock purchased on May 1 for \$26 per share.

Sept 15 Declared a 2% stock dividend on common stock to be distributed on September 30 to stockholders of record on September 20. The market price per share on September 15 is \$25 per share.

Sept 30 Distributed the stock dividend declared September 15.

Oct 1 Borrowed \$36,000 from Second Bank by issuing an 7% note. The note is

to be repaid in quarterly payments of principal plus interest totaling \$2,130 per quarter.

- Oct 16 Sold 250 shares of treasury common stock purchased on May 1 for \$20 per share.
- Nov 30 Paid the semiannual interest and amortized the premium on the bonds issued on May 31. (record as one compound entry)
- Dec 1 Declared a cash dividend at the stated amount to preferred stockholders and .50 per share to common stockholders payable on December 30 to stockholder's of record on December 16.
(Hint: don't forget the shares distributed from the stock dividend)
- Dec 30 Paid the cash dividends declared on December 1.
- Dec 31 Paid the first quarterly installment of the note issued on October 1.
- Dec 31 Record revenue for the year of \$1,975,000, received \$500,000 in cash, the remainder is on account.
- Dec 31 Record expenses for the year, paid in cash (one compound entry):

Rent	\$170,000
Utilities	13,200
Salaries	760,000
Advertising	140,000
Medical insurance	32,000
Commissions	63,000
Legal and accounting	18,000
Miscellaneous	8,400

Adjusting Entries

- (1) The employees' accrued vacation pay at the end of the year was \$26,000.
- (2) Record depreciation on the equipment purchased on February 1, using the straight-line method. The equipment has an estimated 9-year useful life and an estimated residual value of \$13,520.
- (3) Record insurance expired on the policy purchased January 31.
- (4) Record the adjusting entry for the interest accrued and the amortization of the premium on the bonds payable. (record as one compound entry)