

ACCT 100 – Fundamentals of Acct. - Johnson
Mini Practice Set 2 – Using QuickBooks

SPECIAL LOG IN REQUIRED IN COMPUTER LAB

Limited class days are allotted to this project. If you did NOT prepare appropriately AT HOME as instructed or you made too many mistakes, you may need to come in to a lab on your own time. BUDGET YOUR TIME accordingly. DO NOT WAIT UNTIL THE LAST MINUTE!!!! No late work is accepted on this project.

Sign in Instructions: Do not sign in with your regular Cerritos College Account. You must use a special quickbooks log in. Use “accounting” as the user name and password if you are working in BE 108. If you are working in another lab on campus, use the password for the given room.

Why are we doing this?

The completion of the Mini-Practice Set 2 – which covers the accounting cycle for a merchandising entity, is located on pages 473 - 477 of your text. The purpose of this assignment is two-fold. This will assist you in the review of the materials covered in the merchandising chapters in your book. Secondly, the project will reinforce the basics of a very popular software accounting package called QuickBooks Pro. It's also GREAT PRACTICE to insure you are ready for the next exam. (If you miss too many transactions – then you are NOT READY for the next exam. Use this mini-case to help point out weaknesses in your accounting skills –and to focus your study efforts.)

What you need to Start!

You should have your text opened to the problem. You should have a pen or pencil. You should have the JE's that you PREPARED AT HOME. Most importantly, you should have a flash drive / USB with your name on it. You will need to download two files from my website onto the USB drive as follows:

Downloading Instructions

- Locate my website using an internet browser (Google Chrome recommended). My website URL address is: www.cerritos.edu/dljohnson/
- Use the “Course Materials” Link.
- Choose your class → ACCT 100.
You will be downloading two files.

Scroll Down until you see

QuickBooks File for "The Fashion Rack" - RIGHT CLICK (not left) and SAVE TO USB

This file is located after the chapter 13 handouts.)

- Again, **RIGHT CLICK on the file** (not left click like you are used to) and a menu will come up.

- Choose “**Save link as**” (or “**Save Target as**” depending on the browser used), and change the directory to the drive where your flash drive is located. (This is usually drive F.) Then press the **Save** button. The file will be saved on your flash drive.
- Next, download and save the **Excel file** (for the worksheet) by following the same directions.
- **Excel File for "The Fashion Rack" - RIGHT CLICK (not left) and "SAVE LINK AS" TO your USB drive**
- After you have downloaded the two files, close out the downloads, and then get out of the internet.

NOTE: *If you do not properly save these two files to the USB drive, your work will be located in cyberspace and will NOT BE AVAILABLE for you to work on when you return for day 2 of the problem.*

I have gone through all the set up procedures that are required in the QuickBooks program. I have also set up your chart of accounts for you. **DO NOT TOUCH** the journal entries that I entered on the file. If you do, you will **NOT BALANCE**. Likewise, **DO NOT DELETE** any starting journal entries.

You will need to customize the company, prepare journal entries, and print out the necessary reports. The directions for these procedures are as follows:

Getting Started:

From the Desktop, double click on the QuickBooks Pro icon. You will be offered a choice of options by the program. (Ignore any messages about external users or any types of “sales messages.” Simply close out those boxes.

Loading the QuickBooks File:

You need to open your file. Either choose the bubble that says “Open or restore a existing company”, then choose “Open a company file” and click “Next” and then when you get the “Open a Company” dialog box, you will be prompted for the location of the file. **Change the directory** to be the “ F Drive” – or the port wherever your flash drive is located. (Click on the drop down box and choose the appropriate Drive.) After the contents of the drive is displayed, double click on the *The Fashion Rack Quickbooks file*, and the QuickBooks program will open. (It may take a minute or two. Don’t get impatient.) If you have trouble opening your file, let me know.

Making it YOUR file – Customize it

You now need to **customize your company**. Anyone that does not have a customized name on EVERY PRINTOUT will be given a ZERO on the project. Click “**Company**” from the menu bar across the top of the screen, then click “**My Company**”. In the Company Information window, click on the **pencil icon** to edit the information. **Enter your last name** in the “Contact Name” field before The Fashion Rack. Click OK when the change is completed. So an example might be “**Johnson’s Fashion Rack.**” Use your

last name where mine is, of course. (If you share a last name with someone else in the class, please put in both your first name and last name.)

Record Journal Entries

Now you are ready to record Journal Entries for the transaction. Go to **Company Menu**, then choose "**Make General Journal Entries.**" You will get a message about assigning numbers to journal entries. Check the box that says "do not display message in the future" and click OK. Unclick the adjusting box.

MAKE SURE YOU CHANGE THE DATE to match the textbook!!! Use the year 2019 ON ALL TRANSACTIONS!

We will only be using the accounts given in the problem. Do not create any new accounts. All of these accounts have been entered into Quick Books. Use the drop down menus to pull up the correct account names. You may find the Chart of accounts helpful. It is listed on the beginning pages of the problem. Use the mouse or the tab keys to enter the proper amounts and to enter a brief description for each transaction. We will demonstrate the first transaction together.

Warning: When you use either accounts receivable or accounts payable, you also need to choose a customer/vendor in the name column. If you do not, the computer will not accept your entry. (This is to insure the controlling/subsidiary relationship.)

We will do the first JE together. Press the "Save and New" button when you are done with the first entry. This will take you to another screen so that you can complete the next journal entry. **EACH JOURNAL ENTRY SHOULD BE COMPLETED ON A SEPARATE SCREEN!** Do NOT do more than one JE on a screen. Complete all subsequent regular journal entries from Oct 1 to Oct 31. (Don't do the adjustments yet!)

Printing out a Journal

If you wish to view a copy of the journal, you can print one out now. To do this, go to Reports → Accountant & Taxes → Journal. **DON'T FORGET TO CHANGE THE DATES** from Oct 1, 2019 to Oct 31, 2019. Click down below on the journal to review the contents. Click the Print button. When the print screen comes up, choose the option (in the bottom left hand corner) that says "fit report to one page wide." (Click the mouse button to choose the box.) Make sure you choose the appropriate printer for your classroom. (If you are in room BE 108, then the name of the printer must be one that includes BE108 in it's description.)

Review the journal for accuracy. Make any necessary changes.

Printing out a Trial Balance

Print out a trial balance. **DON'T FORGET TO CHANGE THE DATES.** Go to Reports → Accountants & Taxes → Trial Balance. The trial balance will be helpful to you when preparing your adjusting journal entries. (See a completed trial balance with the correct

balances in Attachment A.) Don't just look at the totals, look at EVERY LINE ITEM ON your trial balance

AGAIN: It is important that you correct any errors before proceeding on. THIS IS THE TRIAL BALANCE that represents amounts BEFORE ADJUSTING ENTRIES ARE MADE. If there are errors on your trial balance, there will be errors on adjustments and financial statements, so **TAKE THE TIME TO COMPARE EACH LINE TO THE ATTACHMENT**. Find your errors, if any, and make corrections.

Prepare the Worksheet Using Excel.

You can minimize the QuickBooks Screen and go into the Excel Program. (Don't close out QuickBooks; just minimize it.) Open the Excel file that you downloaded on to your flash drive from the Internet. PUT YOUR NAME ON THE WORKSHEET where indicated . Use the information from requirement 7 (letters a – g) to complete the worksheet that I have set up for you. You can use the Excel program, to simplify this task. Don't forget to **save** your worksheet. (After you have completed the worksheet, make sure you get the check figures for net income. Save your work to your flash drive and print out the worksheet.)

Prepare Adjusting Entries in QuickBooks

After completing and balancing out the worksheet for letters (a) – (g). The ONLY WAY that transactions get into the accounting system is through the journal entry process. If your worksheet balances out, and you obtain the correct net income, then you are ready to enter the Adjustments into QuickBooks. Get back into the QuickBooks Program by restoring the Window. Enter your adjustments the same way you entered the other transactions. (Company, Make Journal Entries -- continue on with the JE's. Remember that you are making the JE's at the end of the month of October, so just continue them where you left off.) You should use the notation AJE in the memo box along with the description. (For example AJE to adjust supplies.) You should also click the box that says Adjusting Entry.

Print Updated Reports – Journal and Trial Balance.

Print an updated Journal that will include the newly entered AJE's (Reports → Accountants & Taxes → Journal; CHANGE THE DATES, then print.)

Also print out a trial balance which will include the adjustments. (This is called the adjusted trial balance.) You can “customize” the report to call it an adjusted trial balance. You should compare your answers to Attachment B. Once again, compare EVERY LINE ITEM; not just the totals.

Printing out a General Ledger

Print out a general ledger. Choose Reports → Accountants & Taxes → General Ledger, CHANGE THE DATES, and Print. This will show you all the detail making up the account balances. (Notice that you did not have to post anything. The computer did it all for you!!!!)

Printing out Financial Statements

Print out the Financial statements. Go to: Reports → Company & Financial → Profit and Loss Standard (The Income Statement). Do the same to print out the Balance Sheet. Choose "Balance Sheet Standard." REMEMBER TO CHANGE THE DATES! Use the first standard choice available on the menu. Check it against the check figures given out in class or posted on the web site. (No Statement of Owner's Equity is set up. None is required for you this time.) **YOU MUST PRINT OUT THE FINANCIAL STATEMENTS PRIOR TO CLOSING THE ACCOUNTS.**

Preparation of Closing Entries -

This is required if you wish to receive extra credit points.

DON'T forget that the financials need to be printed out prior to closing.

Normally the closing process is not done in QuickBooks. However, since the purpose of this problem is to practice what we learned in class, you will prepare closing entries for a few extra points. Complete the journal entries exactly as you did before. (Select Company → Make General Journal Entries.) Based on the balances in the most recent trial balance which you should have in front of you, prepare closing entries in QuickBooks to perform the following:

- Close the income statement accounts with credit balances
- Close the income statement accounts with debit balances

You may want to check the balance in the income summary account before proceeding to the next entry. (Hint: the balance should be equal to your net income figure. To check it, look at either a trial balance or the general ledger)

- Close Income summary – Check out a general ledger account for this. Don't forget that now beginning and ending inventory balances exist in this account.
- Close Drawing

Printing out finalized reports:

Once you are finished, you need to print out a final general journal, general ledger, and (post closing) trial balance. All of these reports should include the closing entries, if you chose to complete them. (The post closing trial balance will show all revenue, expense, income summary, and dividend accounts at a zero balance.

Close out the Program:

Go to File menu, then choose Close Company. You then need to exit the program. Go to File menu, then choose exit. BE PATIENT!!! The computer is saving the data to your disk. DO NOT PULL OUT your flash drive UNTIL THE LIGHT ON THE DRIVE GOES OUT AND YOU ARE COMPLETELY OUT OF QUICKBOOKS. You should be at the Windows desktop before you take your USB drive out. Please safely eject your USB.

DO NOT TURN IN EVERYTHING!

Insure PROPER DATES are on all reports. Turn in the following reports **in the following order:**

- 1) Profit and Loss (Income Statement)
- 2) Balance Sheet
- 3) Worksheet completed in Excel
- 4) Journal with all transactions, including the closing entries (if you did them)
- 5) General Ledger (after all transactions are recorded, including the closing entries, if you did them.)
- 6) Post Closing Trial Balance (after closing – the only accounts that should show up are Assets, Liabilities, and Capital.) If you did not complete the closing entries, then turn in the final adjusted trial balance (pre-closing) that you do have.

11:02 AM
 04/28/16
 Accrual Basis

(A)
 The Fashion Rack Student File
Trial Balance
 As of October 31, 2019

(before adjustments)

	Oct 31, 16	
	Debit	Credit
Cash	47,584.40	
Accounts Receivable	12,948.50	
Allowance for Doubtful Accounts		420.00
Merchandise Inventory	88,996.00	
Prepaid Advertising	4,800.00	
Prepaid Insurance	8,400.00	
Supplies	5,150.00	
Equipment	83,000.00	
Equipment: Accum. Depr. - Equipment		7,050.00
Accounts Payable		6,970.00
Employee Income Tax Payable		1,020.00
FUTA		630.00
Medicare Tax Payable		324.00
Salaries Payable	0.00	
Sales Tax Payable		3,507.50
Social Security Tax Payable		1,404.00
SUTA		1,852.00
Teresa Lojay, Capital		203,252.00
Teresa Lojay, Drawing	7,200.00	
Sales		70,750.00
Sales: Sales Returns and Allowances	600.00	
Freight In	375.00	
Purchases	18,640.00	
Purchases Discounts		462.40
Purchases Returns & Allowances		430.00
Advertising Expense	1,445.00	
Janitorial Services Expense	475.00	
Payroll Taxes Expense	1,566.00	
Rent Expense	4,200.00	
Salaries Expense	10,800.00	
Telephone Expense	780.00	
Utilities Expense	1,112.00	
TOTAL	298,071.90	298,071.90

11:32 AM
 05/05/16
 Accrual Basis

B
The Fashion Rack Student File
Adjusted Trial Balance (After adjustments)
 As of October 31, 2016

	Oct 31, 16	
	Debit	Credit
Cash	47,584.40	
Accounts Receivable	12,948.50	
Allowance for Doubtful Accounts		518.10
Merchandise Inventory	81,260.00	
Prepaid Advertising	3,200.00	
Prepaid Insurance	7,000.00	
Supplies	3,240.00	
Equipment	83,000.00	
Equipment: Accum. Depr. - Equipment		8,225.00
Accounts Payable		6,970.00
Employee Income Tax Payable		1,020.00
FUTA		630.00
Medicare Tax Payable		324.00
Salaries Payable	0.00	
Sales Tax Payable		3,507.50
Social Security Tax Payable		1,404.00
SUTA		1,862.00
Teresa Lojay, Capital		203,252.00
Teresa Lojay, Drawing	7,200.00	
Sales		70,750.00
Sales: Sales Returns and Allowances	600.00	
Freight In	375.00	
Income Summary	7,736.00	
Purchases	18,640.00	
Purchases Discounts		462.40
Purchases Returns & Allowances		430.00
Advertising Expense	3,045.00	
Depr. Expense - Equipment	1,175.00	
Insurance Expense	1,400.00	
Janitorial Services Expense	475.00	
Payroll Taxes Expense	1,566.00	
Rent Expense	4,200.00	
Salaries Expense	10,800.00	
Supplies Expense	1,910.00	
Telephone Expense	780.00	
Uncollectible Accounts Expense	98.10	
Utilities Expense	1,112.00	
TOTAL	299,345.00	299,345.00