

- RKO Seedman (\$2,777.60 invoice 2017)
 - 10 “Calculate.”
 - 5 “Plan.”
 - 2 each of “Client” and “People.”
- ✓ You receive notice from the bank that the \$325.50 check (#58333) from Computer Fun Park that was recorded on 12/7 (deposited on 12/9) was returned for insufficient funds. You call your contact there (Walter White). He apologizes profusely. He says cash flow has been a little tight lately, but they just got a much-needed loan from the bank so he assures you that this won’t happen again. He agrees to pay your \$30 processing fee. The bank charges Software 2 Go \$20 for customer NSF checks (dated 12/12).
- Remember: You need to start by opening the **receive payment** window for the bounced check.
 - **Do not** accept the default **Bank Service Charges** account created by QuickBooks. Use the dropdown menu to select the **Bank Service Charges** account under **Other Costs**.
- After you’ve recorded the transaction, you edit the **Bounced check charge** item. You add the description “Processing fee for returned check,” and you change the **account** related to the **item** to **Bank Service Charges** under **Other Costs**. (Software 2 Go chooses to offset the fees charged to the customer against the charges assessed by the bank.) You accept the option to change existing transactions.

12/15/16

- ✓ The accountant at Erector Engineering calls and says that when she opened one of the boxes of “Calculate” purchased on 12/13, the disk was missing. You issue a credit memo (#CM 2016) for \$107.42 and apply it to invoice #2016 dated 12/12. Uncheck the **Print Later** box if necessary.
- ✓ Rey drives over to the Erector Engineering and picks up the empty box. He’ll need to return it to the vendor.

12/16/16

- ✓ Rey gives you the detail for the in-store sales for the week. (All sales were at the standard price.)
 - Cash sales of \$214.83 (paid with cash):
 - 2 “Calculate.”
 - Credit card sales of \$2,359.88 (all VISA):
 - 5 “Creations.”
 - 3 “CPA.”
- ✓ You deposit all customer payments received during the week.
 - Cash and checks deposit totals \$7,194.54. VISA deposit totals \$2,312.68. [**TIP:** Make sure the credit card fees are being charged to the **Bank Service Charges** under **Other Costs**.]

12/19/16

- ✓ One of the partners at RKO Seedman (Sal Seedman) calls Elena about one of his clients, a non-profit organization that provides assistance to start-up businesses in West Sacramento. He thinks that these start-ups would really benefit from the business planning and human resource management software that Software 2 Go stocks, but the current costs are a little high for a non-profit. Elena agrees to offer the company a 20% discount on all purchases.
- ✓ You set up three new **items** to handle the new customer.
 - A **sales tax item** is set up for West Sacramento. You name it “WSac”. The rate is 8%. All taxes are remitted to the Board of Equalization.

- You set up a **discount item**. The discount **should be applied to** the total before tax. Software 2 Go decides to group the non-profit discount with other sales discounts in the general ledger.
- Since the discount will apply to all items on any invoice, you set up a **subtotal item**.
- ✓ Sal calls back. His client accepts the offer and orders 20 copies of “Plan” and 10 copies of “People.” Elena ships the order, and you prepare the invoice.
 - The nonprofit company name is Own Your Future.
 - Other information:
 - 2529 Freeport Blvd (billing and shipping) West Sacramento, CA 95691
 - Main Phone: (916) 444-9898
 - Terms: 2%/10, Net 30
 - The invoice (#2019) totals \$4,147.20.

12/21/16

- ✓ A customer comes in to the shop carrying an opened box of “Golf Like a Pro.” He is obviously very unhappy. “I’ll say one thing,” he says. “Playing outdoors on a green is NOT the same thing as playing indoors on a screen! I didn’t get anything out of this software that helped me in the office tournament. As a matter of fact, I think I played worse. Now I’ll never get that promotion.” Rey says he understands and agrees to a **partial** refund of \$100 (plus tax). He gives the customer a \$108.50 refund (check #2476). You create a credit memo (101). (The **Customer:job** is **Store Customer**. The customer lives in Sacramento.)
 - Ignore any messages you may get about custom prices.
 - When you enter the **refund**, enter the check number in the **Issue this refund via** field on the **Issue a Refund** screen.
- ✓ You receive the following checks in the mail:
 - Check #46866 for \$4,637.40 from Legal Beagle dated 12/21 (paying invoices 2008 and 2015).
 - Legal Beagle took the discount on invoice 2015 but didn’t pay during the discount period, so you leave the \$76.93 balance on its account and give its accountant a call. The accountant agrees to pay the balance in the next few weeks.
 - Check #13895 for \$7,062.05 from RKO Seedman dated 12/21 (paying invoices 2010 and 2017). [**TIP:** Remember to highlight the invoice with the available discount before you click the **Discounts and Credits** icon.]
- ✓ Sweet Locations calls and places an order for two copies of “Space.” Elena ships the order, and you prepare the invoice (#2020 for \$4,557.00).

12/23/16

- ✓ You get a notice in the mail that one of your customers (One Stop Legal) has filed bankruptcy. It doesn’t look like you’ll be getting paid by them, and even if you could get the software back, you’d have no way to sell the used software. You decide to write off the amount they owe you (\$215.92) to bad debt expense. (Software 2 Go uses the direct write-off method because it has historically had very few uncollectible accounts.) You consider bad debt expense to be a subaccount of “Sales and marketing costs.” [**TIP:** It’s easiest to write off invoices through the **Receive Payments** form. The write-off is recorded on the **Discount** tab of **Discounts and Credits**.]
- ✓ Rey gives you the detail for the week’s sales. (All sales were at the standard price.)
 - Credit card sales of \$1,178.31 (Receipt # 575, all VISA):
 - 1 “Golf.”
 - 4 “Calculate.”

10/1/16

- ✓ You pay the October rent to your landlord, Retail Properties (use check #1916).
- ✓ Marvena hands you a bill for merchandise (inventory) received from Commercial Supplies today. The shipment included 3 standard calculators (partial shipment) and 2 desk lamps **originally ordered on PO# 157**.
 - The vendor reference number is 73734. The total due is \$140. (Bill is dated 10/3. Terms are Net 15.)
- ✓ You review your unpaid bills report and notice that the early payment discounts for the outstanding bills due to Presley Publishing and Accounting Solutions are expiring. You write the checks (net of the discount) and get them in the mail before you leave for the day.
 - You set up an account called “Purchase discounts” (**cost of goods sold** account type) for tracking vendor discounts.
 - Total for both checks is \$6,200.80. You let QuickBooks assign the check numbers. Last check number should be 1918.

10/4/16

- ✓ Marvena has reviewed the inventory stock status report and is ready to place some orders. She asks you to prepare purchase orders as follows:
 - The Paper Company—20 cartons of stationary paper: PO #181, \$1,520 total.
 - Commercial Supplies—12 standard calculators, 15 deluxe calculators, and 5 desk lamps: PO #182, \$890 total
 - Presley Publishing—8 each of all **regular** books **except** the “How to Pass Accounting Without Studying”: PO #183, \$512 total. (There are no textbooks in this order.)
- ✓ You decide to call both The Paper Company and Commercial Supplies about their credit terms. Both agree to give you terms of 2%/10, net 30 on all future bills. You edit the vendor records appropriately.
 - Ignore any messages about closed periods. QuickBooks won’t change terms on existing **bills**.
- ✓ You receive a \$450 bill in the mail, dated 10/4, from the “Accounting Journal” for advertising in the October issue. The bill reference number is A9888. The bill is due on 10/19.
- ✓ You drive down to Supplies to Go and purchase a new printer (\$210) and a supply of copy and printer paper to have on hand (\$185), on account. The bill (#5222) for \$395 is dated 10/4. Terms are 2%/10, Net 30. (Accept the change in terms if prompted.)
 - You expect the printer to have a two-year life.

10/5/16

- ✓ Marvena hands you the packing slip for The Paper Company order that was received today (PO 181). She has checked the shipment and all 20 cartons were received. No bill was received with the shipment.
- ✓ You pay all bills due on **or before 10/18/16** **plus** any bills with early payment discounts expiring before 10/14. [**TIP:** There should be 6 bills (two with discounts) totaling \$23,164.60. There should be five checks. Let QuickBooks assign the check numbers. The last check number should be 1923.]
 - Discounts on inventory purchases should be credited to “Purchase Discounts.” Discounts on non-inventory purchases should be credited to “Miscellaneous expense.”

After month-end:

- ✓ You receive the December bank statements (checking and savings) and reconcile them to your records. (The statements are included at the end of the assignment.) [TIP: Look for any unrecorded activity listed on the statements.]
 - You notice that a November check to Plum Café is still outstanding (#2458). You make a note to call them next week to see if the check is lost.
- ✓ You review the account balances and make additional adjusting journal entries for December as needed. Carefully consider the following:
 - Total monthly depreciation expense on plant assets purchased prior to 11/30 (not including the computer sold to Own Your Future) is \$383.00. None of the plant assets is fully depreciated yet. (All assets are being depreciated using the straight-line method.)
 - You expect the computer equipment purchased in December to have a two-year life with no salvage value. The equipment (computer and printer) was purchased on 12/5 and placed in service right away. Software 2 Go uses the straight-line method of depreciation. You took a full month's depreciation. (Round any entries to the nearest dollar.)
 - Software 2 Go's insurance policy covers six months (9/1/16–2/28/17). [TIP: There were three months remaining on the policy at 11/30.]
 - Your last loan payment was made on 12/31 and covered interest through 12/31.
- ✓ You review your chart of accounts.
 - You aren't using the **Vehicle** expense account but you think you might need it in the future, so you make the account inactive.
 - You decide you don't need separate accounts for utilities and phone charges, so you merge **Utilities Expense** into **Telephone Expense**. You then change the account name to **Telephone and Utilities Expense**.
- ✓ You are going to present the balance sheet and profit and loss statement to the other owners, and you want both of them to be clear and concise. Take a look at the statements. Is the order of presentation reasonable? Make any changes you think necessary to create a professional looking set of statements. [TIP: You will be including columns for the current month and year to date results on the profit and loss statement you turn in.]
 - You **will be** graded on presentation. There's no single right answer here, but it's important that the order of the accounts is logical.

Check numbers 12/31

Checking account balance	\$ 12,669.61
Net income—December	\$ 13,012.97
Net income for the year ended 12/31	\$107,323.30
Total assets	\$116,240.10
Total liabilities	\$ 6,725.80

REPORTS TO SUBMIT FOR ASSIGNMENT 7A

All reports should be in portrait orientation; fit to one page wide.

- Journal—include only 12/31 transactions:
 - Remove **Trans #** and **Adj** columns.
- Bank reconciliation detail—Checking account only.
- Balance Sheet (standard) as of 12/31.
- Profit and Loss (standard) for December:
 - Add **Year to Date** as a subcolumn (On **Display** tab of **Customize Report**).
- 1099 Summary as of 12/31 (2016 calendar year, Only 1099 vendors, Only 1099 accounts, Ignore thresholds). [TIP: 1099 Summary Reports were covered in Chapter 3.]

CHAPTER REVIEW

Matching

Match the term or phrase (as used in QuickBooks) to its best definition.

- | | |
|-------------------------------|--------------------------------|
| 1. Job | 5. Paycheck |
| 2. Billable | 6. Time by Name report |
| 3. Preview Paycheck screen | 7. Job Info |
| 4. Time by Job Summary report | 8. Profit & Loss by Job report |

- | | |
|-------|---|
| _____ | Report that displays revenue and expenses by job for a specified period of time |
| _____ | Transaction type used to record payment of employee wages |
| _____ | Tab in customer job record where start and end dates for the job can be entered |
| _____ | Identifiable project tracked for a specific customer |
| _____ | Report that summarizes timesheet hours by job and service |
| _____ | Report that summarizes timesheet hours by employee name and job |
| _____ | Field in timesheet that flags hours chargeable to a client |
| _____ | Window used to review employee earnings and deductions before a paycheck is created |

Multiple Choice

- An engineering company enters into “fixed-fee” and “time-and-materials” contracts with its clients. The company:
 - would have no reason for tracking labor hours for “fixed-fee” jobs.
 - would have no reason for tracking labor hours for “time-and-materials” jobs.
 - would normally track labor hours for both “fixed-fee” and “time-and-materials” jobs.
 - must track hours for “time-and-materials” jobs but should never track hours for “fixed-fee” jobs.
- A **service item** must be selected for timesheet entries:
 - only if time will be billed to a client.
 - only if the user tracks time by job but doesn’t bill time to clients.
 - if user tracks time by client (whether time is billed or not).
 - None of the above. Timesheets never have to include **service items**.
- The rates used to bill clients for employee hours are:
 - found in the **item** list.
 - found in the **employee center**.
 - always set when the **invoice** or **sales receipt** is created.
 - Found in either the **item** list or **employee center**, depending on preferences selected.
- Which of the following statements is not true?
 - Both **expenses** and **items** can be identified as **billable** as part of the entry of a vendor bill.
 - Changes to hours and **Customer:Job** can be made in the **preview paycheck** screen.
 - If changes are made to **Customer:Job** in the **preview paycheck** screen, the related timesheets will be automatically adjusted.
 - Data entered into timesheets in QuickBooks should be carefully reviewed before paychecks are created.

- ✓ You enter timesheets for the week:

		Class	M	Tu	W	Th	F
You (41 total hours)							
Mega Manu: Union Contract	Meetings	EL	8	4		5	5
Williams: Termination	Initial consultation	EL			2		
Williams: Termination	Research	EL			4		
Williams: Termination	Documents	EL				3	1
	Non-billable	A		4	2		3
Nancy Svenborg (23 total hours)							
Toys for Tots: Wheels	Paralegal assistance	CA				3	3
Mega Manu: Union Contract	Paralegal assistance	EL	3	3			
	Non-billable	A	2	2	4	2	1
Frank Williams (24 total hours)							
Exam Prep: CPA Exam	Meetings	CA			3		2
Exam Prep: CPA Exam	Research	CA	6			4	4
Toys for Tots: Wheels	Meetings	CA		6			
Toys for Tots: Wheels	Research	CA				4	2
	Non-billable	A	2	2	5	1	1

2/13/17

- ✓ You receive three bills in the mail, all dated 2/13.
- Horizon Phone—\$210, #1234777 (February 1–28 service), Net 15
 - Sac Electric—\$95, #7771120023 (February 1–28 utility services), Net 15
 - Legal Eagle—\$800 (February access to the online legal library) #89942, Net 15. You charge this to **Administration** as the **class**.
- ✓ You feel that the firm is doing well, but you want to make sure that you continue to have new clients coming in. You call Sactown News and get a special deal on advertising in the paper. For \$600, the firm can get three large ads. You use the company credit card to pay Sactown News, and you record the charge using **Administration** as the **class**.
- The ads are set to appear on 2/19, 3/19, and 4/16 (the fee is \$200 per ad).
- ✓ You ask Frank to go to Scissors Office Supplies to restock paper and other office supplies. He uses the company credit card and purchases supplies to have on hand totaling \$378.00.

2/15/17

- ✓ You enter time for Monday through Wednesday of this week so you can prepare paychecks for everyone.

		Class	M	Tu	W	Th	F
You (26 total)							
Nguyen: Lisa Adoption	Meetings	FL	3				
Nguyen: Lisa Adoption	Court.	FL		8	6		
Williams: Termination	Meetings	EL	6				
	Non-billable	A			3		
Nancy Svenborg (18 total)							
Williams: Termination	Paralegal assistance	EL	3				
Nguyen: Lisa Adoption	Paralegal assistance	FL	2	3			
Exam Prep: CPA Exam	Paralegal assistance	CA			2		
	Non-billable	A	2	2	4		

- ✓ You stop by Contractor’s Hardware. You pick up some specialty wiring for the Janine Thomas project (\$150) and some other miscellaneous supplies (\$500). Contractor’s Hardware sets up an account for you with terms Net **10**. The bill # is 21862.
 - You decide to charge Janine Thomas for the specialty wire that’s needed. You use **Miscellaneous** for the **item**.
 - You expect to use all the other supplies in February on various jobs.
- ✓ You receive check for \$3,297.99, dated 2/3, from Janine Thomas (check #9966). Janine underpaid an invoice last month, so you apply this check to that balance.
- ✓ You enter timesheets starting with Wednesday 2/1.
 - You’ll be adding hours to the timesheet for the workweek beginning 1/30. You don’t need to add **class** to your Monday or Tuesday hours.

February 1–3		M	Tu	W	Th	F
Henri Navarre (12 new hours)						
Perkins—Deck Job	Demolition.				8	
Perkins—Deck Job	Deck Labor.					4
Monica Smith (24 new hours)						
Thomas—Rewiring job	Electrical.			8	8	8
Luis Garcia (16 new hours)						
Perkins—Deck Job	Demolition.				8	
Perkins—Deck Job	Deck Labor.					8
You (24 new hours)						
Perkins—Deck Job	General.			2		
Perkins—Deck Job	Deck Labor.				6	5
Thomas—Rewiring job	General.			2	2	
Administrative.				4		3

2/6/17

- ✓ You receive a call from Annie Wang. They want to hire you to remodel their kitchen. They need to have the job completed in time to host their daughter’s wedding reception on February 28. This is a big remodel, but you are confident your crew can get the project completed on time. You expect to start demolition on Wednesday the 8th.
- ✓ You head down to the City of Sacramento to pick up some building permits for the Wang family’s kitchen remodel. The total cost is \$680, which you pay with check #1106.
- ✓ You talk to Janine Thomas about the amount she still owes on the bathroom remodel. She agrees to make a \$3,000 payment using her Visa card which you record.
- ✓ You deposit the \$3,297.99 check received from Janine Thomas on February 3rd in the bank.
- ✓ You also “deposit” the \$3,000 credit card payment. The bank charges you a 2% merchant fee, which you post to the bank service charge account. You consider merchant fees to be administrative costs.
- ✓ You remit the sales taxes you collected in January (\$3,716.29) to the Board of Equalization (check # 1107).

2/8/17

- ✓ You stop at Gus’ Gasoline and use your credit card to fill up both trucks. You wonder out loud if gasoline prices will ever be less than \$1 a gallon. Your neighbor thinks you’re pretty funny! (Your neighbor helped get both trucks to the station.) Total cost is \$80.