

Welcome to *Computerized Accounting with QuickBooks 2019*!

In order to use this textbook, you'll need access to:

- QuickBooks Premier 2019 software
- Student data files

There are a couple of ways to access QuickBooks software.

- If you will be completing all your exercises and assignments using school lab computers, the software will already be installed on those computers. (Your instructor will let you know which lab computers have QuickBooks installed.)
- If you will be completing all your work using your own personal computer, you'll need to install the 5-month QuickBooks trial software included with this book on your computer.
 - **Important:** The trial software provided is for use on Windows-based PCs. It cannot be installed on computers or mobile devices using OS X, iOS, or Android operating systems.
- If you will be completing your work using both your own personal computer and school lab computers, you'll need to do two things:
 - Install the trial software on your personal computer.
 - Save all your work to a USB drive so that you can access your working files (and work on your assignments) on any machine that has QuickBooks 2019 installed.

This is the correct URL for registration. The page in the printed text directs you to the Canadian download page. (There is an extra /ca/ after www.intuit.com.); correct in student edition.

Instructions for installing QuickBooks Premier 2019 on your personal computer:

1. To obtain the license for your 5-month trial access of the software, you must complete an online form through Intuit Education. Go to: <https://www.intuit.com/partners/education-program/registration/students/quickbooks-desktop/>. You will be authenticated as a student and your license and product number will be emailed directly to you. Additional details about the registration process are included on the Student Ancillaries page at <https://cambridgepub.com/book/quickbooks-2019#supplements>.
2. Once you have the license number, go to <https://downloads.quickbooks.com/app/qbdt/products>.
3. From the dropdown menus, select your country: United States (US), product: QuickBooks Desktop Premier, and Version: 2019.
4. Click on 'Download.' A Setup_QuickBooksPremier2019.exe file will automatically download to your computer.
5. Open the file and follow the online instructions. You also have the option of watching an instructional video that appears on the screen.
6. You will need your product number and license number to complete the installation. You should receive both directly from Intuit. If you don't see a product number, use **587-405**.
7. Select the *Express (recommended)* installation.
8. Warning: The installation can take time. This is the full version of QuickBooks so be patient.
9. You will be required to register the software. Go to pages 5-6 in your textbook for additional information about registration and about opening company files.

Student data files are available for download at:

<https://cambridgepub.com/book/quickbooks-2019#supplements>

- Tatiana Jackson
4455 Sutterville Ave
Sacramento, CA 95822
121-12-1212

- ✓ You record the check (#1009) to pay Tatiana the \$90 she earned for the day. This is another cost of putting on the special event.

12/15/20

- ✓ You pay all bills due by 12/25
 - There should be two bills totaling \$450. Start with check 1010.
- ✓ You place an order with The Camera Shop for more film and other photography supplies. You pick the order up and they give you a bill (#2884) for \$150. The terms are Net 15. You expect the supplies at least two months.

12/21/20

- ✓ During last Friday's basketball game at Mercer High School, Nicolas dropped his camera while he was packing up to go home. He takes the camera over to The Camera Shop so the technicians there can take a look at it. He'll need it for the Shoreline play tomorrow so they agree to put a rush on the job.
- ✓ Nicolas decides to start getting more serious about his business. He creates a brochure to mail out to local schools and arts organizations. He plans to mail them out within the week. He stops by Ollie's to have the brochures printed. While he's there, he picks up a few notebooks and some pens. You consider the brochures (at a total cost of \$60) to be marketing materials. The notebooks and pens only cost \$12 in total, so you decide to expense those. Ollie's bill (#45-685) totals \$72. The terms on this bill are Net 15. You record the bill and update the vendor record for the payment terms.

12/23/20

- ✓ The Camera Shop calls and lets Nicolas know that his camera is ready to be picked up. There really was minimal damage. He uses his credit card to pay the \$25 when he picks the camera up. [TIP: Ignore the warning about the outstanding bill from The Camera Shop. This is a separate transaction.]
- ✓ You ask Nicolas to consider purchasing a laptop, one he could use when he's out working and one you could use when you're doing his accounting. He agrees and orders one from Better Buy.
- ✓ You receive a bill in the mail from Sactown News for an ad Nicolas placed in the paper describing his services and listing his rates. He's hoping to expand his 'Headshot' business. He might even start doing private events (birthday parties, weddings, etc.) The ad is set to appear in next Sunday's paper (1/3/21). The total cost is \$80 (vendor invoice #12213). The bill is due in 15 days. [TIP: Think about whether you need to create a new account for this transaction. Remember: The ad will not appear until January.]

12/29/20

- ✓ You pay all bills due on or before 1/5/21.
 - There should be two bills totaling \$222. Start with check #1012.

12/30/20

- ✓ Nicolas picks up the laptop he ordered from Better Buy. He uses his credit card to make the purchase. The total cost comes to \$595. He expects the laptop to last for three years. You Quick Add Better Buy as a vendor.
- ✓ Nicolas needs money to pay his rent and buy some groceries! He asks for a draw of \$2,000. You write him a check (#1014).

10/26/20

- ✓ Accountants Plus calls and places an order for 10 standard calculators and 10 copies of “Brilliant Bookkeeping Techniques” to give out at a client appreciation party. The company also orders 3 cartons of paper. Brandon delivers all the items to them, and you create a \$1,489.33 invoice (#1108).
- ✓ You review your **Open Invoices** report as of 10/26. Invoice #1080 to Somerset & Somerset has been outstanding since early September. You have been in contact with the firm but have yet to collect the amount owing. You try to call Gene Somerset (one of the owners) again but discover that the firm’s phone has been disconnected. After further research, you discover that the firm has had to close and is in the process of filing for bankruptcy. You decide to write off the balance of \$206.63 to bad debt expense. The Abacus Shop uses the direct write-off method because it has historically had very few uncollectible accounts. You’ll need to set up a new expense account. You consider bad debt expense to be a subaccount of “Sales and marketing costs.”
 - You set up a new expense account (Bad Debt Expense). You consider bad debt expense to be a subaccount of “Sales and marketing costs.”
 - You also set up a new **Other charge item** (Write Off). You leave the **amount or %** as 0 and the **Tax Code** as **Tax**. You select Bad Debt Expense as the **account**.
 - You create a **credit memo** (WO1080) entering \$190 as the **Write-off AMOUNT** and ignoring the warning about the **item** being associated with an expense account. [**TIP:** The tax will be calculated automatically, and the final credit will be for the entire \$206.63.]
 - You apply the credit memo to Invoice 1080.

10/30/20

- ✓ Marvena gives you the detail for the week’s sales. (All sales were at the standard price.)
 - Credit card sales of \$3,572.44 (all VISA, 561):
 - 1 financial analysis software program.
 - 4 copies of “Fundamentals of Financial Accounting.”
 - 4 copies of “Introduction to Managerial Accounting.”
 - 1 calculator—standard model.
 - 1 calculator—deluxe model.
- ✓ You deposit all customer payments received during the week:
 - VISA—\$3,500.99 (Don’t forget the fees.)

Check numbers 10/31

Checking account balance	\$123,435.69
Accounts receivable	\$5,150.07
Total income (October)	\$74,926.73
Total cost of goods sold (October) . . .	\$28,703.34

REPORTS TO CREATE FOR ASSIGNMENT 5A

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

- Journal—10/01 through 10/30 transactions only:
 - Put report in date order. Remove **Trans #** and **Adj** from report.
- Sales by Item Summary (October only):
 - Remove all the **subcolumns** (related to COGS and gross profit).
- Open Invoices dated 10/30 (remove **P.O. #**, and **Aging** columns).
- Balance Sheet (standard) as of 10/31
- Profit & Loss (standard) for October
 - Include the Year-To-Date **column** on the report

You and two of your friends just opened a new business, Tailor-Made Toys. The shop, located in Sacramento, California, specializes in educational toys for elementary age children. All three of you have strong backgrounds in the children's retail industry so you are hopeful that this new venture will be very successful. Tailor-Made Toys is organized as corporation with a 12/31 year end.

You've decided to split the responsibilities as follows:

- Carmen Lopez will oversee retail operations at the shop and manage inventory.
- Anthony Brown will manage marketing and commercial sales.
- You will handle all the accounting and administrative functions.

You have rented a shop near downtown Sacramento. You expect strong in-store sales, but Anthony has already managed to build up a strong commercial customer base as well.

For in-store sales, you accept cash, checks, or credit cards. Cash and checks received from walk-in customers are held in the safe and deposited once a week, on Fridays. Credit card receipts are batched and transmitted to the merchant bank (Capital Three) every Friday. It generally takes only one business day for the bank to process the receipts and deposit the funds in Tailor-Made Toys' account, so you record the weekly sales using Sales Receipts. Capital Three charges a processing fee of 2% of the credit card total. Commercial customers have Net 30 credit terms.

Your current inventory includes computer games, board games, model and building kits, and science kits. Tailor-Made Toys has exclusive distribution agreements with several major game manufacturers thanks to Carmen's connections.

You started the business with a \$5,000 capital contribution from each of you (\$15,000 in total). You also borrowed \$60,000 from Capital Three on 11/1. The monthly payment to the bank (due on the 1st of each month) is \$1,000 **plus** interest at 4% (annual rate).

The business officially opened on 11/1. All the equipment and inventory were purchased the week before the store opening. Tailor-Made Toys is depreciating all equipment, furniture, and software on a straight-line basis. Depreciation is \$346 per month.

You rent the shop for \$2,500 per month under a five-year lease. You paid a **\$2,000** security deposit in early November.

During November, you paid the premium on your insurance policy. The premium amount was \$1,800. The policy term is 11/1/20 to 4/30/21. You also paid, in advance, for advertising space in the Sacramento Business Journal's December and January issues (\$400 per issue).

You have decided to use the Allowance method for recording uncollectible accounts. You set up an initial estimate of \$300.

Before you start your assignment:

- ✓ You'll need to create a new .QBW file for Tailor-Made Toys from the Tailor-Made Toys 2020 (Student Data).QBB file. The .QBB file can be accessed from myBusinessCourse.
- ✓ The password for the company file is 4Cambridge. The answer to the question, Name of Oldest Nephew, is Brian.
- ✓ Change the company name to Your Name Tailor-Made Toys. (Use your first and last names.)
- ✓ Change "Student" to your name on the *Other Names List*. (You decided to enter stockholder names on the *Other Names* list.)
 - Click on **Lists/Other Names List**.
 - Highlight "Student."
 - Open **Other Names** dropdown menu.
 - Select **Edit Other Name** and change it to your name.
 - Click **OK**.

Assignment 5B

Tailor-Made Toys



As a reminder, the screen looks something like this:

Figure 6.23
Bill payment window

The screenshot shows the 'Pay Bills' window with a table of bills. A red box highlights the 'Disc. Date' column for the first bill.

DATE	VENDOR	REF. NO.	DISC. DATE	AMT. DUE	DISC. USED	CREDITS USED	AMT. TO PAY
01/14/...	Intuit	5777		4,000.00	0.00	0.00	0.00
01/15/...	America's Bank	Dec St...		150.10	0.00	0.00	0.00
02/18/...	Intuit	5008-5...	01/29/2021	850.00	0.00	0.00	0.00
02/21/...	Quicken, Inc.	26-882	02/01/2021	50.00	0.00	0.00	0.00
02/24/...	Quicken, Inc.	25-665	02/04/2021	230.40	0.00	0.00	0.00
Totals				5,280.50	0.00	0.00	0.00

Below the table, there is a section for 'DISCOUNT & CREDIT INFORMATION FOR HIGHLIGHTED BILL' and a 'PAYMENT' section.

For any vendors with early payment discounts, the last day of the discount period will be displayed in the **Disc. Date** column. The screen can also be sorted by discount date.

If there are any available credits and/or early payment discounts for a vendor, the amounts will be displayed in the lower section of the screen **when a bill for that vendor is checked or highlighted**. Make sure you check that section of the screen. It's easy to miss a discount or a credit when you're busy selecting amounts to pay.

If there is a credit available and you want to take it to a specific invoice, you need to check that invoice and use the **Set Credits** button in the lower middle right of the window:

Figure 6.24
Links to enter vendor discounts and credits on Pay Bills window

The screenshot shows the 'Pay Bills' window with a table of bills. A red box highlights the 'Set Discount' and 'Set Credits' buttons.

DATE	VENDOR	REF. NO.	DISC. DATE	AMT. DUE	DISC. USED	CREDITS USED	AMT. TO PAY
01/14/...	Intuit	5777		4,000.00	0.00	0.00	4,000.00
01/15/...	America's Bank	Dec St...		150.10	0.00	0.00	150.10
02/18/...	Intuit	5008-5...	01/29/2021	850.00	0.00	0.00	850.00
02/21/...	Quicken, Inc.	26-882	02/01/2021	50.00	0.00	0.00	50.00
02/24/...	Quicken, Inc.	25-665	02/04/2021	230.40	0.00	0.00	0.00
Totals				5,280.50	0.00	0.00	5,050.10

Below the table, there is a section for 'DISCOUNT & CREDIT INFORMATION FOR HIGHLIGHTED BILL' and a 'PAYMENT' section.

Assignment 6B

Tailor-Made Toys



Background information from Chapter 5: You and two of your friends just opened a new business, Tailor-Made Toys. The shop, located in Sacramento, California, specializes in educational toys for elementary age children. All three of you have strong backgrounds in the children's retail industry so you are hopeful that this new venture will be very successful. Tailor-Made Toys is organized as a corporation with a 12/31 year-end.

You've decided to split the responsibilities as follows:

- Carmen Lopez will oversee retail operations at the shop and manage inventory.
- Anthony Brown will manage marketing and commercial sales.
- You will handle all the accounting and administrative functions.

You have rented a shop near downtown Sacramento. You expect strong in-store sales, but Anthony has already managed to build up a strong commercial customer base as well.

For in-store sales, you accept cash, checks or credit cards. Cash and checks received from walk-in customers are held in the safe and deposited once a week, on Fridays. Credit card receipts are batched and transmitted to the merchant bank (Capital Three) every Friday. It generally takes only one business day for the bank to process the receipts and deposit the funds in Tailor-Made Toys' account, so you record the weekly sales using Sales Receipts. Capital Three charges a processing fee of 2% of the credit card total. Commercial customers have Net 30 credit terms.

Your current inventory includes computer games, board games, model and building kits, and science kits. Tailor-Made Toys has exclusive distribution agreements with several major game manufacturers thanks to Carmen's connections.

You started the business with a \$5,000 capital contribution from each of you (\$15,000 in total). You also borrowed \$60,000 from Capital Three on 11/1. The monthly payment to the bank (due on the 1st of each month) is \$1,000 **plus** interest at 4% (annual rate).

The business officially opened on 11/1. All the equipment and inventory were purchased the week before the store opening. Tailor-Made Toys is depreciating all equipment, furniture, and software on a straight-line basis. Depreciation is \$346 per month.

You rent the shop for \$2,500 per month under a five-year lease. You paid a **\$2,000** security deposit in early November.

During November, you paid the premium on your insurance policy. The premium amount was \$1,800. The policy term is 11/1/20 to 4/30/21. You also paid, in advance, for advertising space in the Sacramento Business Journal's December and January issues (\$400 per issue).

You have decided to use the Allowance method for recording uncollectible accounts. You set up an initial estimate of \$300.

12/1/20

- ✓ You cut a check for the \$1,200 Capital Three loan payment due today (Check 1010). [**TIP:** The payment covers the required \$1,000 principal payment plus interest (4% annually) from 11/1 to 11/30. Since the interest is for November, there should be a liability already recorded.]

12/2/20

- ✓ You review your unpaid bills report and notice that the early payment discount for the outstanding bill from STEM Toys expires tomorrow. You decide to pay the two bills from Educational Adventures as well. They are both due in the upcoming week. You write the checks (net of the discount) and get them in the mail before you leave for the day. [**TIP:** Don't forget to change the check date first so you can "set" all available discounts. Use the Purchase Discounts account that has already been set up. There should be three bills but only two checks.]
 - You pay \$12,568.50 in total. The first check number is 1011.

12/4/20

- ✓ Carmen hands you the packing slip and invoice (#68844) from a shipment she received from LegoLand today for PO-05. All items ordered were received. The bill totaled \$1,500. The terms are Net 30.

- ✓ The Educational Adventures order was received today (PO-11). Carmen hands you the packing slip so you can record the receipt. No invoice was included with the shipment. You leave the **REF NO.** blank. [**TIP:** This should be entered on an **item receipt** form.]

12/11/20

- ✓ Anthony and Carmen have decided to expand the product line. Computer games are the most popular products in the store and they want to expand the selection. Anthony has heard about a new company (WhizBang) that has created some impressive handheld games. The games are targeted to younger children and the prices are more moderate. Carmen checks them out and is impressed. Carmen decides to start with a small order of 10 each of three of their products.
 - You set up WhizBang as a vendor
1515 Allplay Drive
San Jose, CA 95123
Main Phone: (669) 546-3566 Terms: 2% 10 Net 30
 - You set up the three new **items**.
 - Each **inventory part item** will have a reorder point of 5 and will use COGS-Games and Games Sales as the COGS and Income accounts, respectively. Inventory will be recorded in the Inventory account. All items are taxable. The preferred vendor is WhizBang.
 - New items (all are **subitems** of Computer Games) are:
 - Unicorn (Description—Unicorn Magic)—Expected cost \$22; Selling price \$39
 - Dragon (Description—Land of Dragons)—Expected cost \$16; Selling price \$29
 - Play (Description—My Play World)—Expected cost \$14; Selling price \$25
 - You prepare the first purchase order (PO-12) for 10 of each new product. The PO totals \$520.

12/15/20

- ✓ Your visit with the attorney goes well. Barry Jones agrees to contact the buyer of the product to see if a settlement can be reached.
- ✓ You receive the following bills in the mail:
 - Municipal Power—December utilities bill # 88554-22-995 for \$195, dated 12/15 and due 1/14. You go ahead and accept the change to **Net 30** terms.
 - Capital Phone Company—December phone bill #TMT5589 for \$225 dated 12/15 and due 12/30
- ✓ Carmen received the STEM Toys order this morning (PO-10). Unfortunately, there were only 15 of each product in the shipment. Carmen called the company and they explained that they were short on inventory due to the holiday season. They expect to fill the backorder next week.
 - Carmen hands you the bill (#641855) for \$1,245 which you record. The terms are 2% 10 Net 30.
- ✓ You pay LegoLand \$3,000 (Check #1017) in payment of their invoice #65657.

12/16/20

- ✓ The attorney calls back with good news. The buyer (Nellie Wilson) is willing to drop the suit in exchange for reimbursement for the damaged table (\$350). You cut a check (#1018) to Nellie for the \$350 and you charge the amount to Client Relations Expense. You **Quick Add** Nellie to the vendor list.
- ✓ The attorney sends you a bill for legal fees (\$400) which you record. The Jones & Jones Law Firm bill (#122015) has terms of Net 30.
- ✓ You hear about a great deal on air conditioning units. It's December and there's currently no need for an air conditioner but you know that it's hot in Sacramento in the summer. You

purchase the equipment for \$650 (including tax) from Paper Depot (Invoice 5228T). Terms are 2% 10 Net 30.

- You don't bother setting it up when you get to the office. You'll do that in May.

- ✓ Carmen hands you the invoice for the shipment received from Educational Adventures on 12/10. The invoice, dated 12/16, is for \$3,750 (#60199). Terms are 2% 10 Net 30. [TIP: Be careful how you enter this. The inventory has already been received. You're just entering the bill for the shipment. The change QuickBooks is referring to in the prompt after you click **Save & close** is the change from **item receipt** to **bill**.

12/17/20

- ✓ Carmen contacts STEM Toys about the incomplete Explosive set returned by one of your in-store customers a few days ago. They pick up the set and hand you a credit (#CM588) for \$105, which you record. [TIP: This is a vendor credit, not a customer credit.]

12/21/20

- ✓ Carmen receives the balance of the STEM order (5 Code and 5 Digital) on PO-10. Invoice #642111 for \$415 is included. Terms are 2% 10 Net 30.
- ✓ The WhizBang order (PO-12) is also received. All ordered products are included in the shipment. Carmen hands the bill (#6822) for \$520 to you for recording. The payment terms are 2% 10 Net 30.
- ✓ Carmen reviews the Inventory Stock Status by Vendor report as of 12/21. She decides to wait on purchasing Robot games or Kitchen kits. They're at the reorder point but she doesn't want to have too much inventory in stock after the holiday. She asks you to prepare purchase orders for the following:
 - From STEM Toys (PO-13 for \$3,870):
 - 15 Code
 - 15 Digital
 - 25 Explosive
 - From All Aboard (PO-14 for \$875):
 - 25 Wars
- ✓ Carmen talks to you and Anthony about sales volumes. Most products are selling well but customer interest in Train and Bugs seems to be declining. None of you are ready to discontinue those lines but you decide to reduce stock on hand. Carmen calls Educational Adventures and they agree to accept returns of both products (25 each) but they do explain that there will be a 5% restocking charge.
 - Carmen delivers the returned items and picks up a vendor credit for \$2,256.25 (#CM501). You record the vendor credit. You set up a new **cost of goods sold** account for the restocking fee (\$118.75). [TIP: The \$118.75 restocking fee must be entered as a negative on the **Expenses** tab since the fee reduces the credit allowed by the vendor. A "negative credit" works as a debit!]
 - You also change the reorder point to 25 for each of those items.

12/23/20

- ✓ You pay all bills with due dates on or before 1/1/21 plus all bills with discounts expiring on or before 1/1/21.
 - You take all available discounts and credits. [TIP: Look carefully at each bill. There are multiple credits and discounts available. For early payment discounts, think carefully about the account that should be credited.]
 - There should be six bills (five checks) for a total payment of \$4,312.15.
 - You let QuickBooks assign check numbers. The last check number is #1023. [TIP: You may need to scroll down to see the last check number.]

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You have decided to use the Allowance method for recording uncollectible accounts. You set up an initial estimate of \$300

12/31/20

- ✓ December has been a very successful month and you decide to transfer some of your cash into a Money Market account to earn some interest. You call Capital Three and set up a new account with a \$20,000 transfer from the checking account. [**TIP:** You'll need to set up a new **Bank** account.]
- ✓ It's the end of the year and you remind Carmen that inventory must be counted. Carmen counts the inventory and gives you this list:

Taken by Carmen	Inventory Count Sheet—12/31/20	Quantity on Hand
Board Games	Go for the Gold	47
	Nosy Neighbors	52
	Math Wars	30
Building Kits	Lego Reinvented Set	56
	Flying Machines	50
	Railroad Development	49
Computer Games	Code Crazy	45
	Digital math	45
	Land of Dragons	9

(continued)

Assignment 7B

Tailor-Made Toys



CAPITAL THREE Sacramento Branch 2166 Pocket Road Sacramento, CA 95822 (916) 558-5552			
Tailor-Made Toys 3835 Freeport Blvd Sacramento, CA 95822	Account # 7551234—Money Market Account December 31, 2020		
	Deposits	Withdrawals	BALANCE
Beginning Balance, December 1			\$ 0.00
12/31—Transfer from checking	\$20,000.00		20,000.00
Ending Balance, December 31			\$20,000.00

CAPITAL THREE Sacramento Branch 2166 Pocket Road Sacramento, CA 95822 (916) 558-5552			
Tailor-Made Toys 3835 Freeport Blvd Sacramento, CA 95822	Account # 6919925—Checking Account December 31, 2020		
	CREDITS	CHARGES	BALANCE
Beginning Balance, December 1			\$21,980.16
12/2, Check 1008		\$2,565.79	19,414.37
12/2, Check 1007		2,500.00	16,914.37
12/4, Deposit	\$2,993.12		19,907.49
12/4, VISA	1,050.25		20,957.74
12/4, Check 1006		180.00	20,777.74
12/7, Check 1010		1,200.00	19,577.74
12/7, Check 1012		4,116.00	15,461.74
12/8, Check return		400.53	15,061.21
12/8, Check return fee		20.00	15,041.21
12/9, Check 1011		8,452.50	6,588.71
12/11, Deposit	11,218.22		17,806.93
12/11, Master Card	3,166.63		20,973.56
12/14, Check 1016		6,350.40	14,623.16
12/15, Check 1015		1,078.00	13,545.16
12/15, Check 1014		1,470.00	12,075.16
12/15, Check 1013		250.00	11,825.16
12/15, Deposit	300.00		12,125.16
12/18, Deposit	13,804.05		25,929.21
12/18, Check 1009		135.31	25,793.90
12/18, Check 1017		3,000.00	22,793.90
12/24, Deposit	25,439.40		48,233.30
12/24, VISA	4,678.35		52,911.65
12/28, Check 1020		1,418.75	51,492.90
12/28, Check 1019		225.00	51,267.90
12/31, Transfer		20,000.00	31,267.90
12/31, Deposit	250.00		31,517.90
12/31, Monthly bank fee		40.00	31,477.90
Ending balance, 12/31			\$31,477.90

Assignment 8B

Tailor-Made Toys



Background information from Chapter 5: You and two of your friends just opened a new business, Tailor-Made Toys. The shop, located in Sacramento, California, specializes in educational toys for elementary age children. All three of you have strong backgrounds in the children's retail industry so you are hopeful that this new venture will be very successful. Tailor-Made Toys is organized as a corporation with a 12/31 year-end.

You've decided to split the responsibilities as follows:

- Carmen Lopez will oversee retail operations at the shop and manage inventory.
- Anthony Brown will manage marketing and commercial sales.
- You will handle all the accounting and administrative functions.

You have rented a shop near downtown Sacramento. You expect strong in-store sales, but Anthony has already managed to build up a strong commercial customer base as well.

For in-store sales, you accept cash, checks or credit cards. Cash and checks received from walk-in customers are held in the safe and deposited once a week, on Fridays. Credit card receipts are batched and transmitted to the merchant bank (Capital Three) every Friday. It generally takes only one business day for the bank to process the receipts and deposit the funds in Tailor-Made Toys' account, so you record the weekly sales using Sales Receipts. Capital Three charges a processing fee of 2% of the credit card total. Commercial customers have Net 30 credit terms.

Your current inventory includes computer games, board games, model and building kits, and science kits. Tailor-Made Toys has exclusive distribution agreements with several major game manufacturers thanks to Carmen's connections.

You started the business with a \$5,000 capital contribution from each of you (\$15,000 in total). You also borrowed \$60,000 from Capital Three on 11/1. The monthly payment to the bank (due on the 1st of each month) is \$1,000 **plus** interest at 4% (annual rate).

The business officially opened on 11/1. All the equipment and inventory were purchased the week before the store opening. Tailor-Made Toys is depreciating all equipment, furniture, and software on a straight-line basis. Depreciation is \$346 per month.

You rent the shop for \$2,500 per month under a five-year lease. You paid a **\$2,000** security deposit in early November.

During November, you paid the premium on your insurance policy. The premium amount was \$1,800. The policy term is 11/1/20 to 4/30/21. You also paid, in advance, for advertising space in the Sacramento Business Journal's December and January issues (\$400 per issue).

You have decided to use the Allowance method for recording uncollectible accounts. You set up an initial estimate of \$300.

12/7/20

- ✓ The first week was already busy and Carmen is concerned that Tailor-Made is understaffed. She knows there should always be someone in the front of the store working with customers but there are also back room duties related to getting products together for shipments to customers and unpacking shipments from vendors. She'd like to hire a couple of employees—one full-time person to work in the store and one part-time person to help with shipping and receiving.
- ✓ Both you and Anthony believe that retail sales increase when there's good customer service, so you agree to the following:
 - The full-time person will be offered a salary of \$35,000 per year.
 - The part-time person will be offered \$15 per hour.
 - Employees will be paid semimonthly.
 - Although Tailor-Made isn't required to provide employee health insurance coverage, they hope to be able to offer that within the next 3 months.
- ✓ All of you let your friends and family know that Tailor-Made is hiring. You also post ads at all the local colleges.

- ✓ When you return to the office, you see that the cabinets for the Perkins Kitchen job (from Martinez Cabinets and Hardware) has arrived. The bill (#89998), dated 1/4, totals \$10,820 with terms of Net 30. [TIP: Don't forget to charge the **item** (cabinets) to the **job**. You must be on the **Items** tab of the **bill**.]
- ✓ You get your neighbor to drive one of your trucks to the gas station (Land Park Gasoline). You drive the other truck. You fill up both trucks for \$150. You use your credit card.

1/5/21

- ✓ Brentley Appliances delivers the appliances for the Perkins Kitchen job. Their bill (#12-1011), dated 1/5, totals \$2,500. Terms with Brantley are Net 15.
- ✓ You receive a reminder notice from your insurance company. You hurry up and write a check (#1090) to Contractor's Insurance Co. for \$2,400. The policy period is 1/1 to 6/30.

1/6/21

- ✓ Flooring materials are delivered by Tuan's Flooring (with the bill) for both jobs. The total bill (#2784) was \$2,600. The terms were Net 30. The bill was dated 1/6.
 - Perkins Kitchen tile flooring, \$2,050.
 - Thomas Bathroom linoleum flooring, \$550.
- ✓ You receive the cabinets (with a bill) for the Thomas Bathroom from Martinez Cabinets. The total bill (#90046) for \$2,985 is dated 1/6. Terms are Net 30. Included with the cabinets are some miscellaneous job supplies you ordered. None of the supplies are expected to last longer than the month. The supplies can't be directly traced to a specific job and are not billable. [TIP: Use the "**Expenses**" tab for the supplies.]
 - The cost of the Thomas Bathroom cabinets, \$2,600.
 - The cost of miscellaneous job supplies, \$385.
- ✓ The sink for the Perkins Kitchen job also arrives. The bill (#78-789) from Folsom Fixtures for \$152.00 is dated 1/6 with terms of Net 30. (NOTE: Sinks, tubs and toilets are considered "fixtures".)

1/8/21

- ✓ You enter timesheets for the week beginning January 4. No one worked on New Year's Day so you don't have to worry about time for last Friday!
 - All job hours are billable, so you enter a **service item** and a **Customer:Job** when entering those hours in addition to a **payroll item**. [TIP: You don't need a **job** or **service item** for your own administrative time. You do, however, need to enter the non-billable **administrative** hours in the timesheet so the wages are allocated properly. Rows for administrative hours only need to include a **payroll item**. The **payroll item** for you is **Salary**. The **payroll item** for Monica and Henri is **Straight time or Overtime**.

Week of January 4–8		M	Tu	W	Th	F
You (40 total hours)						
Perkins Kitchen	Demolition.	8	4			
Perkins Kitchen	Construction.			2	3	2
Perkins Kitchen	Management.			2	2	2
	Administrative		4	4	3	4
Monica Smith (36 total hours)						
Perkins Kitchen	Demolition.	8	4			
Perkins Kitchen	Construction.			8	8	8
Henri Navarre (34 total hours)						
Perkins Kitchen	Demolition.	7	6			
Perkins Kitchen	Construction.			8	7	6

February 8–12		Class	M	Tu	W	Th	F
You (40 Total hours)							
Wang Kitchen	Demolition.	K	8		2		
Wang Kitchen	Construction	K		8		8	6
	Administrative	A			6		2
Monica Smith (40 Total hours)							
Wang Kitchen	Demolition.	K	8				
Thomas Wiring	Construction	O		4			
Wang Kitchen	Construction	K		4	8	8	8
Henri Navarre (40 Total hours)							
Wang Kitchen	Demolition.	K	8				
Wang Kitchen	Construction	K		8	8	8	8

2/15/21

- ✓ You enter timesheets for Monday so you can prepare paychecks.

February 15–19		Class	M	Tu	W	Th	F
You (10 Total hours)							
Wang Kitchen	Management.	K	4				
	Administrative	A	6				
Monica Smith (8 Total hours)							
Wang Kitchen	Construction	K	8				
Henri Navarre (8 Total hours)							
Wang Kitchen	Construction	K	8				

- ✓ You prepare payroll checks for the pay period 2/1 to 2/15.



HINT: Don't forget to compare your **Time by Name** and **Time by Job Detail** reports to the reports posted in the Student Materials section of the book's website, <https://cambridgepub.com/book/quickbooks-2019#supplements>, before you start creating paychecks. Add **class** to the **Time by Job Detail** by customizing the report.

- Start with check #1114.

You use the following data for employee and employer payroll taxes:

	You	Henri	Monica
Withholdings:			
Federal Withholding	300	310	310
Social Security	155	160	160
Medicare.	36	37	37
CA–Withholding	150	155	155
CA–Disability	25	26	26
Employer taxes:			
CA–Employment Training Tax	3	3	3
Social Security	155	160	160
Medicare.	36	37	37
Federal Unemployment	15	15	15
CA–Unemployment	85	88	88