

6. You also look at the balance sheet accounts. You move Accumulated Depreciation so that it is listed AFTER the vehicle account.

ITEM LIST WORK

You talk with your sister about services she plans to provide. Dog walking is the main service, but she does some dog care as well. She plans to have some special events in the future, but she's not yet sure what these events will be.

7. You organize the item list. The parent items (Walks, Care, and Specials) have already been set up. You edit the other **items** (Daily Rate, Weekly Rate, Home Visits, and Transport) so they are appropriately classified as **subitems**. [TIP: Parent items have already been set up for the three main categories (Walks, Care, and Specials). You will just need to edit the other **items** so that they are appropriately classified as **subitems**. Make sure the items and subitems are listed in the exact order shown.] Click the diamond next to the item names to move them.

ITEM NAME	
Walks	Parent item
Daily Rate	Subitem
Weekly Rate	Subitem
Care	Parent item
Home Visits	Subitem
Transport	Subitem
Specials	Parent item



HINT: It's a good idea to do a backup after each chapter assignment. Remember, though, the backup is just used in case your working file is damaged in some way.

SUGGESTED REPORTS FOR ASSIGNMENT 1A

- Account Listing (under the **Lists** option of the **Reports** menu (main menu bar))
 - Customize the report so just the **(left margin)**, **account**, and **type** columns appear. Make sure the account name column is wide enough to see the entire name. Remember: clicking on the separator bars between the column headings allows you to change the width of the column.
- Item Listing (under the **Lists** option of the **Reports** menu (main menu bar))
 - Customize the report so that only the following columns appear:
 - **(left margin)**
 - **Item**
 - **Description**
 - **Type**
 - **Account**
 - **Price**
- Journal (under the **Accountant & Taxes** option of the **Reports** menu (main menu bar))
 - Change the dates to **11/1-11/30/20**

- Balance Sheet Standard (under the **Company & Financial** option of the **Reports** menu (main menu bar))
 - Change **As of** date to 11/30/20
- Profit & Loss Standard (under the **Company & Financial** option of the **Reports** menu (main menu bar))
 - Changes dates to **11/1-** 11/30/20

Assignment 1B

Picture Perfect



One of your best friends in high school, Nicolas Cruz, first started taking pictures of friends and family when he was 14 years old. He seemed to have a real talent for taking great photos of people without the pictures looking too posed. He especially enjoyed taking pictures of people engaged in their favorite activities.

He started attending college in the fall of 2020 and is working on his Associate in Arts in Photography. He's hoping to open his own studio someday.

He has decided to take on some photography work to earn money for living expenses while he attends school. He's already visited a few of the local high schools and colleges and talked to principals, teachers, and coaches about providing photography services for them. He agrees to provide digital photos to the schools within 48 hours of the event. They were all impressed with his portfolio of work and three schools have engaged him to take pictures at sporting and performing arts events. His pictures will be published in school newspapers, brochures, catalogs and on school websites.

You think Nicolas's idea is a great one and you have helped him get set up as a business in Sacramento. (He's operating as a sole proprietorship, so his year-end will be 12/31.) The name of his company is Picture Perfect.

To get started, he knew he'd need to purchase \$6,460 worth of photography and computer equipment. He also wanted to have \$2,500 in the bank to get him through the first month or so. He used \$5,000 saved from jobs he had in high school and took out a loan from his parents for the balance (\$3,960). He agreed to repay them \$120 per month (including interest at 5%).

His photography and computer equipment purchases included:

Computer and printer	\$3,250 (expected life of three years; \$550 salvage value)
Camera, tripod, and lenses	\$2,970 (expected life of five years; \$570 salvage value)
Editing software	\$240 (expected life of two years, no salvage value)

He set up the following fee schedule (which covered editing), with payment terms of Net 15:

- Sports packages
 - Football \$350 per game
 - Basketball \$250 per game
 - Swimming \$200 per meet
- Performing arts packages
 - Plays \$200 per show

Nicolas purchased QuickBooks Accountant 2020 (in November) based on your recommendation, but he has no accounting knowledge and he's getting frustrated! You decide to step in and help him out. He has recorded all November transactions. You have agreed to record all the December transactions and help him prepare all the financial reports as of 12/31, Picture Perfect's year-end.

To begin you need to create a working file (.QBW file). Here is a refresher!

- Open QuickBooks Accountant.
- Click the **File** dropdown menu and select **Open or Restore Company**

the gifts (to client relations) but not the supplies to have on hand. The Healthy Pets invoice number is 3895 (\$50). Terms are Net 15.

- ✓ You prepare check #1011 for your sister to bring down to the “Sacramento Daily News” to pay for some additional advertising. The advertising will appear in next Sunday’s paper. The total cost is \$20.

12/17/20

- ✓ Your sister hands you another gas receipt for \$20. She purchased the gas at Neighborhood Gas using her gas credit card.
- ✓ While she was heading home, she drove over some glass in the road and ruined one of her tires. She brought the van to Truxell Trucks and purchased a new tire for \$100. (Truxell billed it to her account. Truxell’s invoice number is 9978 with terms of Net 30. These are the normal credit terms for Truxell.) You expense the cost of the new tire.
- ✓ While she was at Truxell’s, she talked to the owner about having some dog cages built into the van. She thinks the cages should last for four years and will help keep the dogs safe whenever she’s transporting them. He quoted her a price of \$600. She agreed to bring the van back on 12/28 to have the cages installed.

12/21/20

- ✓ You pay all bills due on or before 1/4/21. [**TIP:** You should be paying four bills with three checks. Assign check numbers starting with #1012. All three checks total \$375.]

12/28/20

- ✓ Your sister brings her van to Truxell and has the dog cages installed. The actual price is the \$600 quoted (invoice #9998). Terms are Net 30.



HINT: Don’t forget that the cages are expected to last for four years.

- ✓ Your sister has been working hard and decides to have some New Year’s Eve fun. You write her a \$100 check. (Use check #1016.) **NOTE:** Monica has already been set up in your company file (on the **Other Name** list). [**TIP:** She’s the owner (sole proprietor) so this **won’t** be classified as an expense. Distributions to sole proprietors are called “draws.”]

Check numbers as of 12/31

Checking account balance \$902
 Accounts Payable \$700
 Net income (December only) \$905

REPORTS TO CREATE FOR ASSIGNMENT 3A

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

- Journal—12/01 through 12/31 (put in **date order**). Include only these transaction types: **Check**, **Credit Card**, **Bill**, and **Bill Payment**. Remove **Trans #** and **Adj** column.
- Vendor Balance Detail (11/1–12/31)
- Vendor Contact List
 - Include only Vendor and Eligible for 1099 columns. [**TIP:** You may need to resize the **Vendor** column to see **Eligible for 1099** column.]
- Balance Sheet (standard) as of 12/31
- Profit and loss (standard) (12/1 to 12/31). Include a Year-To-Date column on the report. [**TIP:** Click **Customize** and select **Year-to-date** on the **Display** tab.]

You are a small operation, so you bill your clients twice a month, and your credit terms are Net 10. Remember: In QuickBooks, clients are called **customers**; cases (matters) are called **jobs**. The clients and matters you know you'll be working on are:

- Jordan & Jamie Childress—Adoption (Katie).
- Sam & Serena Johnson—Adoption (Terrence).
- Urban Settings—Employment contract for architects.
- Janice Williams—Wrongful termination.
- Mega Manufacturing Company—Union contract negotiation.

You've already set up the listed clients in QuickBooks. You've set yourself and Nancy up as employees in QuickBooks as well. You have also set up frequently used vendors and most of the **payroll items** you think you'll need. Manual payroll processing has already been turned on.

You've set up **service items** for each of the professional services you expect to perform. Professional services will be billed on an hourly basis. You've also set up a **service item** for non-billable time. Non-billable time represents time spent on general company business (time not chargeable to a specific client).

You intend to bill your clients for any direct costs incurred on their behalf and so have also set up **items** for those costs (**other charge** items). You do not intend to mark up direct costs.

Other information:

- Professional liability insurance policy premium: \$3,000; term: 1/1 to 6/30/21.
- General insurance policy premium: \$600; term: 1/1 to 6/30/21.
- Monthly depreciation (straight-line) on computer equipment and copier: \$93, with a 3-year life.
- Monthly depreciation (straight-line) on furniture: \$30, with a 5-year life.

Before you start your assignment:

- ✓ Change the company name to Your Name Champion Law, Inc.
- ✓ Change "Student Name" to "Your Name" in the **Employee Center**. (Use your first and last names.)
- ✓ Familiarize yourself with the **item**, **payroll item**, and **chart of account** lists.

1/5/21

- ✓ You file documents for the adoption cases at the courthouse. The fees (paid to the Superior Court of California) total \$40. You pay with check #1008 (\$20 for the Childress [Katie] adoption and \$20 for the Johnson [Terrence] adoption).
 - [TIP: You will be charging your clients for all direct costs so the costs must be entered on the **items** tab. **Don't forget to charge the cost to the job, not to the main customer name.** There is an **item** already set up for filing fees. Ignore the prompt about updating costs. There is no set amount for filing fees. You might want to turn off the message.]
- ✓ You receive the January bill for a legal library service. The company (Legal Eagle) provides you with unlimited online access to various legal research materials (including updates to laws and regulations) for a monthly fee of \$800. The vendor bill, #78922, is dated 1/4. The terms are Net 15. You've already set up an account for this type of expense.
- ✓ You **met** with a new client for an initial consultation **yesterday**. Unfortunately, she decides not to hire the firm. Because she won't be an ongoing client, you don't set her up as a **customer**. You do prepare a sales receipt (start with #101), using **Consultation Only** as the **Customer:Job**. The meeting lasted three hours. The total fee paid, in cash, is \$225.
- ✓ You deposit the cash in the bank (\$225 total).

- ✓ When you return to the office, you see that the cabinets for the Perkins Kitchen job (from Martinez Cabinets and Hardware) have 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 Brentley 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