

Project

1

Mary Williams, Accounting

In Project 1, you complete the computer accounting cycle for Mary Williams, Accounting. Ms. Williams started her accounting practice on December 1, 2017 in Yuma, Arizona. Ms. Williams employs two accounting technicians and one administrative assistant. Ms. Williams' employees are independent contractors. Further study of payroll accounting will be done in Chapter 15.

Mary Williams' balance sheet, transaction register, and bank statement are provided as source documents. Remember to make backups at periodic intervals. Project 1 ends with a Check Your Progress assessment.

Step 1: Start Sage 50. If a company opens, select File > New Company. One company should be opened. The Create a New Company – Introduction

window appears. Click

Next >


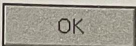
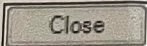

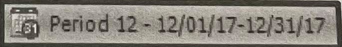
Step 2: Type the following company information:

Company Name:	Mary Williams, Accounting (substitute your first and last name for Mary Williams)
Address Line 1:	4281 West 24th Street
City, State, Zip	Yuma, AZ 85364
Country:	USA
Telephone:	928-555-8165
Fax:	928-555-8167
Business Type:	Select Sole Proprietorship

Leave the Tax ID Numbers fields blank.

Web Site: www.marywilliams.com

E-mail: info@marywilliams.com

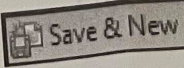
- Step 3: Accept the default to Use a sample business type that closely matches your company.
- Step 4: Select Service Company. (*Hint:* Simplified types have four-digit account numbers.)
- Step 5: Accept the default for Accrual accounting.
- Step 6: Accept the default for Real Time posting.
- Step 7: Accept the default for Choose an accounting period structure, 12 monthly accounting periods per year.
- Step 8: The Choose the first period of your fiscal year window appears. Select January 2017.
- Step 9: At the You are ready to create your company window, click . If the screen prompts You can use this company in the student version of Sage 50 for the next 14 months and then it will expire, click . At the Sage 50 Setup Guide window, click on the box next to Don't show this screen at startup. Click . Close the Sage Advisor Getting Started window.
- Step 10: Change the accounting period to Period 12 – Dec 01, 2017 to Dec. 31, 2017. (*Hint:* On the toolbar, click  > select Period 12. The toolbar shows . If the screen prompts, Would you like to run an Internal Accounting Review?, put a checkmark next to Do not display this message again; click <No>.
- Step 11: Make the following changes to the Chart of Accounts.

Delete these accounts:

- 1010 Cash on Hand
- 1150 Allowance for Doubtful Account
- 2310 Sales Tax Payable
- 2320 Deductions Payable
- 2330 Federal Payroll Taxes Payable
- 2340 FUTA Payable
- 2350 State Payroll Taxes Payable
- 2360 SUTA Payable
- 2370 Local Taxes Payable
- 2400 Customer Deposits
- 2700 Long Term Debt–Noncurrent
- 4300 Other Income
- 5900 Inventory Adjustments
- 6250 Other Taxes Expense
- 6650 Commissions and Fees Expense
- 7100 Gain/Loss – Sale of Assets Exp

Change these accounts:¹

- | | | |
|------|--------------------------------|--------------------------------------|
| 1020 | Checking Account | Fourth Avenue Bank |
| 1400 | Prepaid Expenses | Prepaid Rent |
| 1500 | Property and Equipment | Computer Equipment |
| 1900 | Accum. Depreciation-Prop&Eq | Accum. Depreciation – Comp Eq |
| 2500 | Current Portion Long-Term Debt | Notes Payable |
| 3920 | Owner's Contribution | Mary Williams, Capital |
- (Use your name; Account Type: Equity-doesn't close)

¹New account names are shown in boldface. Click  between accounts.

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3930	Owner's Draw	Mary Williams, Draw (Use your name)
4000	Professional Fees	Accounting Fees
6000	Wages Expense	Wages Expense – Adm Asst
6050	Employee Benefit Programs Exp.	Wages Expense - Acctg Tech
6150	Bad Debt Expense	Subscriptions Expense
6450	Office Supplies Expense	Supplies Expense
6550	Other Office Expense	Internet Service
7050	Depreciation Expense	Deprec Exp – Comp Eq

Add these accounts:

1450	Supplies	Other Current Assets
1510	Furniture and Fixtures	Fixed Assets
1520	Automobile	Fixed Assets
1910	Accum. Depreciation – Furn&Fix	Accum. Depreciation
1920	Accum. Depreciation – Automobi	Accum. Depreciation
7060	Deprec Exp - Furn&Fix	Expenses
7070	Deprec Exp - Automobile	Expenses
7400	Postage Expense	Expenses

Step 12: Print or display the Chart of Accounts. Check Account IDs (numbers) and Account Types.

Step 13: Back up the chart of accounts; **Mary Williams Chart of Accounts.**

Step 14: Use Mary Williams' Balance Sheet to enter the beginning balances.

Important: When selecting the beginning balance period, select From 11/1/17 through 11/30/17—Beginning Balances as of November 30, 2017.

Mary Williams, Accounting Balance Sheet December 1, 2017		
ASSETS		
Current Assets		
Fourth Avenue Bank	\$35,500.00	
Accounts Receivable	17,400.00	
Prepaid Rent	4,000.00	
Supplies	3,300.00	
Total Current Assets		\$60,200.00
Property and Equipment		
Computer Equipment	12,600.00	
Furniture and Fixtures	15,000.00	
Automobile	21,500.00	
Total Property and Equipment		49,100.00
Total Assets		<u>\$109,300.00</u>
<i>Continued</i>		
LIABILITIES AND CAPITAL		
Current Liabilities		
Accounts Payable	\$11,200.00	
Notes Payable	8,400.00	
Total Current Liabilities		19,600.00
Capital		
Mary Williams, Capital		89,700.00
Total Liabilities and Capital		<u>\$ 109,300.00</u>

- Step 15: To check your beginning balances, display or print the November 30, 2017 balance sheet.
- Step 16: Back up beginning data; **Mary Williams Beginning Balances.**
- Step 17: The transaction register provides the information necessary for December's journal entries.

Ck. No.	Date	Description of Transaction	Payment	Deposit	Balance
	11/30	Starting balance			35,500.000
	12/1	Deposit (accounting fees)		3,500.00	39,000.00
9001	12/1	Fourth Avenue Bank (Notes Payable)	2,700.00		36,300.00
9002	12/1	Best Office Equipment - laser printer (computer equipment)	625.87		35,674.13
9003	12/9	Administrative Asst.	1,250.00		34,424.13
9004	12/9	Acctg. Technician	690.00		33,734.13
9005	12/12	Office Supplies on Main (letterhead - supplies)	105.65		33,628.48
9006	12/16	Administrative Asst.	1,250.00		32,378.48
9007	12/16	Acctg. Technician	690.00		31,688.48
	12/16	Deposit (accounting fees)		3,500.00	35,188.48
9008	12/17	West Telephone (telephone bill)	70.47		35,118.01
9009	12/17	U.S. Post Office	49.00		35,069.01
9010	12/17	Journal of Accounting (subscription)	545.00		34,524.01
9011	12/23	Administrative Asst.	1,250.00		33,274.01
9012	12/23	Acctg. Technician	620.00		32,654.01
	12/23	Deposit (accounting fees)		4,000.00	36,654.01

9013	12/24	RPS Electric (utilities bill)	105.20		36,548.81
	12/24	Deposit (accounting fees)		4,000.00	40,548.81
9014	12/30	Administrative Asst.	1,250.00		39,298.81
9015	12/30	Acctg. Technician	750.00		38,548.81
	12/30	Deposit (payment received from client on account)		1,500.00	40,048.81
9016	12/30	Internet Service	29.99		40,018.82

Step 18: Mary Williams' bank statement is shown below. (*Hint: Remember to record the bank service charge.*)

Statement of Account		Mary Williams, Accounting			
Fourth Avenue Bank		4281 West 24 th Street			
December 1 to December 31, 2017		Account No. 2167-893211 Yuma, AZ 85364			
REGULAR CHECKING					
Previous Balance	11/30/17	35,500.00			
4 Deposits(+)		15,000.00			
12 Checks (-)		10,607.19			
Service Charges (-)	12/31/17	25.00			
Ending Balance	12/31/17	39,867.81			
DEPOSITS					
12/3/17	\$3,500.00	12/17/17	3,500.00	12/27/17	\$4,000.00
				12/30/17	\$4,000.00
CHECKS (Asterisk * indicates break in check number sequence)					
	12/10/17	9001	2,700.00		
	12/11/17	9002	625.87		
	12/13/17	9003	1,250.00		
	12/13/17	9004	690.00		
	12/17/17	9005	105.65		

	12/17/17	9006	1,250.00	
	12/17/17	9007	690.00	
	12/24/17	9008	70.47	
	12/24/17	9011*	1,250.00	
	12/24/17	9012	620.00	
	12/27/17	9013	105.20	
	12/31/17	9014	1,250.00	

- Step 19: Print an Account Reconciliation report.
- Step 20: Print the Account Register.
- Step 21: Print a General Ledger Trial Balance (unadjusted).
- Step 22: Back up the unadjusted trial balance; **Mary Williams UTB.**
- Step 23: Complete these adjusting entries:

- a. Supplies on hand: \$3,250.00.
- b. Depreciation for Computer Equipment: \$353.50.
- c. Depreciation for Furniture and Fixtures: \$166.67.
- d. Depreciation for the Automobile: \$358.33.
- e. Rent was paid for two months on November 30, 2017. Adjust one month's rent.²

- Step 24: Print the General Journal, Cash Receipts Journal, and Cash Disbursements Journal.
- Step 25: Print the General Ledger Trial Balance (adjusted).
- Step 26: Print the General Ledger. (*Hint: Select Reports & Forms > General Ledger > highlight General Ledger, make the selections to print.*)

²Refer to the December 1, 2017 Balance Sheet for the account balance in the Prepaid Rent account.

- Step 27: Print the financial statements: balance sheet, income statement, statement of retained earnings, and statement of cash flow.
- Step 28: Back up December data; **Mary Williams December**.
Note: For grading purposes, your instructor may require that you turn in reports. Ask your instructor what type of files they prefer: Adobe (.pdf), Excel (.xlsx), or Sage 50 backup (.ptb).
- Step 29: Export the adjusted trial balance, balance sheet, income statement, statement of cash flow, and statement of retained earnings to Excel. Use **Mary Williams_Adjusted Trial Balance and Financial Statements.xlsx** as the file name. (Change the name of the General Ledger Trial Balance to Adjusted Trial Balance.)
- Step 30: Save the adjusted trial balance and financial statements as PDF files. Use Project 1, then the report's title for the file name; for example, **Project 1_Adjusted Trial Balance, Project 1_Balance Sheet.pdf**.
- Step 31: Close the fiscal year. Continue closing the fiscal year.
- Step 32: Print the Postclosing Trial Balance.
- Step 33: Back up year-end data; **Mary Williams EOY**.
- Step 34: Export the postclosing trial balance to Excel. Use **Mary Williams_Postclosing Trial Balance.xlsx** as the file name; December 31, 2017 as the data. Change the name of the trial balance.
- Step 35: Save the postclosing trial balance as a PDF file. Use **Project 1_Postclosing Trial Balance.pdf** as the file name.

Student Name _____

Date _____

CHECK YOUR PROGRESS: PROJECT 1, Mary Williams, Accounting

1. What are the total debit and credit balances on your unadjusted trial balance? _____
2. What are the total debit and credit balances on your adjusted trial balance? _____
3. According to your account reconciliation report, what is the Ending GL Balance? _____
4. What is the depreciation expense for furniture and fixtures on December 31? _____
5. What is the depreciation expense for computer equipment on December 31? _____
6. What is the amount of total revenues as of December 31? _____
7. How much net income (or net loss) is reported on December 31? _____
8. What is the account balance in the Supplies account on December 31? _____
9. What is the account balance in the Accounts Payable account on December 31? _____
10. What is the total liabilities and capital balance on December 31? _____
11. Is there an Increase or Decrease in cash for the the month of December? _____
12. Were any Accounts Payable incurred during the month of December? (Circle your answer). YES NO