

Chapter Review and Assessment

- b. Make a journal entry to reverse the Uncategorized Income account.
 - c. Make a journal entry to reverse the Uncategorized Expenses account.
13. Display and print the following reports for June 1, 2013:
- a. *Journal*
 - b. *Trial Balance*
 - c. *Profit & Loss Standard* (04/01/2013–06/01/2013)
 - d. *Balance Sheet Standard*
 - e. *Item Listing*
 - f. *Customer Contact List*
 - g. *Vendor Contact List*
14. Make a backup copy of the new company file. Use the name **LMS7 [Your Name] Lynn's Music Studio**. Restore the backup copy, and change the company name to **LMS7 [Your Name] Lynn's Music Studio**.

Case Problem 2

On June 1, 2013, Olivia Chen began her business, called Olivia's Web Solutions. In the first month of business, Olivia set up the office, provided Web page design and Internet consulting services, and recorded month-end activity. In July, the second month of business, Olivia began to purchase and sell inventory items of computer hardware and software. In June and July, Olivia was recording the financial activities using a manual accounting system. On August 1, 2013, Olivia decides to switch her accounting method to QuickBooks. Olivia has organized the information about the company but has hired you to convert the accounting records to QuickBooks.

1. Use the information below to create and set up the company file using the Express Start method (skip the Quickbooks Setup window after the new company file is created):

<i>Company Name:</i>	CH7 [Your Name] Olivia's Web Solutions
<i>Industry:</i>	Other/None
<i>Company Type:</i>	Sole Proprietorship
<i>Tax ID #:</i>	55-5656566
<i>Legal Name:</i>	CH7[Your Name] Olivia's Web Solutions
<i>Address:</i>	547 Miller Place
<i>City:</i>	Westport
<i>State:</i>	NY
<i>Zip:</i>	11858
<i>Country:</i>	U.S.
<i>Phone:</i>	516-555-5000
<i>Email:</i>	LIV@emcp.net

Chapter Review and Assessment

Account Type	Number	Account Name
Other Current Asset	1305	Office Supplies
Other Current Asset	1410	Prepaid Advertising
Other Current Asset	1420	Prepaid Insurance
Fixed Asset	1700	Computers
Fixed Asset	1725	Computers, Cost [Subaccount of 1700]
Fixed Asset	1750	Accum. Dep., Computers [Subaccount of 1700]
Fixed Asset	1800	Furniture
Fixed Asset	1825	Furniture, Cost [Subaccount of 1800]
Fixed Asset	1850	Accum. Dep., Furniture [Subaccount of 1800]
Fixed Asset	1900	Software
Fixed Asset	1925	Software, Cost [Subaccount of 1900]
Fixed Asset	1950	Accum. Dep., Software [Subaccount of 1900]
Other Current Liability	2020	Notes Payable
Other Current Liability	2030	Interest Payable
Income	4010	Web Page Design Fees
Income	4020	Internet Consulting Fees
Income	4060	Sale of Computers
Income	4065	Sale of Scanners
Income	4070	Sale of HTML Software
Income	4075	Sale of Desktop Pub. Software
Income	4100	Sales Discounts
Cost of Goods Sold	5065	Cost of Scanners Sold
Cost of Goods Sold	5070	Cost of HTML Software Sold
Cost of Goods Sold	5075	Cost of Desktop Pub. Soft. Sold
Cost of Goods Sold	5900	Inventory Adjustment
Expense	6050	Advertising Expense
Expense	6075	Deprec. Exp., Computers
Expense	6085	Deprec. Exp., Furniture
Expense	6095	Deprec. Exp., Software
Expense	6100	Insurance Expense
Expense	6300	Computers Supplies Expense
Expense	6325	Office Supplies Expense
Expense	6350	Online Service Expense
Expense	6400	Rent Expense
Expense	6450	Telephone Expense
Expense	6500	Utilities Expense
Other Expense	7000	Interest Expense

Chapter Review and Assessment

Account Type	Number	Account Name
Other Current Asset	1305	Office Supplies
Other Current Asset	1410	Prepaid Advertising
Other Current Asset	1420	Prepaid Insurance
Fixed Asset	1700	Computers
Fixed Asset	1725	Computers, Cost [Subaccount of 1700]
Fixed Asset	1750	Accum. Dep., Computers [Subaccount of 1700]
Fixed Asset	1800	Furniture
Fixed Asset	1825	Furniture, Cost [Subaccount of 1800]
Fixed Asset	1850	Accum. Dep., Furniture [Subaccount of 1800]
Fixed Asset	1900	Software
Fixed Asset	1925	Software, Cost [Subaccount of 1900]
Fixed Asset	1950	Accum. Dep., Software [Subaccount of 1900]
Other Current Liability	2020	Notes Payable
Other Current Liability	2030	Interest Payable
Income	4010	Web Page Design Fees
Income	4020	Internet Consulting Fees
Income	4060	Sale of Computers
Income	4065	Sale of Scanners
Income	4070	Sale of HTML Software
Income	4075	Sale of Desktop Pub. Software
Income	4100	Sales Discounts
Cost of Goods Sold	5065	Cost of Scanners Sold
Cost of Goods Sold	5070	Cost of HTML Software Sold
Cost of Goods Sold	5075	Cost of Desktop Pub. Soft. Sold
Cost of Goods Sold	5900	Inventory Adjustment
Expense	6050	Advertising Expense
Expense	6075	Deprec. Exp., Computers
Expense	6085	Deprec. Exp., Furniture
Expense	6095	Deprec. Exp., Software
Expense	6100	Insurance Expense
Expense	6300	Computers Supplies Expense
Expense	6325	Office Supplies Expense
Expense	6350	Online Service Expense
Expense	6400	Rent Expense
Expense	6450	Telephone Expense
Expense	6500	Utilities Expense
Other Expense	7000	Interest Expense

9. Use the information in table OWS—Items to update the Item List. For the Inventory Part Items, be sure to use the date August 1, 2013.

TABLE OWS—Items

Item Name and Description on Purchase and Sales Transactions	Cost	COGS Acct	Sales Price	Income Acct	Asset Acct	Reorder Point	On Hand	Total Value
<i>Service Items (nontaxable):</i>								
Internet Consulting Services			\$ 100	4020				
Web Page Design Services			125	4010				
<i>Inventory Part Items (taxable):</i>								
Computers	\$1,000	5060	2,000	4060	1260	3	10	\$10,000
Scanners	300	5065	600	4065	1265	5	12	3,600
HTML Software	75	5070	150	4070	1270	5	18	1,350
Desktop Pub. Software	100	5075	200	4075	1275	5	10	1,000

10. Use the information in table OWS—Customers to update the Customer Center.

TABLE OWS—Customers

Customer/Company Name	Name/Contact	Address	Phone/Fax	Terms	Balance
Artie's Auto Repair	Leon Artie	32 W. 11th Street New Hyde Park, NY 11523	516-555-1221 516-555-1231	Net 30 Days	800.00
Breathe Easy A/C Contractors	Allen Scott	556 Atlantic Ave. Freeport, NY 11634	516-555-6868 516-555-6869	Net 30 Days	
Long Island Water Works	Customer Service	87-54 Bayview Ave. Glen Cove, NY 11563	516-555-4747 516-555-4748	2/10, Net 30 Days	
Miguel's Restaurant	Miguel Perez	30 Willis Ave. Roslyn, NY 11541	516-555-3236 516-555-3237	2/10, Net 30 Days	
Schneider Family	Johnny Schneider	363 Farmers Rd. Syosset, NY 11547	516-555-8989 516-555-8990	Net 15 Days	1,000.00
Sehorn & Smith Attorneys	Jerry Sehorn	510 Fifth Ave. New York, NY 10022	212-555-3339 212-555-3338	Net 30 Days	800.00
Singh Family	David Singh	363 Marathon Parkway Little Neck, NY 11566	718-555-3233 718-555-3239	Net 15 Days	
South Shore School District	Joseph Porter	3666 Ocean Ave. South Beach, NY 11365	516-555-4545 516-555-4546	2/10, Net 30 Days	12,056.00
Thrifty Stores	William Way	23 Boston Ave. Bronx, NY 11693	718-555-2445 718-555-2446	Net 30 Days	1,500.00

Chapter Review and Assessment

11. Use the information in table OWS—Vendors to update the Vendor Center.

TABLE OWS—Vendors

Vendor/Company Name	Name/Contact	Address	Phone/Fax	Terms	Balance
ARC Management	Alvin R. Clinton	668 Lakeville Ave. Garden City, NY 11678	516-555-6363 516-555-6364	Net 30 Days	
Chrbet Advertising	Chris Chrbet	201 E. 10th Street New York, NY 10012	212-555-8777 212-555-8778	Net 30 Days	1,200.00
Comet Computer Supplies	Customer Service	657 Motor Parkway Center Island, NY 11488	631-555-4444 631-555-4455	Net 15 Days	
Computec Computers	Customer Service	3631 Gate Blvd. Greenboro, NC 27407	702-555-6564 702-555-6563	Net 30 Days	10,000.00
Eastel	Customer Service	655 Fifth Ave. New York, NY 10012	212-555-6565 212-555-6566	Net 30 Days	350.00
Eastern Mutual Insurance	Customer Service	55 Broadway Room 55 New York, NY 10001	212-555-6363 212-555-6364	Net 30 Days	
InterSoft Development Co.	Customer Service	556 Route 347 Hauppauge, NY 11654	631-555-3634 631-555-3635	Net 30 Days	
Lewis Furniture Co.	Manny Lewis	1225 Route 110 Farmingdale, NY 11898	631-555-6161 631-555-6162	Net 30 Days	1,700.00
LI Power Company	Customer Service	5444 Northern Ave. Plainview, NY 11544	516-555-8888 516-555-8889	Net 15 Days	
Martin Computer Repairs	Ken Martin	366 N. Franklin St. Garden City, NY 11568	516-555-7777 516-555-7778	Net 30 Days	
Netsoft Development Co.	Customer Service	684 Mountain View Rd. Portland, OR 68774	974-555-7873 974-555-7874	Net 30 Days	1,600.00
Office Plus	Customer Service	45 Jericho Tpke. Jericho, NY 11654	516-555-3214 516-555-3213	Net 30 Days	375.00
Olivia Chen					
Scantronix	Customer Service	2554 Bedford Rd. Boston, MA 02164	617-555-8778 617-555-8776	Net 30 Days	
Systems Service	Jeremy Jones	36 Sunrise Lane Hempstead, NY 11004	516-555-2525 516-555-2526	Net 30 Days	
Textpro Software, Inc.	Customer Service	877 Route 5 Ft. Lauderdale, FL 70089	615-555-4545 615-555-4546	Net 30 Days	

12. Make three journal entries on August 1, 2013 (accept the default Entry Nos.):
- a. Enter the opening balances listed below. Enter the following accounts and amounts as debits:

<u>Number</u>	<u>Account Name</u>	<u>Balance</u>
1010	Cash - Operating	\$24,489.16
1300	Computer Supplies	350.00
1305	Office Supplies	325.00
1410	Prepaid Advertising	1,000.00
1420	Prepaid Insurance	1,650.00
1725	Computers	5,000.00
1825	Furniture	3,200.00

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1925	Software	3,600.00
3020	Olivia Chen, Drawings	500.00
4100	Sales Discounts	179.84
5060	Cost of Computers Sold	10,000.00
5065	Cost of Scanners Sold	2,400.00
5070	Cost of HTML Software Sold	75.00
5075	Cost of Desktop Pub. Soft. Sold	500.00
5900	Inventory Adjustment	75.00
6050	Advertising Expense	200.00
6075	Deprec. Exp., Computers	75.00
6085	Deprec. Exp., Furniture	50.00
6095	Deprec. Exp., Software	100.00
6100	Insurance Expense	150.00
6300	Computer Supplies Expense	250.00
6325	Office Supplies Expense	50.00
6350	Online Service Expense	150.00
6400	Rent Expense	800.00
6450	Telephone Expense	350.00
6500	Utilities Expense	125.00
7000	Interest Expense	25.00

Enter the following accounts and amounts as credits:

<u>Number</u>	<u>Account Name</u>	<u>Balance</u>
1750	Accum. Dep., Computers	\$ 75.00
1850	Accum. Dep., Furniture	50.00
1950	Accum. Dep., Software	100.00
2020	Notes Payable	2,500.00
2030	Interest Payable	25.00
4010	Web Page Design Fees	9,750.00
4020	Internet Consulting Fees	6,600.00
4060	Sale of Computers	20,000.00
4065	Sale of Scanners	4,800.00
4070	Sale of HTML Software	150.00
4075	Sale of Desktop Pub. Software	1,000.00

- b. Make a journal entry to reverse the Uncategorized Income account.
- c. Make a journal entry to reverse the Uncategorized Expenses account.

Chapter Review and Assessment

13. Display and print the following reports for August 1, 2013:

- a. *Journal*
- b. *Trial Balance*
- c. *Profit & Loss Standard (06/01/2013–08/01/2013)*
- d. *Balance Sheet Standard*
- e. *Item Listing*
- f. *Customer Contact List*
- g. *Vendor Contact List*

14. Make a backup copy of the new company file. Use the name **OWS7 [Your Name] Olivia's Web Solutions**. Restore the backup copy, and change the company name to **OWS7 [Your Name] Olivia's Web Solutions**.

Vendor/Company Name	Terms	Balance
ARC Marketing	Net 30 Days	
Chobot Advertising	Net 30 Days	1,200.00
Comel Computer Supplies	Net 30 Days	350.00
Computer Solutions	Net 30 Days	
East	Net 30 Days	
Eastern Mutual Insurance	Net 30 Days	
InterSoft Development Co.	Net 30 Days	
Lewis Furniture	Net 30 Days	1,200.00
LI Power Company	Net 15 Days	
Martin Computer Repairs	Net 30 Days	
Network Development Co.	Net 30 Days	1,800.00
Office Plus	Net 30 Days	375.00
Olivia Chen	Net 30 Days	
Scanntronix	Net 30 Days	
Systems Services	Net 30 Days	
Textpro Software	Net 30 Days	

Number	Account Name	Balance
1010	Cash - Operating	\$24,489.16
1100	Computer Supplies	350.00
1105	Office Supplies	325.00
1410	Prepaid Advertising	1,000.00
1420	Prepaid Insurance	1,650.00
1725	Computers	5,000.00
1825	Furniture	1,200.00

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