

Chapter Review and Assessment

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 the company file and record the information for the company using the Advanced Setup method and the EasyStep Interview window. Where no specific information is given, accept the EasyStep Interview window default setting.

<i>Company Name:</i>	CH6 [Your Name] Olivia's Web Solutions
<i>Tax ID:</i>	55-5656566
<i>Address:</i>	547 Miller Place Westport, NY 11858
<i>Phone #:</i>	516-555-5000
<i>FAX #:</i>	516-555-6000
<i>E-mail:</i>	LIV@emcp.net
<i>Industry:</i>	General Product-based Business
<i>Company:</i>	Sole Proprietorship
<i>Fiscal Year Start:</i>	June
<i>Password:</i>	(none)
<i>Save As:</i>	CH6 Olivia's Web Solutions
<i>Sell:</i>	Both services and products
<i>Sales Tax:</i>	Yes
<i>Estimates:</i>	No
<i>Tracking Customer Orders:</i>	No
<i>Statements:</i>	No
<i>Invoices:</i>	Yes
<i>Progress Invoicing:</i>	No
<i>Bills You Owe:</i>	Yes
<i>Tracking Inventory:</i>	Yes
<i>Tracking Time:</i>	No
<i>Employees:</i>	No
<i>Start Tracking:</i>	08/01/2013

Remove the check mark from the following accounts:

- Shipping and Delivery Income
- Freight and Shipping Costs
- Merchant Account Fees
- Product Samples Expense
- Purchases - Resale Items
- Automobile Expense
- Bank Service Charges
- Computer and Internet Expenses
- Dues and Subscriptions
- Meals and Entertainment
- Postage and Delivery
- Professional Fees
- Repairs and Maintenance
- Travel Expense
- Ask My Accountant

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Place a check mark to the left of the following account:
Sales Discounts

- Use the information in table OWS—Customers to create and update the Customer Center using the QuickBooks Setup window. Be sure to use the date August 1, 2013.

TABLE OWS—Customers

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

- Use the information in table OWS—Vendors to create and update the Vendor Center using the QuickBooks Setup window. Be sure to use the date August 1, 2013.

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TABLE OWS—Vendors

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

4. Use the information in table OWS—Items to update the Item List using the QuickBooks Setup window. Be sure to use the date August 1, 2013.

TABLE OWS—Items

Item Name and Description	Sales Price	Cost	On Hand	Total Value
<i>Service Items:</i>				
Internet Consulting Services	\$100			
Web Page Design Services	125			
<i>Inventory Part Items:</i>				
Computers	2,000	\$1,000	10	\$10,000
Scanners	600	300	12	3,600
HTML Software	150	75	18	1,350
Desktop Pub. Software	200	100	10	1,000

5. Activate the account numbers feature. Use the following information to customize the Chart of Accounts List:

QuickBooks		Edited
Number	Account Name	Number/Account Name
15000	Furniture and Equipment	1700 Computers
17000	Accumulated Depreciation	1750 Accum. Dep., Computers Subaccount of 1700]
30800	Owners Draw	3020 Olivia Chen, Drawings
	Sales Income	4060 Sale of Computers
48300	Sales Discounts	4100
60000	Advertising and Promotion	6050 Advertising Expense
62400	Depreciation Expense	6075 Deprec. Exp., Computers
63300	Insurance Expense	6100
63400	Interest Expense	7000 [Type: Other Expense]
64900	Office Supplies	6325 Office Supplies Expense
67100	Rent Expense	6400
68100	Telephone Expense	6450
68600	Utilities	6500 Utilities Expense

6. Delete the following account: 47900 Sales
7. Open and close the following windows to allow QuickBooks to create default accounts:

Create Invoices
 Enter Sales Receipts
 Enter Bills
 Item List: New Item: Inventory Part

8. Customize the system default accounts:

QuickBooks		Edited	
Number	Account Name	Number	Account Name
11000	Accounts Receivable	1200	
12000	Undeposited Funds	1250	Undeposited Funds
12100	Inventory Asset	1260	Inventory of Computers
20000	Accounts Payable	2010	
25500	Sales Tax Payable	2200	
30000	Opening Balance Equity	3010	Olivia Chen, Capital
32000	Owners Equity	3030	Accumulated Earnings
50000	Cost of Goods Sold	5060	Cost of Computers Sold

9. Customize the payment Terms List to list only the following:

2/10, Net 30 Days
 Net 10 Days
 Net 15 Days
 Net 30 Days

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10. Use the information in table OWS—New Accounts to update the Chart of Accounts List.

TABLE OWS—New Accounts

Account Type	Number	Account Name
Bank	1010	Cash - Operating
Other Current Asset	1265	Inventory of Scanners
Other Current Asset	1270	Inventory of HTML Software
Other Current Asset	1275	Inventory of Desktop Pub. Soft.
Other Current Asset	1300	Computer Supplies
Other Current Asset	1305	Office Supplies
Other Current Asset	1410	Prepaid Advertising
Other Current Asset	1420	Prepaid Insurance
Fixed Asset	1725	Computers, Cost [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	4065	Sale of Scanners
Income	4070	Sale of HTML Software
Income	4075	Sale of Desktop Pub. Software
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	6085	Deprec. Exp., Furniture
Expense	6095	Deprec. Exp., Software
Expense	6300	Computer Supplies Expense
Expense	6350	Online Service Expense

11. Use the information in table OWS-Update Item List to update the Item List for items created as part of QuickBooks Setup.

TABLE OWS-Update Item List

Item Name and Description	COGS Account	Income Account	Asset Account	Reorder Point
<i>Service Items (nontaxable):</i>				
Internet Consulting Services		4020		
Web Page Design Services		4010		
<i>Inventory Part Items (taxable):</i>				
Computers	5060	4060	1260	3
Scanners	5065	4065	1265	5
HTML Software	5070	4070	1270	5
Desktop Pub. Software	5075	4075	1275	5

After updating the Item List, you can delete the Inventory Asset account and Cost of Goods Sold account (the accounts with no numbers).

12. Edit the Item List for the sales tax item created in the EasyStep Interview:

Sales Tax Name: **NY Sales Tax**
Description: **Sales Tax**
Tax Rate: **8%**
Tax Agency: **NYS Tax Dept.**

13. 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, Cost	5,000.00
1825	Furniture, Cost	3,200.00
1925	Software, Cost	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

continued