



# Financial Accounting Practice Sets

## Peachtree<sup>®</sup> Edition

- ★ Part I explores Peachtree's four learning tools, main screen, and Business Guide. It also previews Peachtree's basic functions with A Quick Tour of Peachtree.
- ★ Part II involves setting up Speedy Ironing Service, recording 12 transactions in the General Journal, correcting General Journal entries, and printing a trial balance.
- ★ Part III requires converting Linda's Video Showcase from a manual accounting system to Peachtree. This involves:
  - setting up a new company with beginning balances (general ledger, customers, vendors, inventory, and employees)
  - recording sales, purchases, payments, receipts, payroll, and adjusting entries
  - advanced topics such as studying financial reports and using the Analysis Navigation Aid

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21st Century Learning Products

# Peachtree® Edition

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# Unit 12 Setting Up General Ledger Beginning Balances

I. Please review setting up beginning balances of Peachtree's Accounting Tutorial by choosing Help and Tutorial.

## II. Introduction to setting up beginning balances

- A. There are six sets of beginning balances that may be set up:
1. General ledger
  2. Customer
  3. Vendor
  4. Inventory
  5. Employee
  6. Job
- B. Peachtree is a double-entry accounting system.
- C. The January 1, 1998, Trial Balance is on page 15.
- D. Those wanting to practice should set up a company called Linda Practice followed by their initials.
1. Use the following directions and practice for a while.
  2. Save the company because you might want to practice other topics in the future.

## III. Setting up general ledger beginning balances for Linda's Video Showcase

A. From Peachtree's main menu, choose Maintain, Chart of Accounts, and choose the Beginning Balances (bottom on the right). Choose from 1/1/98 through 1/31/98 and choose OK.

### B. Setting up cash

1. Insert the cursor into the white box next to Regular Checking Account.
  - a. It is not necessary to use a dollar sign and a comma when entering monetary data.
  - b. Enter \$10,000.
2. Enter \$40,000 next to Regular Checking Account.

C. **Set accounts receivable to \$255,000 and allowance for doubtful accounts to -\$35,000 in the same manner.**

### D. Setting up supplies

1. We will need to create a supplies account.
2. Choose New, type 11750 in the Account ID box, and choose OK.
3. Type Office Supplies and press Enter.
4. Set account type to Other Current Assets and choose OK.
5. Enter \$30,000 next to Office Supplies.

### E. Setting up prepaid rent

1. Choose New, type 14000 in the Account ID box, and choose OK.
2. Replace Prepaid Expenses with Prepaid Rent, and choose OK.
3. Enter \$100,000 next to Prepaid Rent.

### F. Setting up inventory

1. Create account 12045 for Inventory-Blank Tapes and set it to \$1,000.
2. Create account 12050 for Inventory-Movie Tapes and set it to \$19,000.
3. Create account 12055 for Inventory-Televisions and set it to \$15,000.
4. Create account 12060 for Inventory-TC Computers and set it to \$45,000.

**Note:** When you finish, the totals at the bottom of the page must be in balance. If they are not and you have to stop, just plug in a number that will make your totals balance and save the result. You can remove this number later when you find your mistake.

**Remember** to set the account type to inventory for these new accounts.

**Note:** It is not unusual for first-time users learning a new task to make a few mistakes. When this happens, it is sometimes easier to start over. To do this, choose Cancel from the menu at the top of the screen and **do not save** changes.

G. Set up depreciable assets using this information.

Asset	Furniture and Fixtures	Office Equipment <sup>1</sup>	Automobile	Showroom Equipment <sup>1</sup>
Cost	50,000	30,000	20,000	120,000
Accumulated Depreciation	5,000	5,000	5,000	35,000

<sup>1</sup>Rename the equipment accounts.

H. Use trial balance information to set up liabilities in the same manner described earlier.

I. Setting up equity

1. Change Owner's Contribution to Capital, Linda Smith and set it to Equity-doesn't close.
2. Set Linda's beginning capital balance to \$350,000.

Linda's Video Showcase Trial Sheet January 1, 1998		
Regular Checking Account	\$ 10,000	
Payroll Checking Account	40,000	
Accounts Receivable	255,000	
Allowance for Doubtful Accounts		\$ 35,000
Office Supplies	30,000	
Inventory-Blank Tapes	1,000	
Inventory-Movie Tapes	19,000	
Inventory-Televisions	15,000	
Inventory-TC Computers	45,000	
Prepaid Rent	100,000	
Furniture and Fixtures	50,000	
Accumulated Depreciation-Furniture and Fixtures		5,000
Office Equipment	30,000	
Accumulated Depreciation-Office Equipment		5,000
Automobile	20,000	
Accumulated Depreciation-Automobile		5,000
Showroom Equipment	120,000	
Accumulated Depreciation>Showroom Equipment		35,000
Accounts Payable		50,000
Accrued Expenses		15,000
Federal Payroll Taxes Payable		10,000
Federal Unemployment Taxes Payable		1,000
State Unemployment Taxes Payable		4,000
Income Taxes Payable		5,000
Other Taxes Payable		15,000
Notes Payable-Noncurrent		200,000
Capital, Linda Smith	<u>          </u>	<u>350,000</u>
<b>Totals</b>	<u>\$735,000</u>	<u>\$735,000</u>

# Unit 13 Setting Up Customer, Vendor, Inventory, and Employee Beginning Balances

## I. Setting up customers and customer (Accounts Receivable) balances

**Note:** You might want to review How to Add Customers, Vendors, and Employees in Peachtree's Accounting Tutorial found by choosing Help and Tutorial.

- A. From Peachtree's main menu, choose Maintain and Customer/Prospects.
- B. **Create a customer record for A and B Consultants** and other customers using data from Table A.
  - 1. Enter the Company ID and Name.
  - 2. Accept the default Bill to address.
  - 3. If the Ship to address differs from the Bill to address, use the drop-down menu and enter the address.
  - 4. Enter the Customer Type. It rates the credit risk of a customer.
  - 5. If you make a mistake entering a record, you may select the Erase icon and start again.
- C. **To enter a customer's balance**, select Beginning Balances and answer yes to the save question.
  - 1. Create A and B Consultants' Accounts Receivable balance using the invoice information from Table B.
  - 2. When finished, select Save and Close.
  - 3. Select New for a clean data-entry screen.
  - 4. Continue this process for the remaining customers.
  - 5. Total customer balances must equal the \$255,000 balance of Accounts Receivable.

## II. Looking at a customer balance

- A. From Peachtree's main menu, choose Maintain and Customers/Prospects.
- B. Click on Beginning Balances or use the magnifying glass for a list of customers.
- C. Double-click on a customer name for a copy of their account.

**Table A Customer Information**

Customer ID	Customer Name	Contact	Address	Customer Type
A&B	A and B Consultants	Mary Brown	47 Main Street, Kingston, MA	A
DJ's	Darin's Music Emporium	Darin Jones	92 Record Avenue, Andover, MA	B
MFP	Mighty Fine Presentations	John Fine	202 Fine Street, Lawrence, MA	A
ACOM	Ace Communications	Jane Ellis	122 Net Street, Lexington, MA	A
Pink's	Pink's Sports Club	Charlie Tall	102 Third Street, Marietta, MA	C

**Table B Outstanding Invoices as of 12/31/97**

Company	Invoice	Date	Customer PO #	Amount	AR/Account
A and B Consultants	75	11/15/97	144	35,000	11000
A and B Consultants	81	12/12/97	153	10,000	11000
A and B Consultants	90	12/21/97	161	5,000	11000
Darin's Music Emporium	93	12/23/97	1212	40,000	11000
Mighty Fine Presentations	70	11/10/97	1189	40,000	11000
Mighty Fine Presentations	83	12/14/97	1196	20,000	11000
Ace Communications	68	11/04/97	65	30,000	11000
Ace Communications	78	12/06/97	68	55,000	11000
Pink's Sports Club	64	10/14/97	41	<u>20,000</u>	11000
<b>Total</b>				<u><u>255,000</u></u>	

# Unit 14 Recording Transactions

## I. Introduction

- A. Recording similar transactions all at once is an easy way to perform accounting tasks. We will record monthly.
- B. There are five types of similar transactions, often referred to as tasks, to perform on a regular basis.
1. Recording credit sales with a standard invoice
  2. Recording receipts and applying them to an outstanding invoice or a cash sale
  3. Recording the purchase of an asset or an expense using a purchase order
  4. Recording payments
  5. Recording payroll

## II. Recording credit sales with a standard invoice (use Table G information)

- A. **Begin by making sure Peachtree is set for the proper 1998 accounting period. If it isn't, reset choosing Tasks and System.**
- B. Choose Tasks and Sales/Invoicing from Peachtree's main menu.
1. Select Customer ID using the magnifying glass.
  2. Insert the invoice number.
    - a. Leaving invoice blank means Peachtree will insert a number, but you will have to print the invoice.
    - b. Peachtree has many methods of creating and printing invoices. Study these on your own.
  3. Enter the transaction date and the shipping date. Assume goods are shipped in one week.
  4. Make sure the Bill To name is correct. If not, make changes in Customer/Prospect under Maintain of Peachtree's main menu. Leave Ship To blank.
  5. Accept default terms.
  6. Enter invoice information using the data given in this chart.
  7. Choose Post of the Sales/Invoicing menu. If necessary, ignore the credit limit question.
  8. Completing Sales/Invoicing transaction results in these two entries:
    - a. Accounts Receivable is increased (Dr.) and Sales is increased (Cr.).
    - b. Cost of Goods Sold is increased (Dr.) and Inventory is decreased (Cr.).
  9. Choose the Sales Journal of Accounts Receivables under Reports to view the results for one month.
- C. Credit sales to new customers will require setting up a customer account.
- D. To edit a transaction, choose Reports, Accounts Receivable, Sales Journal and OK. Make sure the period is correct, and choose OK. Double-click on the transaction to be edited. Edit and Post.

**Table G Credit Sales to Customers for 1/1/98 to 3/31/98**

*Be sure to set the accounting period to the current month.*

Customer # (ID)	Invoice #	Transaction Date	Customer PO	Sales Rep.	Quantity	Item
A&B	101	1/8/98	89	101	1	TV
					1	TC Comp
DJ's	102	1/17/98	27	109	1	TV
MFP	103	1/24/98	98	101	1	TV
Do not enter February transactions until you have entered January transactions through page 24.					1	TC Comp
ACOM	104	2/7/98	87	109	1	TV
					1	TC Comp
Pink's	105	2/14/98	43	101	2	TV
DJ's	106	2/20/98	54	109	2	TV
Do not enter March transactions until you have entered February transactions through page 24.						
A&B	107	3/10/98	104	101	1	TV
MFP	108	3/12/98	105	101	2	TV
ACOM	109	3/19/98	104	109	1	TV
					1	TC Comp
MFP	110	3/25/98	119	101	1	TV
					1	TC Comp