Computer Accounting with Microsoft® Office Accounting 2007

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About the Authors

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Carol Yacht is an officer of the American Accounting Association's Two-Year College section and recipient of its Lifetime Achievement Award. She has worked for IBM Corporation as an education instruction specialist, and served on NBEA's Computer Education Task Force. Carol is a frequent speaker at state, regional, and national conventions. Carol earned her MA degree from California State University, Los Angeles; BS degree from the University of New Mexico, and AS degree from Temple University.

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Susan serves on the AICPA's Pre-certification Education Executive Committee and on the Accounting Careers and Members in Education committee for the Florida Institute of CPAs. She is active in the American Accounting Association and has served it as a Vice President of Sections and Regions, Chair of the Membership Committee, Council Member-at-large, and Chair of the Two-Year Accounting Section. Susan has received the Outstanding Educator Award from the American Accounting Association's Two Year College Section, the Florida Association of Community Colleges Professor of the Year Award for Instructional Excellence, and University of Oklahoma's Halliburton Education Award for Excellence. Susan earned her Master of Science in Accounting from Texas Tech University and her undergraduate degree in accounting and economics from Southern Methodist University. She is a CPA.

Software Installation

Software installation includes the following.

1. System Requirements, pages iii-iv.
2. Software Installation, pages iv-viii.
3. Starting Microsoft Office Accounting, pages ix-x.
4. Installing Starting Data for the Sample Companies: Northwind Traders and Fabrikam, Inc., pages xi-xiii.
5. Deleting Microsoft Office Accounting, page xiii-xiv.
6. Flashcard Review, pages xiv.

Read Me: Microsoft Office Accounting or Small Business Accounting?

The former name of Microsoft Office Accounting 2007 was Microsoft Office Small Business Accounting 2006. Microsoft Office Accounting Professional 2007 and Windows XP Pro (SP2) were used to write the textbook.

SYSTEM REQUIREMENTS

These are the system requirements for Microsoft Office Accounting Professional 2007. Microsoft Office Accounting Professional 2007 is the software packaged with the textbook.

1 GHz or faster processor.
512 MB of RAM or more.
2 GB of available hard-disk space; a portion of this disk space will be freed after installation if the original download package is removed from the hard drive.
CD-ROM or DVD drive.
1024 x 768 or higher-resolution monitor.
Microsoft Windows® XP with Service Pack (SP) 2 or later, or Microsoft Windows Server® 2003 with SP1 or later operating system.
Microsoft Office Small Business Edition 2003 or later is required to create customized invoices, sales orders, quotes, customer credit memos, customer statements, and purchase orders.

Microsoft Office XP or later is required to export data to Microsoft Office Word or Excel®.

To share data among multiple computers, the host computer must be running Windows Server 2003 SP1 or later, or Windows XP Professional SP2 or later.

Microsoft Internet Explorer® 6 or later, 32-bit browser only.

Internet functionality requires Internet access (fees may apply).

External media for backups: One USB drive; Zip™ drive disk; CD-R; or, DVD-R. (CD-RW or DVD-RW required for backing up to CD-R or DVD-R.) *Or,* five blank, formatted disks. The authors suggest that you reformat floppy disks. See the Part openers on pages 1, 219, 319, 451 for the size of the backup files. The default location for backing up is C:\.....\My Documents\ Small Business Accounting\Backups. You may also specify a hard-drive or network location for backups.

Actual requirements and product functionality may vary based on the system configuration and operating system. For complete requirements, visit http://www.microsoft.com/office/products/. Third-party services are available for additional fees.

SOFTWARE INSTALLATION

This section gives you instructions for installing Microsoft Office Accounting 2007 (MOA) software. *You may need to check with your instructor to see if MOA has already been installed in the classroom or computer lab*.

Microsoft Office Accounting 2007 works with the following operating systems:

❖ Microsoft Windows XP Service Pack (SP) 2 or later; Vista; Microsoft Windows Server SP 1 or higher.

Follow these steps to install MOA 2007.

Step 1: Turn on your computer. Close all programs. Microsoft Outlook should *not* be open. If Microsoft Outlook is open, close it, along with other programs that may be open.

Step 2: Place the Microsoft Office Accounting 2007 CD into the CD-ROM drive.

Step 3:   If Autorun is enabled, Setup will start automatically. If Setup does *not* start, open Windows Explorer and double-click the Setup.exe file on the CD.
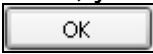
Step 4:   Office accounting 2007 uses Microsoft .NET framework 2.0. If .NET is *not* installed on your computer, the following dialog box will appear:
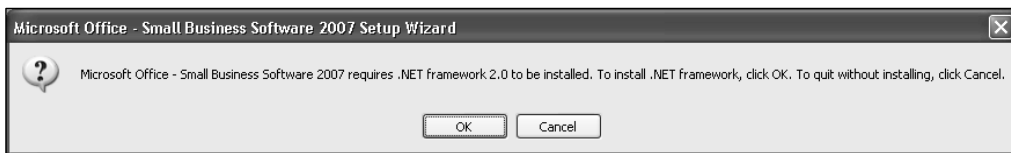
Step 5:   If necessary, click to install Microsoft .NET framework 2.0. This may take a few minutes.
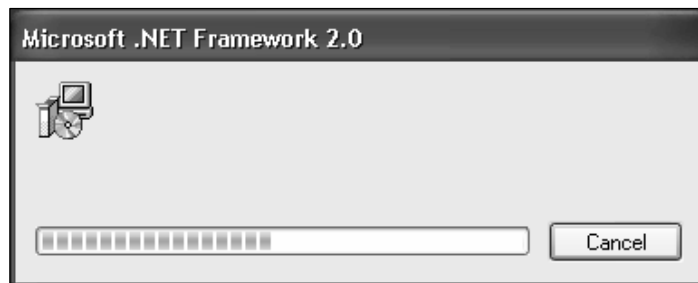
Step 6:   During the installation of .NET, you may be asked to install additional hotfixes. Click to install the hotfixes.

Step 7: The Microsoft Office Accounting 2007 Setup Wizard window appears.

Step 8: Click [Next >]. The Destination Folder window appears.

Step 9:   The setup wizard allows you to pick an installation folder. The authors suggest you accept the C drive default. (*Or*, click Browse... to select a folder.) Click Next > . The Begin installation window appears.

Step 10:   Click Install . An Installation in progress window appears. This process may take several minutes. The setup wizard will continue with the installation of SQL Server 2005 Express and Microsoft Office Accounting 2007. Microsoft SQL Server 2005 Express is installed with the folder name MSSMLBIZ. Refer to the two illustrations below to see the progress of SQL installation and MOA.
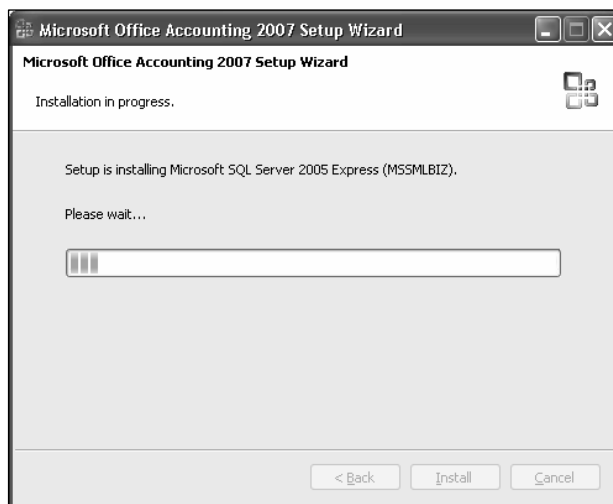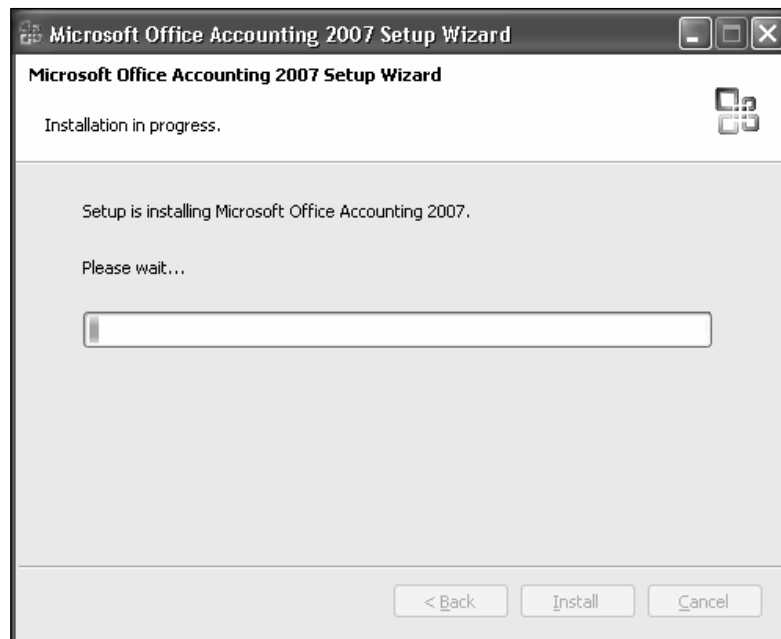
Step 11:   An Installation Complete window appears. (As of this writing, the Installation Complete window appeared as shown. Your window may differ.)

Step 12:   Click [Finish]. Remove the Microsoft Office Accounting 2007 CD.
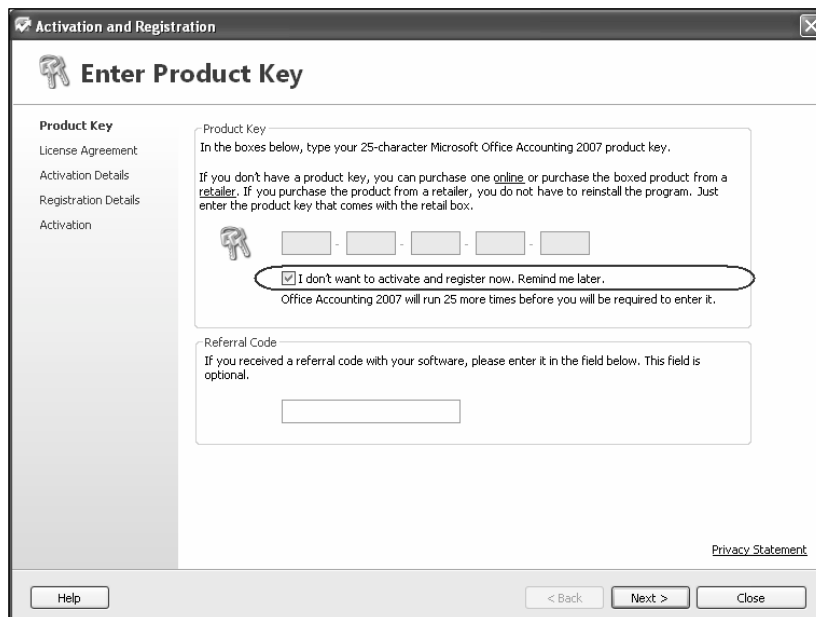
STARTING MICROSOFT OFFICE ACCOUNTING

Follow these steps to start MOA.

Step 1:   Click ; All Programs, Microsoft Office, Microsoft Office Accounting 2007. (*Hint:* You may want to set up an icon on your desktop. To do that, right-click on Microsoft Office Accounting 2007, left-click Copy. Right-click on the Windows desktop; left-click Paste. To start MS Office Accounting, double-click on the Microsoft Office Accounting 2007 icon.)

Step 2:   The Enter Product Key window appears. Click on the box next to I don't want to activate and register now. Remind me later. After a certain number of uses, students will have to register for free.) For purposes of getting started, click on the Remind me later box. (*Or,* if you have a registration key, enter it.)

Step 3:   Click . (If a window appears asking you to provide company information, complete it.)

Step 4:   Accept the license agreement by selecting I accept the terms of this license agreement. Click [Next >].

Step 5:   The Congratulations! You are ready to start window appears. Click [Close]. The Start - Microsoft Office Accounting window appears.

Step 6:   Review what is shown on the Start window. In Chapter 1, you will start using MOA. Click [Exit].

Step 7:   Turn to page xv. Read the Preface, pages xv-xx. The Preface explains what you will learn in the textbook, MOA data files, conventions used, and company preferences.

Step 8:   After reading the Preface on pages xv-xx, read the Part 1 opener on pages 1 and 2. Then start Chapter 1 on page 3.

**INSTALLING STARTING DATA FOR THE SAMPLE COMPANIES:
NORTHWIND TRADERS AND FABRIKAM, INC.**

Follow the steps below to restore starting data for Northwind Traders, the
product based sample company. Follow similar steps to restore data from
the service based sample company, Fabrikam, Inc.
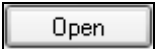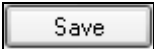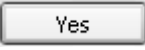
In Chapter 1 on pages 22-25, a backup file is made of Northwind
Traders. This backup is made *before* any data is added to the sample
company. If you want to start with fresh, starting data, restore the
Northwind Traders.sbb file.

1.   If necessary, exit. Start Microsoft Office Accounting. If a company
     opens, click File; Close Company. You should restore data from the
     Start – Microsoft Office Accounting window.

2.   Link to Restore a backup.

3.   The Database Restore window appears. In the Backup filename
     field, click Browse ... . Browse to the location of your backup file. The
     steps that follow assume you backed up to the hard drive location
     My Documents \Small Business Accounting \Backups\Northwind
     Traders.sbb. If necessary, in the Look in field, go to the appropriate
     location of your backup file.

4.   Click Northwind Traders.sbb. Compare your Select Backup File to
     the one shown below.

5. Click Open.

6. The Database Restore, Restore a Backup window appears. In the Restore backup file to field, click Browse .... The Select Company File window appears. Select sampleproductcompany.sbc. Click Save. When the window appears that says this file already exists, click Yes. Compare your Database Restore, Restore a Backup window to the one shown below.

7. Click [OK]. The file starts to restore.

8. When the window prompts, the restore process was completed successfully, click [OK].

9. From the Start – Microsoft Office Accounting window, link to <u>Open a sample company</u>, click [OK].

10. From the Select Sample Company window, select Product based sample company. Click [OK].

11. Close the Microsoft Office Accounting Utilities window.

If you want to start with fresh, starting data for Fabrikam, Inc. (the service based sample company), restore the backup file made on in Chapter 7, pages 192-193.

DELETING MICROSOFT OFFICE ACCOUNTING

To delete Microsoft Office Accounting, do the following:

Step   1: Make a backup of any data files that you have created.

Step   2: Exit Microsoft Office Accounting.

Step   3: From the Start menu, select Control Panel, then Add or Remove Programs.

Step   4: Remove the add-ins—Microsoft Office Accounting ADP Payroll Addin, Equifax Addin, Fixed Asset Manager, PayPay Addin.

Step   5: Remove Microsoft Office Accounting 2007.

Step   6: Select [Change/Remove] to confirm that you want to remove the Microsoft Office Accounting program files. (If necessary, click Yes to All to delete shared files.)

Step   7: Select the Microsoft Small Business Connectivity Components. Click Remove.

Step   8: Delete the Small Business Accounting folder. (The default location is My Documents.)

Step   9: Empty the Recycle bin.

FLASHCARD REVIEW

This section demonstrates how to prepare flashcards. Each chapter requires flashcard preparation to reinforce what you have learned. Keep all of your flashcards handy, just in case you need to know how to do something in MOA in a flash!

To create flashcards, use PowerPoint or Word. For example, if you use Word, type the heading **Installation of Microsoft Office Accounting Software** on page 1. On page 2, type the five steps shown on the next page. Save your file. Print the pages back-to-back. You should have the title of the flashcard on one side of the paper and the eight steps shown below on the other side of the paper.

Page 1

**INSTALLATION OF MICROSOFT OFFICE
ACCOUNTING SOFTWARE**

Page 2

1. Insert the MOA CD into your computer's CD-ROM drive. *Note:* If Setup does not start, open Windows Explorer and double-click the Setup.exe file on the CD.
2. If necessary, install the Microsoft .NET framework 2.0 and the appropriate hotfixes.
3. When the Setup Wizard window appears, follow the prompts to install. Install SQL Server 2005 Express and MOA 2007.
4. When the Wizard is complete, click Finish.
5. Start MOA.

You can also use PowerPoint to create flashcards.

Preface

Computer Accounting with Microsoft Office Accounting 2007 teaches you how to use Microsoft Office Accounting Professional 2007 software (MOA). Microsoft Office Accounting is a financial management program created for businesses with fewer than 25 employees.

Read Me: Microsoft Office Accounting or Small Business Accounting?

The former name of Microsoft Office Accounting 2007 was Microsoft Office Small Business Accounting 2006. Microsoft Office Accounting Professional 2007 and Windows XP Pro (SP2) were used to write the textbook.

MOA has the look and feel of Microsoft's popular Office Suite software. You will notice immediately that MOA looks like Microsoft Outlook and Great Plains software. Once MOA is installed, it is listed as one of the Microsoft Office applications.

MOA is a comprehensive accounting program that includes sales order and purchase order processing, banking, payroll, job tracking, and inventory management. You can also share information with other Office programs, such as Word, Excel, Access, and Outlook.

- Microsoft Office Tools ▶
- Microsoft Office OneNote 2003
- Microsoft Office Access 2003
- Microsoft Office Excel 2003
- Microsoft Office Outlook 2003
- Microsoft Office PowerPoint 2003
- Microsoft Office Publisher 2003
- Microsoft Office Word 2003
- Microsoft Office Accounting 2007 Tools ▶
- Microsoft Office Accounting 2007
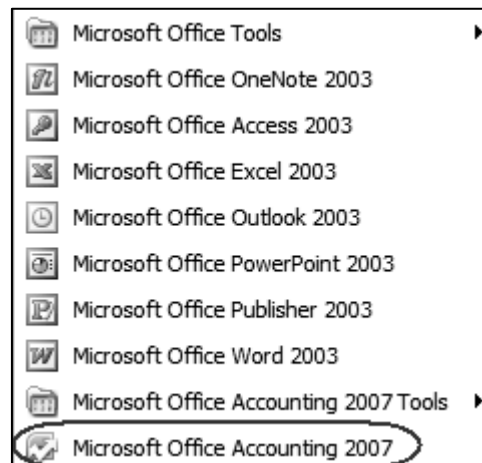
Read Me

Install the software packaged with the textbook, Microsoft Office Accounting 2007, in the computer lab. This ensures software compatibility between the school and students' off-site installation.

Additional resources are on the textbook website at www.mhhe.com/yachtmoa. The website includes resources for each

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chapter, including troubleshooting tips, online quizzes, flashcard templates, Internet activities, Going to the Net exercises, Glossary, etc.

MICROSOFT OFFICE ACCOUNTING 2007

Each textbook includes a copy of the software, Microsoft Office Accounting 2007. Install the software included with the textbook in the school's computer lab to ensure compatibility with the software that your students install on their individual computers.

Computer Accounting with Microsoft Office Accounting 2007 shows you how to set up service and merchandising businesses. When you complete the textbook you will have a working familiarity with Microsoft Office Accounting 2007 software.

The Part 1, 2, 3, and 4 introductions include a chart showing the chapter number, backup name, size in kilobytes of each file backed up or saved, and textbook page number where each backup is made.

MICROSOFT OFFICE ACCOUNTING 2007 FEATURES

- ❖ Familiar Microsoft Office interface.
- ❖ Customizable chart of accounts and reports.
- ❖ General ledger, customer, vendor, inventory, payroll and job tracking.
- ❖ Create quotes, invoices, and purchase orders.
- ❖ Backup and restore.
- ❖ Audit trail for tracking transactions.
- ❖ Financial statements–profit and loss, balance sheet, cash flow.
- ❖ Microsoft Office integration.
- ❖ Export to Excel and Word.
- ❖ Create charts and graphs.

PART 1: EXPLORING MICROSOFT OFFICE ACCOUNTING 2007

There are two sample companies included with the software: Northwind Traders, a product company; and Fabrikam, Inc., a service company.

In Part 1 of the textbook, you complete seven chapters that demonstrate how Microsoft Office Accounting is used. This introduces you to the procedures that will be used with all the chapters of the textbook. Chapters 1-6 uses the product sample company, Northwind Traders, to introduce you to MOA's features—Company Information, Customers &

Receivables, Vendors & Payables, Employees & Payroll, Banking, and Company & Financial.

Chapter 7 uses the other sample company, Fabrikam, Inc, a service company, to further explore MOA.

PART 2: MICROSOFT OFFICE ACCOUNTING FOR SERVICE BUSINESSES

Chapters 8, 9, Project 1, and Project 2 are included in this section of the textbook. The work completed in Chapter 8 is continued in Chapter 9. The accounting cycle is completed for the fourth quarter of the year.

In Chapter 8, Maintaining Accounting Records for Service Businesses, you set up a service business called Jessica Wood, Designer. You enter beginning balances, edit the chart of accounts, record and post bank transactions for the fourth quarter, complete bank reconciliation, and print reports. Detailed steps and numerous screen illustrations help you learn how to use MOA. The business that you work with in Chapter 8 is continued in Chapter 9.

Chapter 9, Completing Quarterly Activities and Closing the Fiscal Year, shows you how to complete end-of-quarter adjusting entries, print financial statements, and close the fiscal year.

At the end of Part 2, there are two comprehensive projects. Project 1, Fargo Medical Center, reviews what you have learned in Chapters 8 and 9; and Project 2, Student-Designed Service Business, asks you to create a service business. You create an additional company of your design, enter a chart of accounts, record beginning balances, create transactions, and complete the accounting cycle.

PART 3: MICROSOFT OFFICE ACCOUNTING FOR MERCHANDISING BUSINESSES

Chapters 10, 11, 12, 13, Project 3, and Project 4 are included in this section of the textbook. You set up a merchandising business in Chapter 10—Online Retail Sales, Inc. The work started in Chapter 10 is continued in Chapters 11, 12, and 13.

Chapter 10, Vendors and Inventory, shows you how to set up vendor preferences, defaults and inventory items. Chapter 11, Acquisition and Payments, shows you how to record and post vendor transactions, record and post vendor payments, and print reports. Chapter 12, Sales and Collections, shows you how to record and post sales transactions, collect accounts receivable, and print reports. Chapter 13, Account Reconciliation and Financial Statements, shows you how to complete account reconciliation and print financial statements.

Project 3, Neymark's Sporting Goods, is a comprehensive project that incorporates what you have learned in Chapters 10 through 13.

Project 4, Student-Designed Merchandising Business, asks you to create a merchandising business from scratch.

PART 4: ADVANCED MICROSOFT OFFICE ACCOUNTING APPLICATIONS

Chapters 14, 15, Project 5, and Project 6 are included in this section of the textbook. Chapter 14, Microsoft Office Accounting Tools and Fixed Assets, shows you MOA's fixed assets feature and its analysis and data tools. Chapter 15, Integration with Microsoft Office—Excel and Word, shows you how to export data to Excel and Word. Project 5, Student-Designed Forms, gives you an opportunity design an invoice and purchase order. Project 6, Student-Designed Project, instructs you to write another month's transactions for one of projects completed.

The textbook ends with three appendixes: Appendix A, Troubleshooting; Appendix B, Review of Accounting Principles; and Appendix C, Glossary. Troubleshooting and glossary are also included on the textbook web site at www.mhhe.com/yachtmoa. Each chapter in the textbook ends with an index. The index at the end of the textbook is an alphabetic listing of the chapter indexes.

MICROSOFT OFFICE ACCOUNTING DATA FILES

Microsoft Office Accounting stores data in seven separate files which are identified with the following extensions:

1. **.sbd**—data file, stored by default in the SQL server folder (Program Files\Microsoft SQLServer\ MSSQL$MICROSOFTSMLBIZ\Data).

2. **.sbc**—company file, a shortcut pointing to the location of the data file, stored by default in the My Documents\Small Business Accounting\Companies folder of the administrator who set up the MOA company.
3. **.sbl**—SQL log file, generated when you create a new company, import data from an XML file, or restore a backup file to a new company. SBL files are stored by default in the SQL server folder (Program Files\Microsoft SQLServer\ MSSQL$MICROSOFTSMLBIZ\Data).
4. **.xml**—XML file, containing data exported from Microsoft Office Accounting, stored by default in the My Documents\Small Business Accounting\Exported Data folder of the administrator who set up your company in Microsoft Office Accounting. You can create a new company from an existing company file by exporting your company data from one data file and then importing it into a new data file.
5. **.log**—log file, generated by migrating QuickBooks data, by repairing a data file, by upgrading your software, and by accessing online banking or payroll processing by ADP (if you selected Log online activities in Company Preferences). Log files are stored by default in the My Documents\Small Business Accounting\Logs folder of the administrator who set up the MOA company.
6. **.sbb**—created when company data is backed up. SBB files are stored by default in the My Documents\Small Business Accounting\Backups folder of the administrator who set up the MOA company. Create a backup file to protect your company data, to send to your accountant, to import into a new company file, or to move Microsoft Office Accounting to a different computer.

CONVENTIONS USED IN TEXTBOOK

As you work through the chapters in this textbook, read and follow the step-by-step instructions. Numerous screen illustrations help you check work.

1. Information that you type appears in **boldface**; for example, Type **Henry Melody** in the Customer name field.
2. Keys on the keyboard that are pressed appear like this: <Tab>; <Enter>.
3. Words that are shown in boldface and italics are defined in Appendix B, Glossary; for example, vendors.

4.   Unnamed buttons and icons are shown as they appear on the window; for example, [start] , [refresh] (refresh), [export] (export to Excel, [Save and New] (post and start new transaction), etc.

5.   Read Me boxes are shown in most chapters. The information in the Read Me box goes into more detail about the task you are completing. Whenever you see a Read Me box, review this information.

6.   Footnotes are used. Read each one for more information about the task you are completing.

COMPANY PREFERENCES

In Chapters 1-7, you set company preferences for Northwind Traders and Fabrikam, Inc.—the two sample companies included with the software. In the Company Preferences dialog box, you make choices about how to track information in MOA. The following Company Preferences are set.

1.   From MOA's menu bar, select Company Preferences.

    Company tab: Select Use account numbers
    Customers tab: Select Use customer ID
    Vendors tab: Select Use item numbers
    Employees tab: Select Use employee ID
    System Accounts tab: Follow the steps shown in the chapter.

2.   Click [OK] to close the Company Preferences window.

Good luck in your study and use of Microsoft Office Accounting software.

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Computer Accounting with Microsoft Office Accounting 2007
www.mhhe.com/yachtmoa

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Andy Williams, Edmonds Community College

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Table of Contents

Comment: The Timetable for Completion on the next page is meant as a guideline for in-class lecture/discussion/demonstration and hands-on work. Work *not* completed in class is homework. In most Accounting classes, students can expect to spend approximately 2 hours outside of class for every hour in class.

TIMETABLE FOR COMPLETION		Hours
Part 1: Exploring Microsoft Office Accounting		
Chapter 1	Northwind Traders-A Product Company	2.0
Chapter 2	Customers & Receivables	2.0
Chapter 3	Vendors & Payments	2.0
Chapter 4	Employees & Payroll	1.0
Chapter 5	Banking	1.0
Chapter 6	Company & Financial	1.0
Chapter 7	Fabrikam, Inc.-A Service Company	1.0
	Subtotal Part 1	*10.0*
Part 2: Microsoft Office Accounting for Service Businesses		
Chapter 8	Maintaining Accounting Records for Service Businesses	3.0
Chapter 9	Completing Quarterly Activities and Closing the Fiscal Year	3.0
Project 1	Fargo Medical Center	3.5
Project 2	Student-Designed Service Business	2.5
	Subtotal Part 2	*12.0*
Part 3: Microsoft Office Accounting for Merchandising Businesses		
Chapter 10	Vendors and Inventory	3.0
Chapter 11	Acquisition and Payments	3.0
Chapter 12	Sales and Collections	3.0
Chapter 13	Account Reconciliation and Financial Statements	3.0
Project 3	Neymark's Sporting Goods	4.0
Project 4	Student-Designed Merchandising Business	3.0
	Subtotal Part 3	*19.00*
Part 4: Advanced Microsoft Office Accounting Applications		
Chapter 14	Microsoft Office Accounting Tools and Fixed Assets	1.0
Chapter 15	Integration with Microsoft Office—Excel and Word	1.0
Project 5	Student-Designed Business Forms	.75
Project 6	Student-Designed Project	1.25
	Subtotal Part 4	*4.0*
TOTAL HOURS: PARTS 1, 2, 3, 4		**45.0**

<table>
<tr><td>**Part**
1</td><td># Exploring Microsoft Office Accounting</td></tr>
</table>

Part 1 introduces the basic features of Microsoft Office Accounting software. The purpose of Part 1 is to familiarize you with the software rather than test accounting knowledge. Beginning with Chapter 8, computer accounting skills are reviewed in more depth.

Part 1 explores two sample companies--Northwind Traders, Inc., a product based company; and Fabrikam, Inc., a service based company. Steps for software installation are on pages iii-x.

Part 1 includes seven chapters:

Chapter 1: Northwind Traders—A Product Company
Chapter 2: Customers & Receivables
Chapter 3: Vendors & Payables
Chapter 4: Employees & Payroll
Chapter 5: Banking
Chapter 6: Company & Financial
Chapter 7: Fabrikam, Inc.—A Service Company

The instructions in this book were written for Microsoft Office Accounting Professional 2007 (abbreviated MOA). Microsoft Office Accounting requires Windows XP (Home, Professional or Media Center editions) with service pack 2 or later; Windows Vista (all editions); or Microsoft Windows Server 2003 (all editions) with service pack 1 (or later). Microsoft Office Accounting 2007 and Windows XP Pro service pack 2 were used to write the textbook.

Windows[1] uses pictures or *icons* to identify tasks. This is known as the *graphical user interface* (*GUI*). For example, MOA uses common icons or symbols to represent tasks: a file folder for opening a file, a printer for printing, a question mark for help, an hourglass to show that the software is waiting for a task to be performed, arrows in a circle to refresh, etc. You can also use a *mouse*, *trackball* or other pointing device in addition to the keyboard to perform various tasks.

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[1] Words that are boldfaced and italicized are defined in the Glossary, Appendix C. The Glossary is also on the textbook's web site at www.mhh.com/yachtmoa.

Microsoft Office Accounting's GUI may seem familiar. It looks like Microsoft Outlook 2003 and Great Plains software. The way computer software looks and operates can be described by the acronym **WIMP** -- Windows, Icons, Menus, and Pull-downs.

When using MOA, periodically copy data to external media. For instance, backup data to the hard drive, then copy that data to USB media.

Refer to Chapter 1, pages 22-25 for backing up data; pages 27-29 for restoring data. The Page No. column refers to the textbook page(s) where data is backed up. File sizes may differ.

Chapter	Backup Name (.sbb extension)*	File Size	Page No.
1	Northwind Traders[2]	37,780 KB	22-26
	Chapter 1	37,778 KB	31-32
	Exercise 1-2	37,782 KB	37-38
2	Chapter 2	37,870 KB	73
	Exercise 2-2	37,873 KB	79
3	Chapter 3	37,892 KB	107-108
	Exercise 3-2	37,894 KB	112
4	Chapter 4	37,911 KB	131
	Exercise 4-2	37,911 KB	135
5	Chapter 5	37,924 KB	154-155
	Exercise 5-2	37,929 KB	159
6	*No backups*	-	-
7	Fabrikam[3]	39,720 KB	192-193
	Chapter 7	39,838 KB	213

When backing up to external media, the authors suggest backing up to a USB drive. Backing up to USB media makes it possible to transfer data from one computer to another computer.

*MOA automatically adds the extension .sbb to backup files.

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[2]This backup has the starting data for Northwind Traders.
[3]This backup has the starting data for Fabrikam, Inc.

Chapter 1

Northwind Traders— A Product Company

SOFTWARE OBJECTIVES: In Chapter 1, you use the software to:

1. Start Microsoft Office Accounting (MOA).[1]
2. Explore the product based sample company, Northwind Traders.
3. Navigate Microsoft Office Accounting's graphical user interface.
4. Identify MOA's program and data path.
5. Add your name to MOA's company information.
6. Backup data.
7. Copy backup file to external media.
8. Restore data.
9. Explore MOA's Help system.

WEB OBJECTIVES: In Chapter 1, you do these Internet activities:

1. Go online to Microsoft Office Accounting's web site at www.microsoft.com/office/accounting.
2. Use your Internet browser to go to the book's web site at www.mhhe.com/yachtmoa.
3. Complete the Internet Activities.

Microsoft Office Accounting (MOA) is similar to other programs that use Windows. If you have used other Windows programs, specifically Microsoft Outlook, you will recognize the similarities. If you are not familiar with Windows, using MOA will help you become familiar with the Windows operating system.

MOUSE AND KEYBOARD BASICS

One of the first decisions you need to make is whether to use the mouse or keyboard. The instructions in this book assume that you are using a mouse. When the word click is used in the instructions, it means to use your mouse, but you can also use the keyboard.

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[1]If Microsoft Office Accounting is *not* installed see Software Installation, pages iii to x.

The McGraw-Hill Companies, Inc., *Computer Accounting with Microsoft Office Accounting 2007*

Using the Mouse

➢ To single click: position the mouse cursor over what you want to select and click the left mouse button once.

➢ To double-click: position the mouse cursor over your selection and click the left mouse button twice, quickly.

➢ Use the right mouse button the same way you use the left mouse button.

Using the Keyboard

➢ Hold down the **<Alt>**[2] key and the underlined letter to make the selection.

➢ If you have already held down the **<Alt>** key and the underlined letter and more selections appear with underlined letters, just type the underlined letter to select the item.

Using Shortcut Keys

Shortcut keys enable you to perform common operations by using two or more keys together.

<Ctrl> Shortcut Keys	
<Ctrl>+<1>	Go to Company home page.
<Ctrl>+<2>	Go to Customers home page.
<Ctrl>+<3>	Go to Vendors home page.
<Ctrl>+<4>	Go to Employees home page.
<Ctrl>+<5>	Go to Banking home page.
<Ctrl>+<6>	Go to Reports home page.
<Ctrl>+<Shift>+<A>	Open chart of accounts.
<Ctrl>+<Shift>+<B>	Open Bills and item receipts.
<Ctrl>+<Shift>+<C>	Open Customers list.
<Ctrl>+<Shift>+<E>	Open the Employees list.
<Ctrl>+<Shift>+<I>	Open the Invoices list.
<Ctrl>+<Shift>+<J>	Open the Jobs list.
<Ctrl>+<Shift>+<M>	Open the Payments list.

---

[2]The greater and lesser signs are used around words to indicate individual keys on your keyboard; for example, **<Alt>** is for the Alternate key, **<Enter>** for the Enter/Return key, **<Ctrl>** is for the Control key, **<Esc>** is for the Escape key.

<Ctrl>+<Shift>+<P>	Open the Purchase Orders list.
<Ctrl>+<Shift>+<Q>	Open the Quotes list.
<Ctrl>+<Shift>+<S>	Open the Sales Orders list.
<Ctrl>+<Shift>+<T>	Open the Time Entries list.
<Ctrl>+<Shift>+<U>	Open the Items list.
<Ctrl>+<Shift>+<V>	Open the Vendors list.
<Ctrl>+<Shift>+<Y>	Open the Journal Entries list.

<Function> Key and <Alt> Key Shortcuts	
<F1>	Displays the Help table of contents.
<Alt>+<F1>	Gets help for the current page.
<Alt>+<F4>	Exit Microsoft Office Accounting

GETTING STARTED

Northwind Traders is one of the sample companies included with MOA. The purpose of using the sample companies in Chapters 1-7 is to help you become familiar with the software. In Chapters 8-15, you set up service and merchandising businesses from scratch.

To start Microsoft Office Accounting, do the following.[3]

1. Double-click on the **desktop** icon for Microsoft Office Accounting (or, select, Start; All Programs, Microsoft Office, Microsoft Office Accounting 2007). The Start – Microsoft Office Accounting window appears. Click on the link to Open a sample company.

   Compare the Start – Microsoft Office Accounting window to the one shown on the next page.

Read Me: 120 days of software use

The software included with the textbook is a 120-day trial version. Write down the date of software use here.

_____

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[3]These instructions assume that Microsoft Office Accounting is installed. (See pages iii-x.)
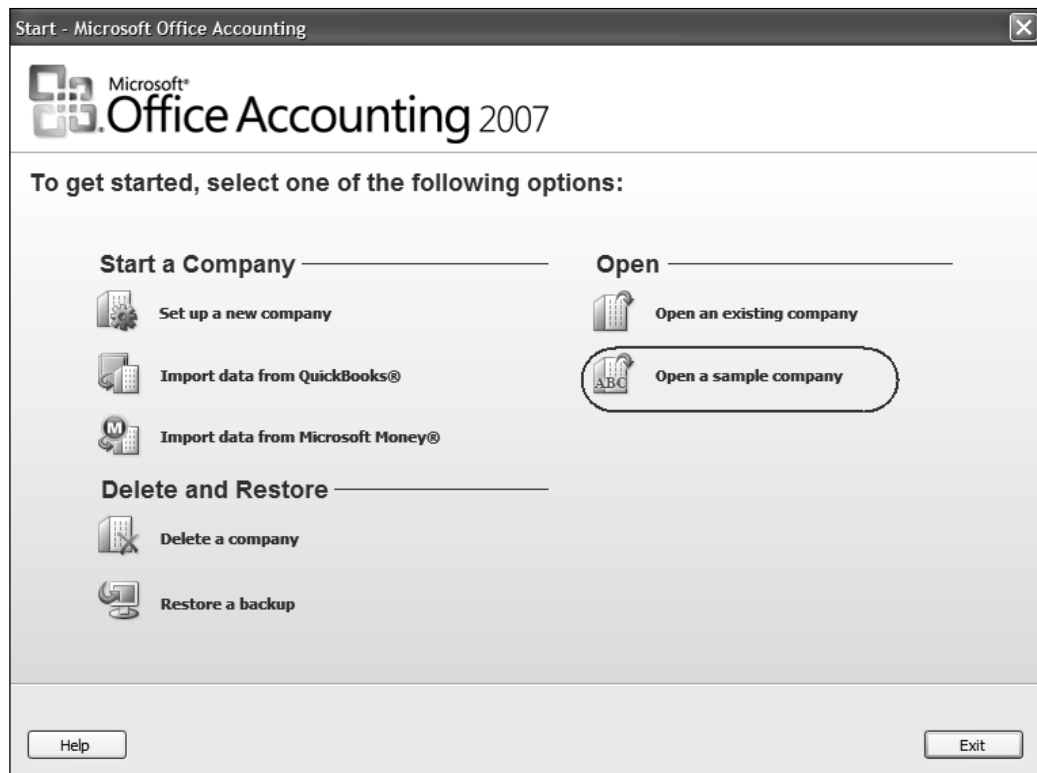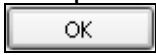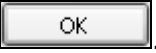
2. Link to Open a sample company. The Select Sample Company window appears. Select Product based sample company.
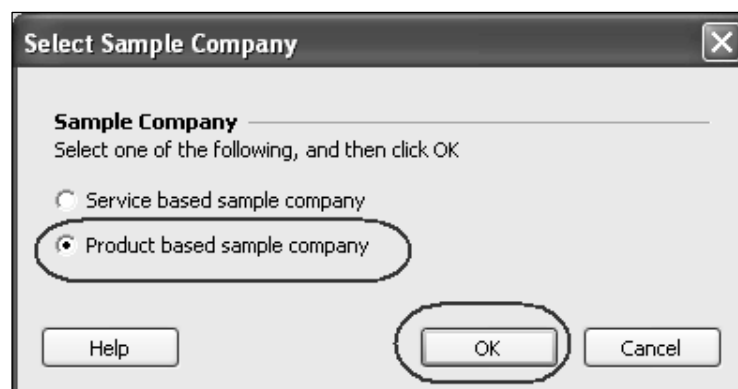
A product based company purchases merchandise from vendors, then sells that merchandise to customers. Products fall into two categories: inventory and non-inventory items. Another way to describe a product based company is to call it a merchandising

business. The sample company that you are going to use,
Northwind Traders, is a product based business.

3.   Click [OK]. When the window prompts The sample company
data will now be moved to the current year, click [OK]. When
the window prompts, The program will be closed for the changes to
take effect, click [OK]. Refer to steps 1 and 2, pages 5-7, to
restart MOA. The Northwind Traders – Microsoft Office Accounting
2007 window appears. When the sample company is started for the
first time, the current year (system date year) is established.

4.   The company home page appears. Compare your window with the
one shown below. The callouts are explained in the MOA's
Graphical User Interface section below and on pages 8 and 9.

MOA'S GRAPHICAL USER INTERFACE (GUI)

The general look of a program is called its graphical user interface. As
you know, most Windows programs include the mouse pointer, icons,
toolbars, menus, and a navigation pane. One of the benefits of Windows
is that it standardizes terms and operations used in software programs.
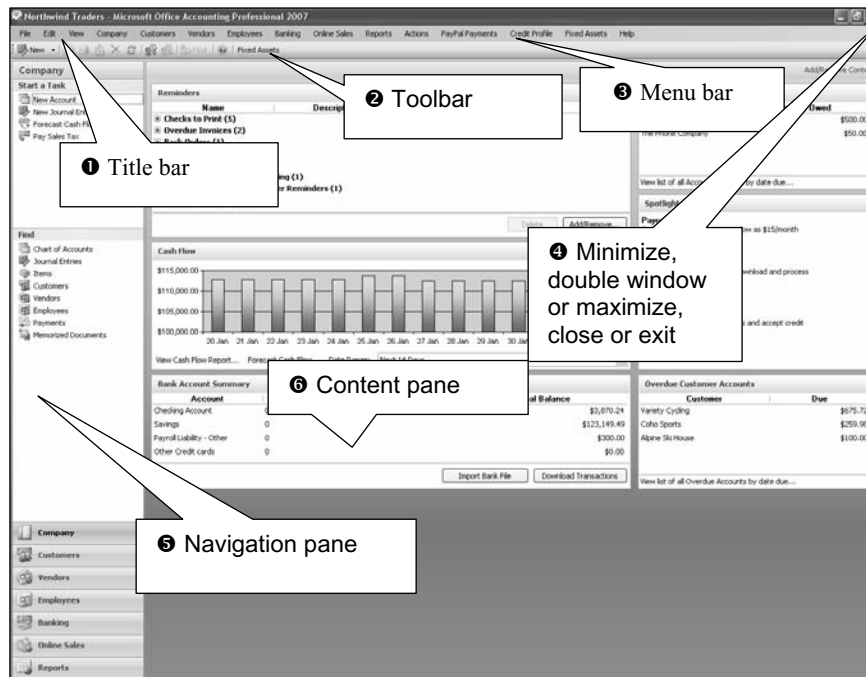
MOA's home page defaults to the current date (today's date). Your home page may differ; for example, the Cash Flow bar chart may show different dates and amounts.

The Northwind Traders – Microsoft Office Accounting 2007 window on page 7 shows how MOA's windows are organized. In this textbook, you will use both menu bar selections and Navigation Pane selections to complete work.

For now, let's study the parts of the window shown on page 7. Some features are common to all software programs that are written for Windows. For example, in the upper right corner is the Minimize button, Double Window button, and the Close button. The title bar, window border, and mouse pointer are also common to Windows programs. Other features are specific to MOA: menu bar, toolbar, and navigation pane.

Windows programs use menus in the form of horizontal menu bar selections. The contents of these menus differ depending on the application.

❶ *Title Bar*: Contains the company name and the program name, Microsoft Office Accounting 2007.

❷ The *Toolbar* displays a set of buttons –
 – New, E-mail, Print, Export to Excel, Delete, Refresh, Send Books, Receive Books, Find, and Help. If a button appears dimmed, it is unavailable.

❸ *Menu Bar*: Contains the menus for File, Edit, View, Company, Customers, Vendors, Employees, Banking, Online Sales, Reports, Actions, PayPal Payments, Credit Profile, Fixed Assets, and Help. You can click on the menu bar item to see its selections, or you can press **<Alt>** plus **<F>** to see the File menu. Once you click **<Alt>** plus **<F>**, notice that your menu bar selections have an underlined letter. If your menu bar selections have an underlined letter that means you can make a selection by typing **<Alt>** and the underlined letter. For example, in Windows XP if you press the **<Alt>** key then press the **<F>** key, the menu bar shows underlined letters as well as the submenu. You can also click with your left-mouse button on the menu bar headings to see the submenu selections.

❹ Minimize [ ], Double Window [ ], or Maximize [ ], and Close or Exit [X] buttons: Clicking once on Minimize [ ] reduces the window to a button on the ***taskbar***. In Windows, the [start] button and taskbar are located at the bottom of your window. Clicking once on Double Window [ ] returns the window to its previous size. This button appears when you maximize the window. After clicking on the Double Window [ ] button, the symbol changes to the Maximize [ ] button. Click once on the Maximize [ ] button to enlarge the window. Click once on the Exit or Close [X] button to close the window, or exit the program.

❺ ***Navigation Pane***[4]: Microsoft Office Accounting offers a graphical alternative to the menu bar. The Navigation Pane on the left side contains the following areas: Start a Task list, Find list, and Navigation buttons. The Navigation buttons for the home pages are: Company, Customers, Vendors, Employees, Banking, and Reports.

❻ ***Content Pane:*** Displays information on your company. The following content appears when you first open the Company home page: Today's Reminders, Cash Flow, Bank Account Summary, Vendors to Pay Today, Spotlight, and Overdue Customer Accounts list. You can also Add/Remove Content from the Company home page.
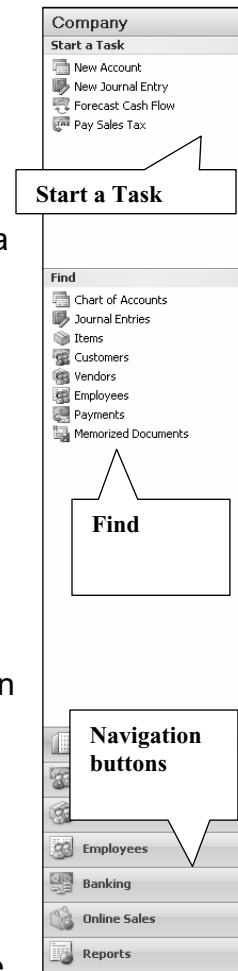
NAVIGATION PANE

The Navigation Pane contains the following areas: Start a Task list, Find list, and Navigation buttons for the home pages. In the information that follows, the Navigation Pane

[Company] button was selected.

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[4]The Navigation Pane can be widened or narrowed. Move the cursor over the Navigation Pane's right border. The cursor changes to a cross-bar, left-click to move the pane wider or narrower.

Start a task: The Start a Task list contains links to help manage the company.

Find: The Find list contains links to records and the **chart of accounts**. The chart of accounts is a list of all the accounts used by a company. A partial chart of accounts is shown below. Observe that it shows up-to-date balances. In Chapter 5, Banking, you will explore the chart of accounts in more detail (after you have added transactions). Scroll down the list to familiarize yourself with Northwind Traders accounts.

Active	No.	Name	Type	Balance
		Chart of Accounts	Collapse Hierarchy	Current View: Active
		Add a new Account		
✓	1005	Undeposited Funds	Cash Account	$0.00
✓	1007	Cash-Petty Cash	Cash Account	$449.87
✓	1010	Checking Account	Bank	$3,870.24
✓	1115	Savings	Bank	$123,149.49
✓	1210	Accounts Receivable	Accounts Receivable	$28,850.99

Navigation Buttons: Select a navigation button to go to home pages: Company, Customers, Vendors, Employees, Banking, and Reports.

TYPICAL MICROSOFT OFFICE ACCOUNTING WINDOWS

When one of the Navigation Pane's buttons (Company, Customers, Vendors, Employees, Banking, Reports) is selected, a home page appears. For example, click [Banking], and the Banking home page is shown. Compare your Banking; Start a Task window to the one shown below.
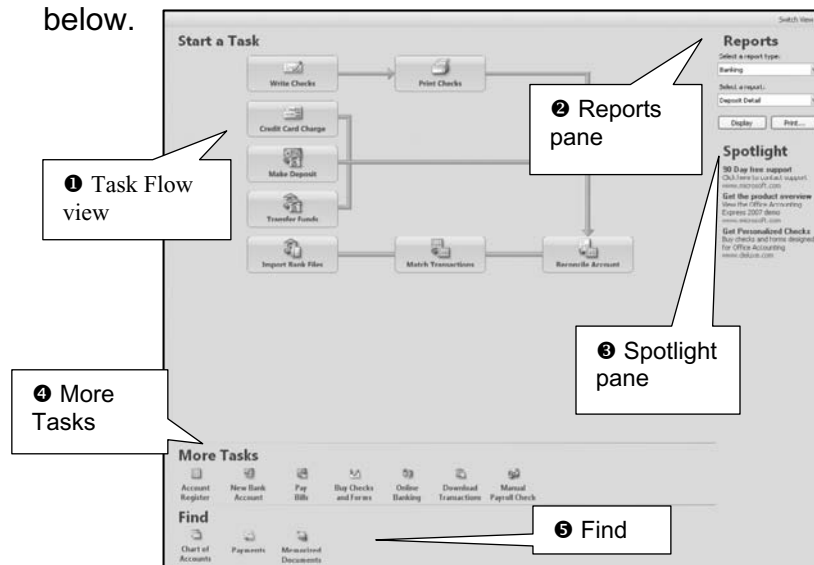
Clicking on an icon takes you to that task. Observe that the Banking home page includes: ❶ Task Flow view, ❷ Reports pane (right side, ❸ Spotlight pane (right side), ❹ More Tasks (bottom), and ❺ Find.

Observe there is also a Switch View 🔲 icon on the Banking title bar. If you click 🔲; a Start a Task and Find list appears instead of the Task Flow view. Observe that the Reports choices and Spotlight list are included when you selected Switch View. Click 🔲 again to go back to the task flow view.

COMPANY PREFERENCES

Follow these steps to look at the User Preferences for Northwind Traders.

1. From the menu bar, select Company; Preferences. The Company Preferences window appears. If necessary, click on the Company tab.
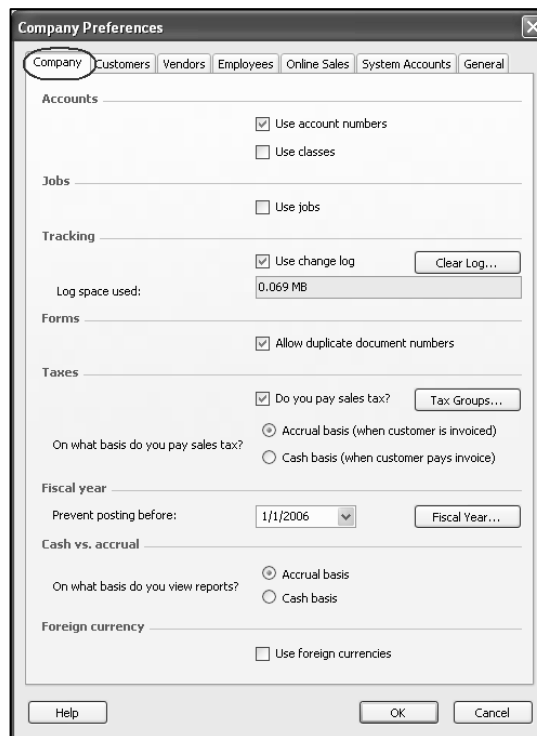
2. Read the information on the Company Preferences window.

Observe where the checkmarks are placed. To see other preferences, click on the tabs for Customers, Vendors, Employees, System Accounts, and General.

3. To close the window, click ⊠ on the Company Preferences title bar.

DISPLAYING PRODUCT INFORMATION

1. From the menu bar, click on Help; About Microsoft Office Accounting. The About Microsoft Office Accounting window appears. (Your Product ID and Registration fields may be completed.) Version 2.0.7024.0 was used to write the textbook.

2. After reviewing the window, click Close .

USING WINDOWS EXPLORER

The instructions that follow show you how to identify MOA's program path, directories, and subdirectories on the hard drive of your computer. You also see the size of the MOA and sample company data.

Follow these steps to use Windows Explorer to identify MOA's location on your computer system.

1. If necessary, minimize Microsoft Office Accounting. Your Windows desktop should be displayed.

2. If your desktop has a Windows Explorer icon, double-click on it. *Or*, click ![start]; All Programs, Accessories, Windows Explorer. (These instructions are consistent with Windows XP. If you are using another version of Windows, make the appropriate selections.)

> **Read Me: Microsoft Office Accounting program path**
>
> The location of Microsoft Office Accounting is consistent with the version of the software used to write the textbook. Your location may differ.

3. In the Address field, select drive C, then double-click on the Program Files folder to open it. The address field shows C:\Program Files. Now double-click on the Microsoft Small Business folder to open it. The Address field shows C:\Program Files\Microsoft Small Business. This is the location (program path) of Microsoft Office Accounting on your computer.

4. Notice on the left side of your window, there is a Folders list and that the Small Business Accounting folder has a plus sign next to it. Click on the plus sign.

5. Right-click on the Small Business Accounting 2007 folder. A drop-down list appears. Left-click on Properties. The Small Business Accounting 2007 Properties window appears. Compare your Small Business Accounting 2007 Properties window to the one shown on the next page.
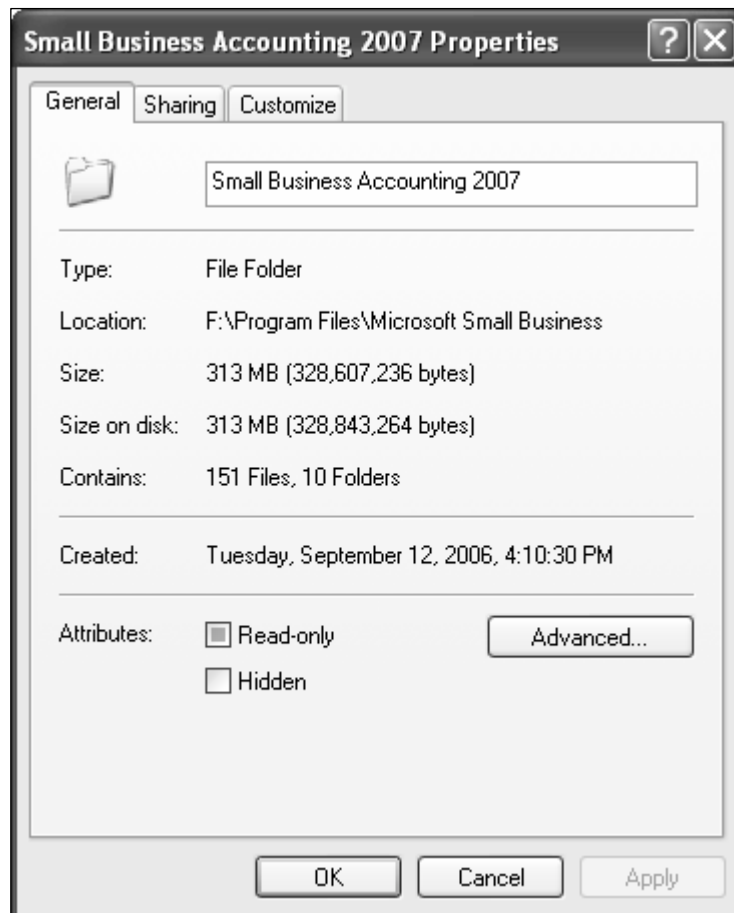
Observe the Location (program path) of Microsoft Office Accounting is
C:\Program Files\Microsoft Small Business. The size of the file is 313
MB or 328,607,236 bytes and contains 151 files and 10 folders. Your
file size, number of files, and folders may differ.

The Small Business Accounting 2007 Properties window is consistent
with the version of the software used to write the textbook. Your
Properties window may differ.

6.   Close the Microsoft Office Accounting Properties window.

7.   Close Windows Explorer.

MENU BAR

Northwind Traders menu bar has 15 selections: File, Edit, View, Company, Customers, Vendors, Employees, Banking, Online Sales, Reports, Actions, PayPal Payments, Credit Profile, Fixed Assets, and Help. The sample companies show MOA's complete menu bar. Some of the selections require third-party software (for example, PayPal Payments, Credit Profile, Fixed Assets.)

1. If necessary, enlarge Northwind Traders. (*Hint:* Click
    [Northwind Traders - ...] on the taskbar.) From the menu bar, click File to see the file menu options. The file menu includes selections for New Company, Open Company, Close Company, Open Selected Items, Company Setup, Manage Users and Roles, Accountant Transfer, Utilities, Compress Data, Multi-user Settings, Page Setup, Print Preview, Print, Exit. If any of the items are grayed out, they are inactive. In order to show all File menu selections, from the Navigation Pane's Company Find list, select Chart of Accounts.
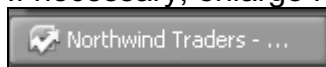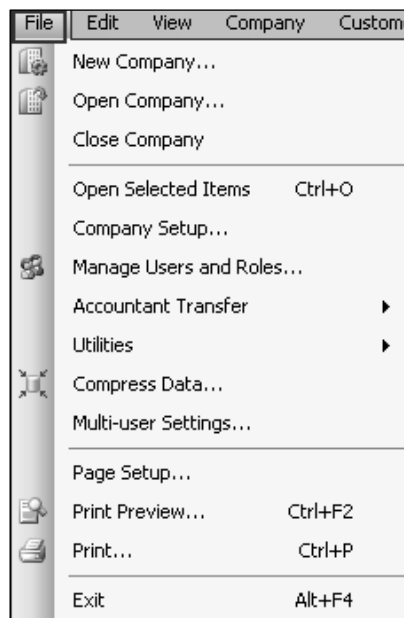
Menu choices that are followed by an *ellipsis* (…) are associated with *dialog boxes* or windows that supply information about the open window. An arrow (►) next to a menu item (for example,

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Utilities) indicates that there is a submenu with additional selections. Also, observe that pressing **<Ctrl>+<O>** can be used to open selected items.

2. From the menu bar, click Edit. The edit menu includes selections for Delete, Select All, Make Active (grayed out because it is inactive), Make Inactive. Observe that keyboard shortcuts such as **<Ctrl>+<D>** can be used to Deletel.
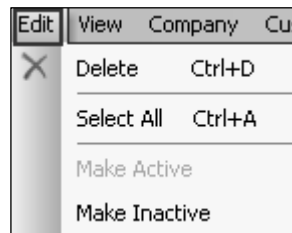
3. From the menu bar, click View. The View menu allows you Arrange By, Filter By, Refresh, Switch view (grayed out selections are inactive), and Add/Remove Content. (The Find selection, Payments was selected to show all View menu choices.)
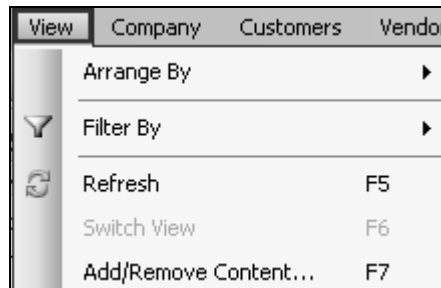
4. From the menu bar, click Company. The Company menu bar has selections for Company Home, Business Services, Company Information, Preferences, Integrates with Business Contact Manager, Forecast Cash Flow, Create a Budget, New Journal Entry, New Cash Basis Journal Entry, New Account, Merge Accounts, Sales Tax, Manage Support Lists, Manage Fiscal Year, Write Letters, Manage Word Templates, and Company Lists.
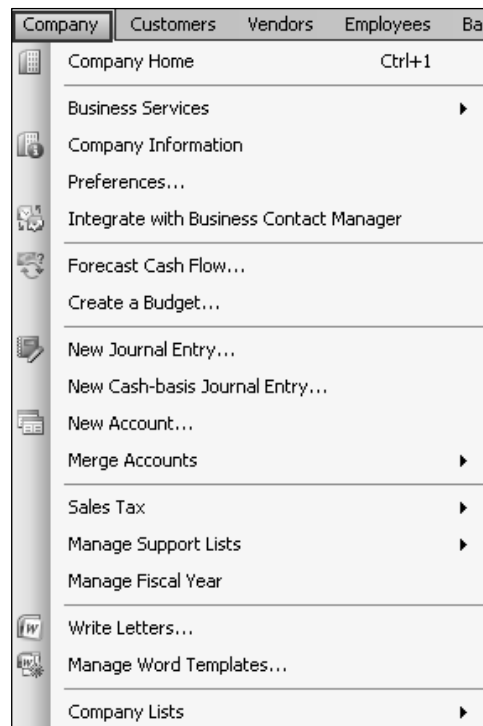
5.   From the menu bar, click Customers. This selection includes Customers Home, New, Receive Payment, Customer Refund, Finance Charge, Create Statement, Credit Card Processing, Price Levels, Write Letters, Manager Word Templates, Customer Services, Customer Lists.
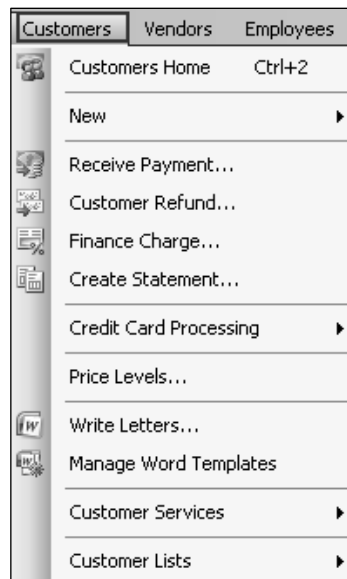
6. Click on Vendors to see its menu. This selection includes Vendors Home, New, Receive Items, Enter Bills, Pay Bills, Issue Payments, New Vendor Payment, Physical Inventory Worksheet, Change Item Prices, Adjust Inventory, Write Letters, Manage Word Templates, Vendor Services, Vendor Lists, and Display 1099 Report.

Vendors	Employees	Banking	Online Sa
Vendors Home			Ctrl+3
New			▶
Receive Items...			
Enter Bills...			
Pay Bills...			
Issue Payments			
New Vendor Payment...			
Physical Inventory Worksheet...			
Change Item Prices...			
Adjust Inventory			▶
Write Letters...			
Manage Word Templates			
Vendor Services			▶
Vendor Lists			▶
Display 1099 Report			
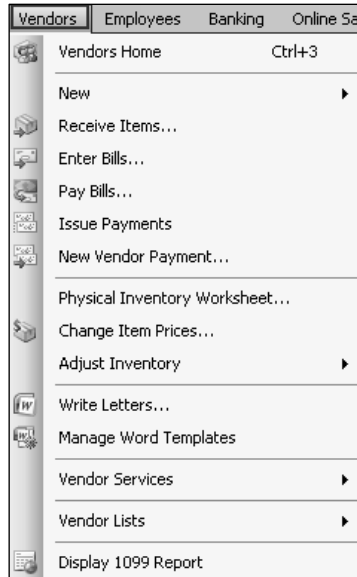
7. Click Employees. This selection includes Employees Home, New Employee, New Time Entry, New Timesheet, Online Payroll, Payroll, Download Pay Runs, Manual Payroll, Reimburse Employee, Write Letters, Employee Services, and Employee Lists.

Employees	Banking	Online Sales
Employees Home		Ctrl+4
New Employee...		
New Time Entry...		
New Timesheet...		
Online Payroll		▶
Payroll		
Download Pay Runs...		
Manual Payroll		▶
Reimburse Employee...		
Write Letters...		
Employee Services		▶
Employee Lists		▶
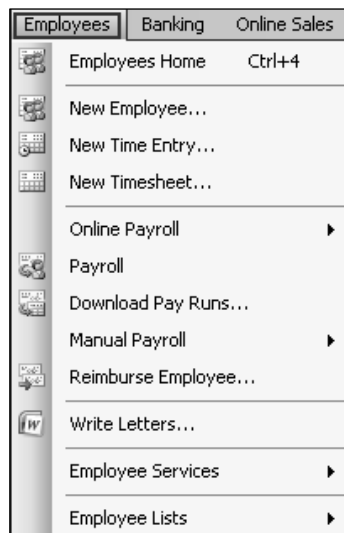
8. Click Banking. This selection includes Banking Home, New Bank Account, Account Register, Write Checks, Make Deposit, Transfer Funds, Pay Bills, Enter Payments, Bank Online, Import Bank File, Credit Card Processing, Match Transactions, Credit Card Charge, Reconcile Account, Print Checks, Banking Services, and Banking Lists.

Banking	Online Sales	Reports	A
Banking Home	Ctrl+5		
New Bank Account...			
Account Register	Ctrl+R		
Write Checks...			
Make Deposit			
Transfer Funds...			
Pay Bills...			
Enter Payments			
Bank Online	▶		
Import Bank File			
Credit Card Processing	▶		
Match Transactions			
Credit Card Charge			
Reconcile Account...			
Print Checks...			
Banking Services	▶		
Banking Lists	▶		
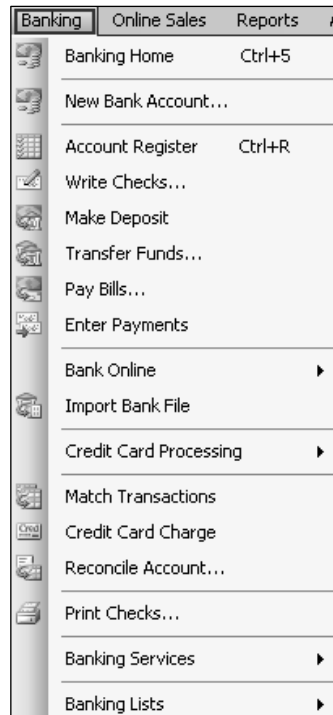
9. Click Online Sales. This selection includes Online Sales Homes, Set Up To Sell Online, List Items to Marketplace, Download Orders and Fees, Manage Online Sales, and Online Sales Lists.

Online Sales	Reports	Actions	Help
Online Sales Home	Ctrl+6		
Set Up To Sell Online			
List Items To Marketplace			
Download Orders and Fees			
Manage Online Sales			
Online Sales Lists	▶		
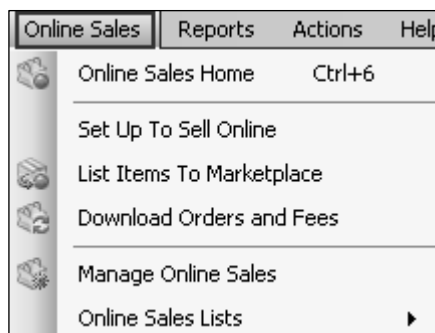
Online Sales appears on the menu bar, when the company preference has been selected to enable online sales.

10. Click Reports. This selection includes Reports Home, Saved Reports, Company and Financial, Customers and Receivables, Sales, Vendors and Payables, Purchases, Inventory, Banking and Employees and Payroll, and Fixed Asset Manager.
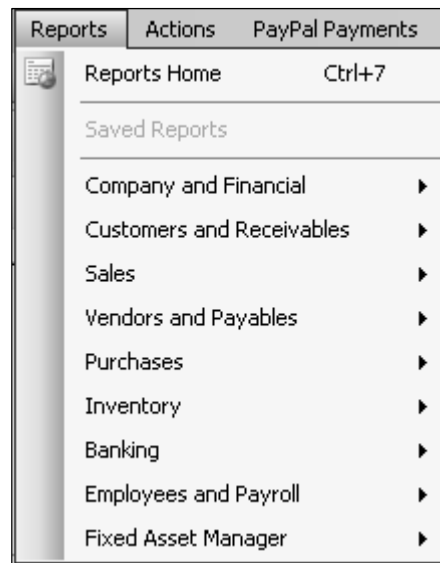
11. Click Actions. This selection includes Find, Export to Excel, New Account, and New Journal Entry. (*Hint:* In order to see the Actions selections, the Chart of Accounts was selected.)
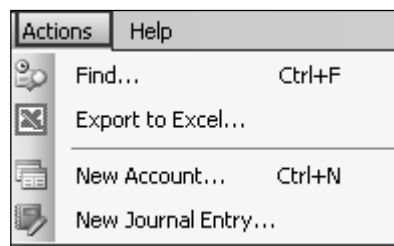
12.   Click PayPal Payments. This selection shows PayPay Settings, Import Payments, and PayPal Help.
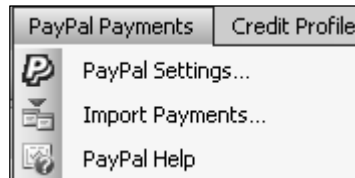
13.   Click Credit Profile. This selection shows Sign Up for Credit Profile, Manage Credit Profit, Get Your Company's Credit Report, and Credit Profit Help.

14.   Click Fixed Assets. This selection includes Fixed Asset Manager, Fixed Asset Depreciation Schedule, Fixed Asset Projection, and Fixed Asset Help.
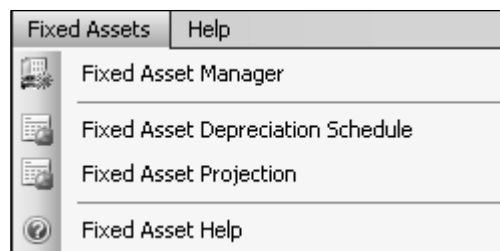
15.   Click Help. The Help selection includes Microsoft Office Accounting Help, Help with this Window, Office Online, Check for Updates, Activate and Register Product, Contact Us, Support Services, Find an Accountant, Community, Customer Feedback Options, Submit Feedback, and About Microsoft Office Accounting.
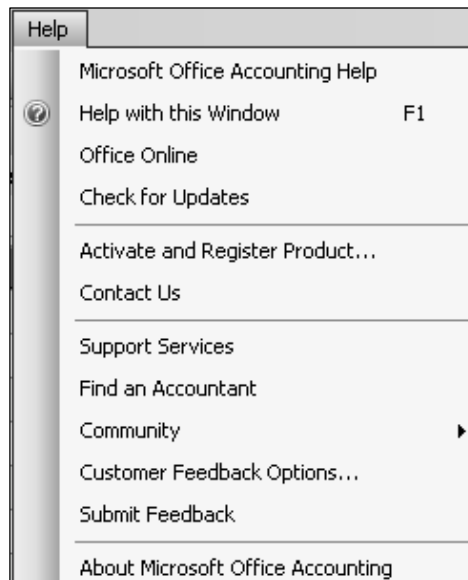
BACKUP NORTHWIND TRADERS

Before entering company information, back up the sample company data.
When using MOA, information is automatically saved to the hard drive of
the computer. In a classroom setting, a number of students may be using
the same computer. This means that when you return to the computer lab
or classroom, your data is gone. *Backing up* your data means saving it
to a hard drive, network drive, or external media. Backing up insures that
you can start where you left off the last time you used Microsoft Office
Accounting.

Comment

The author suggests backing up the sample company. In this textbook, you are shown
how to backup to a hard drive location. Backing up to a drive other than the hard drive or
network drive is called backing up to *external media*. The instructions that follow
assume you are backing up to the hard drive of your computer.

When you back up, you are saving to the current point in MOA. Each time you make a
backup, you should type a different backup name (file name) to distinguish between
them. In this way, if you need to *restore* an earlier backup, you have the data for that
purpose.

In the business world, backups are unique to each business: daily, weekly, monthly.
Think of your backups this way and you will see why individual backups at different
points in the data are necessary. *You should never leave the computer lab without first
backing up your data.*
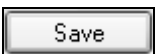
The text directions assume that you are backing up to the *default* hard drive location. Defaults are defined as an option that is already selected for you and will be used unless you change it. The chart on page 2 (Part 1 opener) shows the size of each backup file in Chapters 1-7 (Part 1 of the textbook). Follow these steps to back up Microsoft Office Accounting.

1. From the menu bar, select File; Utilities, Data Utilities. The Microsoft Office Accounting Data Utilities window appears.

2. Click Backup . The Backup window appears. (The software defaults to the current date.)
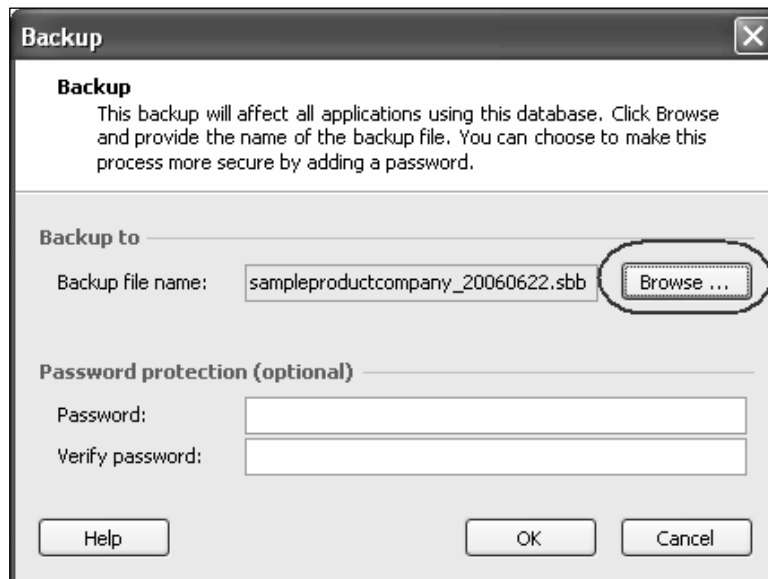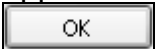
3. Click Browse ... . The Select Backup File window appears. Observe that the Save in field defaults to the Backups folder. Delete the file name shown in the File name field. Type **Northwind Traders** in the File name field. Press <Tab>. Observe that you are creating a Backup File with an .sbb extension.

4. Click ⬚ Save ⬚.
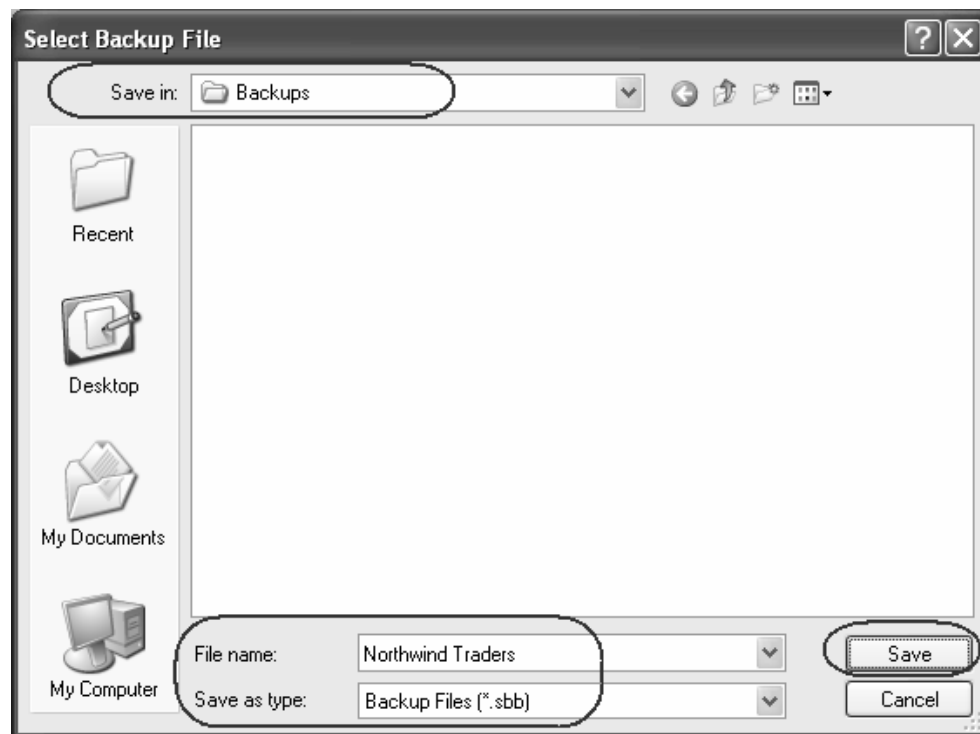
5. The Backup window appears showing the Backup file name: C:\....\My Documents\Small Business Accounting\Backups\ Northwind Traders.sbb.
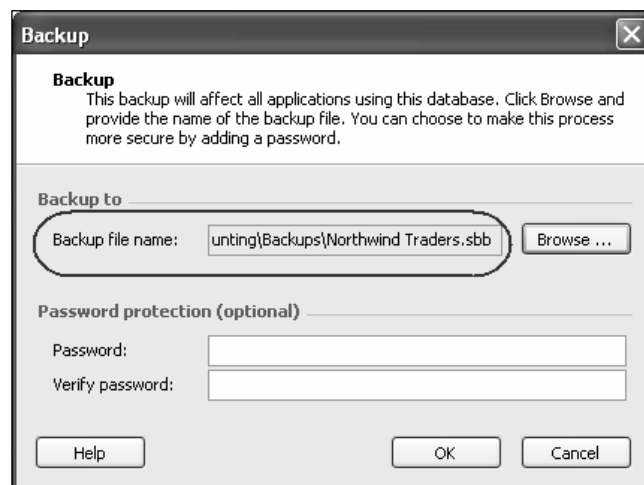
6. Click [OK]. The Backup please wait; Backup in progress window appears. The backup file is being compressed (made smaller.)

7. When the window appears saying the Backup was completed successfully, click [OK].

8. Close the Data Maintenance window.

9. Click File; Exit to exit Northwind Traders and return to the windows desktop. (*Or,* continue with the next section without exiting.)

Read me: Data Files

Refer to the Preface, page xviii-xix, to review information about the seven types of MOA files and where these files are stored.

Locate the Backup File

You can use either My Computer or Windows Explorer to identify where your backup file has been saved. In the example that follows, My Computer is used.

The steps that follow assume that the backup file was saved to the default location—C:\.....\My Documents\Small Business Accounting \Backups. Follow these steps to locate the backup file using My Computer.

1. Click Start; My Computer. The My Computer window appears. In the Files Stored on This Computer area, select your computer's Documents. The My Computer window shows the author's Documents folder.

Address	My Computer	
	Name	Type
System Tasks ⊗	**Files Stored on This Computer**	
☑ View system information	Shared Documents	File Folder
🗐 Add or remove programs	Carol Yacht's Documents	File Folder
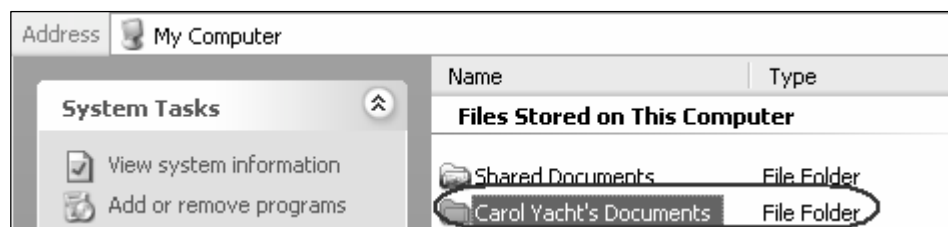
2.   Double-click on the XXX Documents folder to open it. (Substitute your name, or Administrator, for the XXX's.)

3.   The My Documents window opens: C:\Documents and Settings\Your Name or computer's name\My Documents.

4.   Double-click on the Small Business Accounting folder. Observe that three folders are shown, Backups, Companies, and Logs.
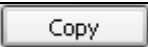
5.   Double-click Backups. The Northwind Traders.sbb file is shown. Observe the address of your backup file. This is the location of the file. The file size may differ.

Copy Northwind.sbb to External Media

1.   Click on Northwind.sbb to select it. In the File and Folder Tasks list, link to Copy this file.
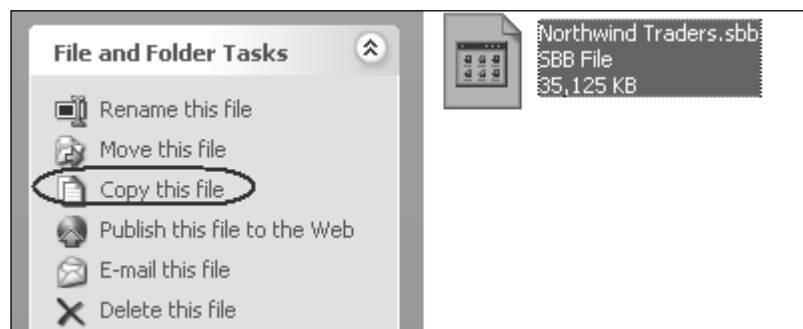
2.   The Copy Items window appears. Select your USB drive (*or* other external media drive). Click [Copy]. The file copies to external media.

3. Close the Backups window. To make sure you copied the backup file, go to My Computer (or Windows Explorer); then browse to the location of Northwind.sbb to make sure it is there.

RESTORE COMPANY DATA

In order to start where you left off the last time you backed up, you use MOA's restore feature. When data is restored, you overwrite the company data with the backup copy.

Follow these steps to restore company data.

1. If necessary, exit MOA. Start Microsoft Office Accounting. If a company opens, click File; Close Company. You should restore data from the Start – Microsoft Office Accounting window.

2. Link to Restore a backup.

3.   The Database Restore window appears. In the Backup filename field, click `Browse ...`. Browse to the location of your backup file. The steps that follow assume you backed up to the hard drive location My Documents \Small Business Accounting \Backups\Northwind Traders.sbb. If necessary, in the Look in field, go to the appropriate location of your backup file.

4.   Click Northwind Traders.sbb. Compare your Select Backup File to Restore window the one shown on the next page.

5.   Click `Open`.

6.   The Database Restore, Restore a Backup window appears. In the Restore backup file to field, click `Browse ...`. The Select Company File window appears. Select sampleproductcompany.sbc. Click `Save`. When the window appears that says this file already exists, click `Yes`. Compare your Database Restore, Restore a Backup window to the one shown below.

7. Click OK. The file starts to restore.

8. When the window prompts, the restore process was completed successfully, click OK.

9. From the Start – Microsoft Office Accounting window, link to Open a sample company, click OK.

10. From the Select Sample Company window, select Product based sample company. Click OK.

ADDING INFORMATION TO THE COMPANY NAME

Let's add your name to Northwind Traders. By adding your first and last name to the company name, all report printouts will have your name on them. Follow these steps to do that.

1. From the menu bar, select Company; Company Information. The Company Information window appears.

2. Add your name to Northwind Traders in the Company name field. The Company Information window on the next page shows Northwind Traders – Student Name. (*Hint:* Substitute your first and last name for Student Name.)

3. Click [OK] Observe that the title bar shows Northwind Traders - your first and last name – Microsoft Office Accounting Professional 2007.

MICROSOFT OFFICE ACCOUNTING HELP

Microsoft Office Accounting includes a couple levels of Help. The instructions that follow demonstrate MOA's Help files.

1. From MOA's menu bar, click Help; Microsoft Office Accounting Help. The Contents tab is selected.

2. Click on the plus sign next to Data Files.

3. Click on the question mark next to Back up company data. Read the information on the Back up company data window.

4. Click on other areas to explore. Read the information on various help windows. For example, click on the question mark next to Restore company data.
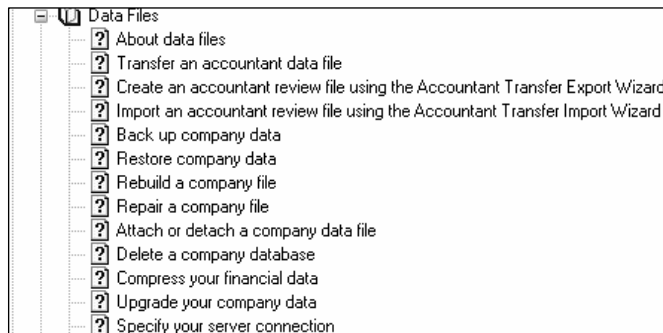
5. Before exiting the Help windows, click How to get help.

6. Read about the different ways to get Help when using MOA.
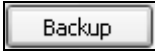
7. Link to each area. When you are through, close the Help window.
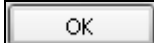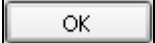
BACKUP CHAPTER 1

At the end of each chapter, the authors recommend that you backup. Backing up insures that you have data to restore. For example, let's say you would like to start Northwind Traders from the beginning. The backup made on pages 22-25, Northwind.sbb, has fresh, starting data. If you restore the backup file, Northwind.sbb, you can start the sample company from the beginning. If you restore the Chapter 1.sbb file, you are restoring data from the end of Chapter 1, page 32.

Follow these steps to backup Chapter 1 data.

1. Click File; Utilities, Data Utilities.

2. In the Backup company data area, click Backup.

3. In the Backup file name field, click Browse ....

4. Type **Chapter 1** in the File name field.

5. Click [Save].
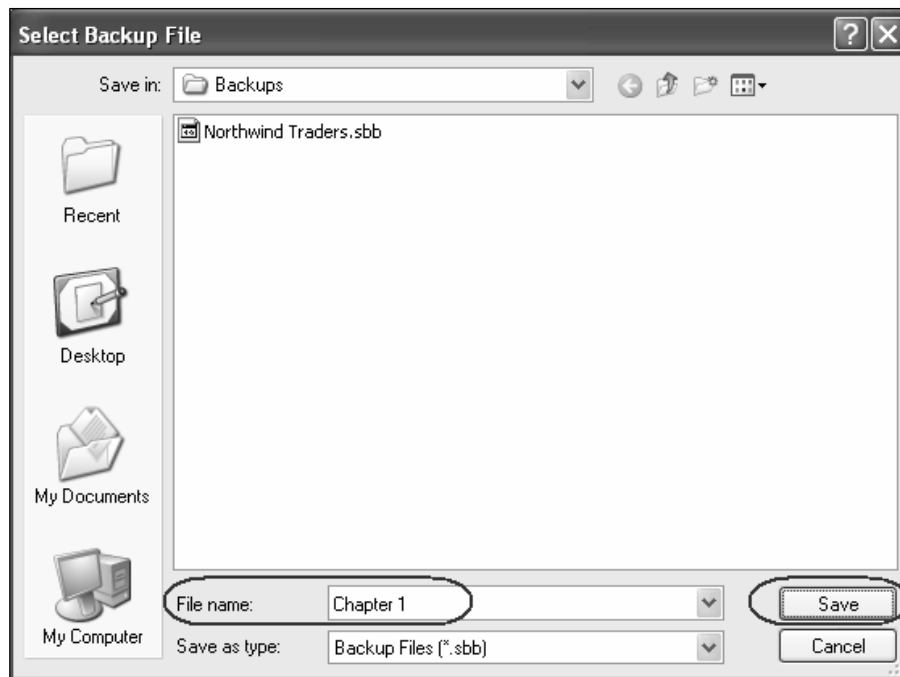
6. When the Backup window appears, click [OK]. Wait a few moments while the file is being backed up.

7. When the window prompts that the Backup was completed successfully, click [OK].

8. Close the Microsoft Office Accounting Data Utilities window.

9. Exit MOA or continue.

Read me

Periodically copy backups to external media. For instance, backup data; then copy the files from My Documents\Small Business Accounting\Backups\[filename.sbb] to a USB drive. (*Hint: You may have saved your backups to a different path*.)

You may need to transport data from one location to another. The authors suggest that you copy the backup file to USB media. Then copy the backup file from USB media to the Desktop of Computer 2. This way when you want to restore data, it is easy to find the backup file. The

flowchart below illustrates how to transport data from one computer to another computer.

Computer 1   **Computer 2**

Backup

Exit MOA

Copy backup file
to USB media

Copy backup file from
USB media to hard drive
(e.g. Desktop) of
Computer 2

Start
MOA

Restore
backup

Continue
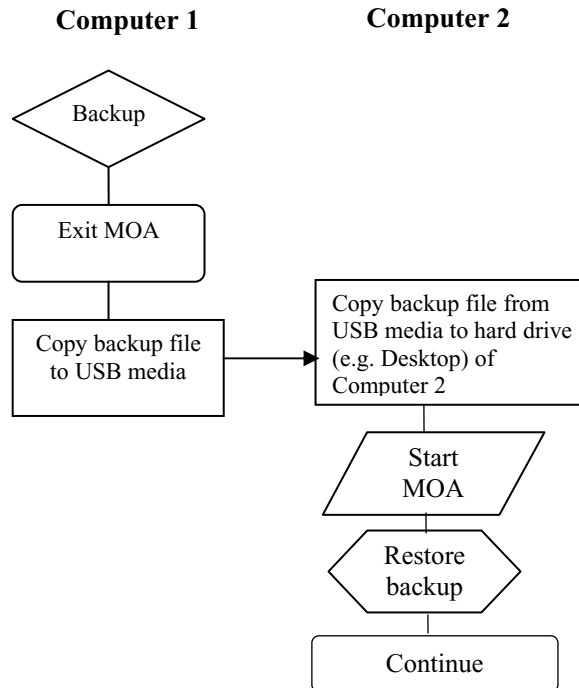
INTERNET ACTIVITY	
The *Internet* is a worldwide electronic communication network that allows for the sharing of information. The *World Wide Web* (WWW) or Web is a way of accessing information over the Internet. To read about the differences between the Internet and the Web, go online to www.webopedia.com/DidYouKnow/Internet/2002/Web_vs_Internet.asp.To make an Internet connection, your computer must be equipped with a *modem*. The word modem is an abbreviation of **Mo**dulator/**Dem**odulator. A modem is a device that translates the digital signals from your computer into analog signals that can travel over telephone lines. There are also DSL (digital subscriber lines) modems, cable modems, and T-1 lines for faster connections.	
1.	Go to your Internet browser. Then go online to www.mhhe.com/yachtmoa. The Microsoft Office Accounting web site appears.
2.	Select two links from this page. Using a word processing program, write an essay about each site you selected. Remember to include the web site address of each link. Your summary for each site selected should be no more than 100 words or less than 75 words.
3.	From your Internet browser, go to the textbook's web site at www.mhhe.com/yachtmoa. Link to the Student Edition.
4.	Link to Internet Activities, then Part 1 Internet Activities for Chapters 1-7. Open or save.
5.	Complete the Chapter 1 exercise, Graphical User Interface.

SUMMARY AND REVIEW

SOFTWARE OBJECTIVES: In Chapter 1, you used the software to:

1. Start Microsoft Office Accounting (MOA).
2. Explore the product based sample company, Northwind Traders.
3. Navigate Microsoft Office Accounting's graphical user interface.
4. Identify MOA's program and data path.
5. Add your name to MOA's company information.
6. Backup data.
7. Copy backup file to external media.
8. Restore data.
9. Explore MOA's Help system.

WEB OBJECTIVES: In Chapter 1, you completed these Internet activities:

1. Went online to Microsoft Office Accounting's web site at www.microsoft.com/office/accounting
2. Used your Internet browser to go to the book's web site at www.mhhe.com/yachtmoa.
3. Completed Internet Activities.

GOING TO THE NET

Comment

For the Going to the Net exercises, go online to www.mhhe.com/yachtmoa. Link to Student Edition; choose the appropriate chapter, then link to Going to the Net Exercises.

Access the Career Development web site at
www.net-temps.com/careerdev/index.htm?type=careertalk&channel=fin&topic=careers
Read the article Careers in Accounting & Finance.

1. What three skills are essential for those seeking careers in accounting and finance?
2. What is the preferred educational background for an accountant?
3. List five career opportunities in accounting and finance.

FLASHCARD REVIEW

To review how to use Microsoft Office Accounting, create flashcards. For example, for installing MOA, write Installation on one side of the card; on the other side, write the steps for software installation. Create flashcards for the following.

1. Software installation.
2. Starting Northwind Traders.
3. Backing up data.
4. Restoring data.
5. Copying backup data to external media.
6. Using Windows Explorer to determine file size.

True/Make True: Write the word True in the space provided if the statement is true. If the statement is not true, write the correct answer.

1. If there is an underlined letter in the menu or option you want to select, hold down the **<Alt>** key and the underlined letter to make the selection.

    _____

    _____

2. The menu items that have an arrow next to them indicate that there is another submenu with additional selections.

    _____

    _____

3. Shortcut keys enable you to use Microsoft Office Accounting's mouse.

    _____

    _____

4. In this book, the greater and lesser signs are used to indicate individual keys on the keyboard; for example <Tab>.

_____

_____

5. You can close the application you are working with if you single click with your mouse on the close button ().

_____

_____

6. It is a good idea to regularly copy backups to external media such as a USB drive.

_____

_____

7. The default location for Company data is My Documents\Small Business Accounting\Backups.

_____

_____

8. The Navigation Pane is shown at the top of the home page.

_____

_____

9. When backing up, files are compressed or made smaller.

_____

_____

10. The extension added to files that have been restored is .MOA, Microsoft Office Accounting.

_____

_____

Exercise 1-1: Follow the instructions below to complete Exercise 1-1:

1. Start MOA. Restore Chapter 1 data. (*Hint:* This backup was made on pages 31-33.)

2. Check that your name is added to the company information. (*Hint:* Company; Company Information.*)

3. Add your address information to the Business address area.

4. Continue with Exercise 1-2.

Exercise 1-2

 1. Follow these steps to backup.

   a. Click File; Utilities, Data Utilities.

   b. In the Backup company data area, click Backup .

   c. In the Backup file name field, click Browse ... .

   d. Type **Exercise 1-2** in the File name field.

e. Click [Save].

f. When the Backup window appears, click [OK].

g. When the Backup was completed successfully window appears, click [OK].

h. Close the Microsoft Office Accounting Data Utilities window.

i. Exit MOA.

2. Copy the backup file to external media.

Analysis Question: How many menu bar selections does Northwind Traders have? List the menu bar selections that are available.

CHAPTER 1 INDEX

Chapter

2   Customers & Receivables

SOFTWARE OBJECTIVES: In Chapter 2, you use the software to:

1. Restore data from Exercise 1-2. (This backup was made on pages 37-38.)
2. Add a new customer.
3. Enter and post a sales invoice.
4. Enter and post payment from a customer.
5. Display the transaction journal.
6. Display customer transaction history.
7. Backup data.
8. Restore data.

WEB OBJECTIVES: In Chapter 2, you do these Internet activities:

1. Use your Internet browser to go to the book's website at www.mhhe.com/yachtmoa.
2. Complete the Internet activity for the American Accounting Association.
3. Use a word processing program to write a summary about the website(s) that you visited.

In Chapter 2, you look at Northwind Traders customer home page and explore how MOA works with customers and receivables. You also work with the features of the software that are used to enter transactions and print reports for customers and receivables.

When working with MOA online help is available. You can select Help topics by selecting Help; Microsoft Business Accounting Help. The Contents tab and Search tabs offer additional help. You can also get context-sensitive help by selecting Help; Help with this window. The menu bar selections for Help are shown below.
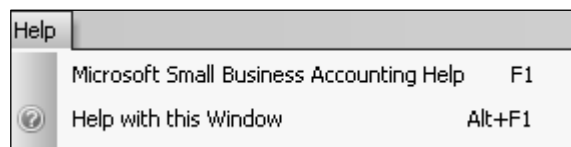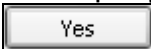
Help		
Microsoft Small Business Accounting Help		F1
ⓘ Help with this Window		Alt+F1

GETTING STARTED

1. Start Microsoft Office Accounting. If a company starts; for example, Northwind Traders, click File; Close Company. In order to complete step 2, you need to restore from the Start – Microsoft Office Accounting window.

2. Follow these steps to restore Exercise 1-2. This backup was made on pages 37-38.

   a. From the Start – Microsoft Office Accounting window, select Restore a backup. (If a company is open, click File; Close Company to go to the Start window.)

   b. In the Backup filename field, click Browse ... . Go to the location of your Exercise 1-2.sbb file. Select the Exercise 1-2.sbb file.

   c. Click Open .
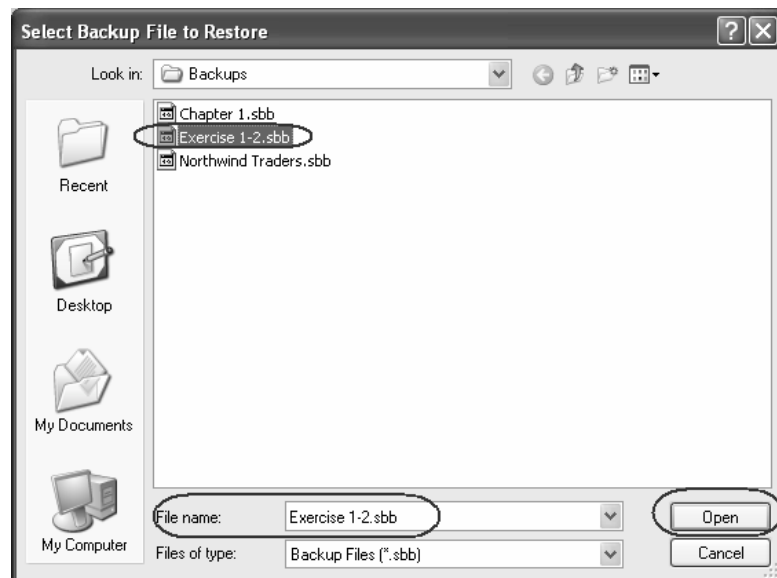
   d. In the Restore backup file to field, click Browse ... .

   e. Select sampleproductcompany.sbc. Compare your Select Company File window to the one shown on the next page.
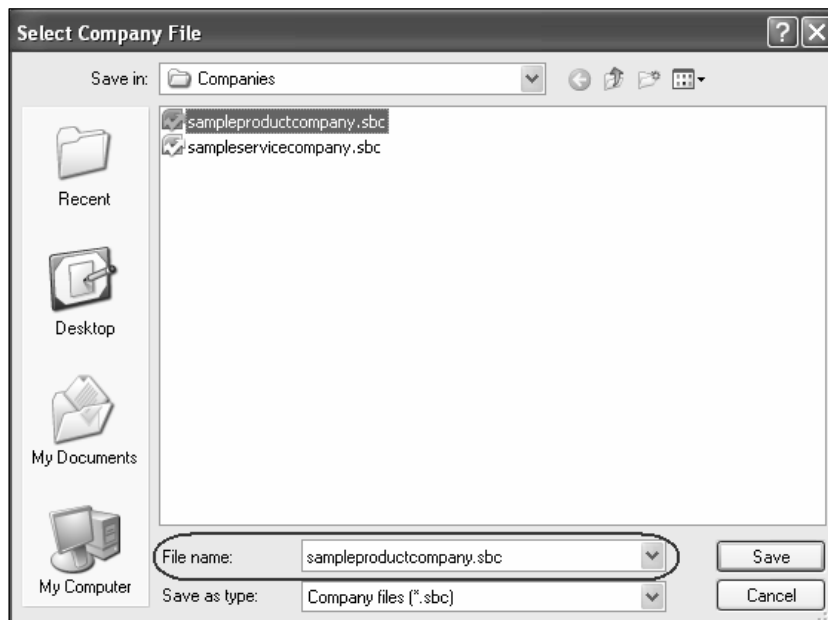
f.   Click [Save]. A window appears saying that
      C:\......\samplepoductcompany.sbc already exists. Do you want
      to replace it? Click [Yes].

g.   You are returned to the Database Restore window. Review the
      information in the Backup filename field and Restore backup file
      to field. Check the filename at the end of both fields:
      ….\Exercise 1-2.sbb and …..\sampleproductcompany.sbc. This
      identifies the backup filename and where you are restoring the
      file to.

      Compare your Database Restore window to the one shown on
      the next page.

h.   Click [OK]. The file starts to restore.

i.   When the window prompts, the restore process was completed successfully, click [OK].

j.   You are returned to the Start – Microsoft Office Accounting window. Select Open an existing company; then open the product based sample company.

Follow these steps to make sure you have restored the Exercise 1-2 file.

1.   From the menu bar, select Company, Company Information. Observe that the Company Information window shows your name added to the Company Name field and your address in the Business address field. Compare your Company Information window to the one shown on the next page. Your address information was added in Exercise 1-1 on page 37.
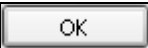
2.   Click [OK] to close the Company Information window.

CUSTOMERS HOME PAGE

On the *Customers home page*, you can perform all the tasks related to customers and receivables. MOA maintains your customer records and tracks their contact information, financial details and history, and any customer information you enter. The Customers home page is the starting point for managing your customer sales.

Let's first examine the Navigation pane's selection for Customers.

1. Click on the [Customers] navigation button. Observe this changes *both* the Start a Task List and the Find list. These areas now include information related to Customers.

Start a Task

Find

Customers

Start a Task
- New Customer
- New Item
- New Quote
- New Sales Order
- New Invoice
- Receive Payment
- New Cash Sale
- New Credit Memo
- Credit Card Processing

Find
- Customers
- Items
- Quotes
- Sales Orders
- Invoices
- Received Payments
- Customer Refunds
- Memorized Documents
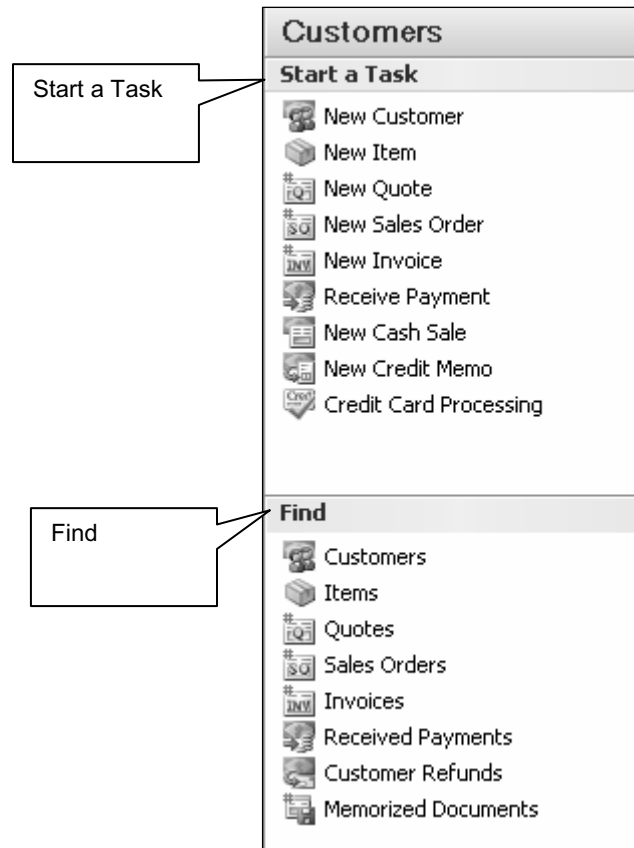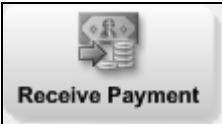
2. When you selected [Customers], a diagram showing the Customer tasks also appears on the Customer home page. Let's examine the customers task flow diagram shown on the next page.
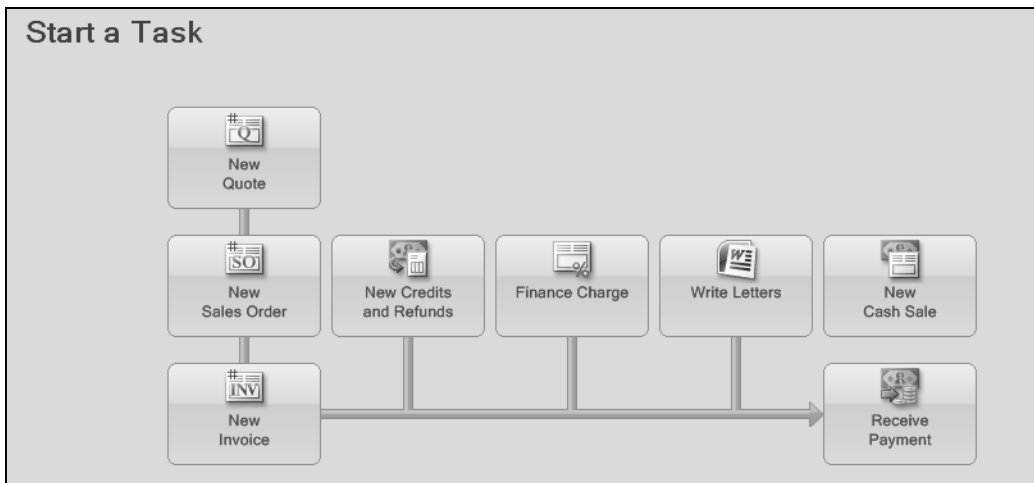
This diagram is important. It shows that new quotes, new sales orders, and new invoices work with credit memos and refunds, finance charges, and writing letters. New Cash Sales is also an option. Also, quotes, sales orders and invoices work together with

receive payments. For instance, you could click to record a sales invoice to a customer. Then, when the customer

sends their payment, click to record the payment received.

3. Another area on the Customers home page is Reports. Observe that the Select a report type field shows Customers and Receivables.

4. Click on the down-arrow in the Select a report field. This field shows the various types of Customers and Receivables reports that you could display or print.

5. The Spotlight area has additional links.

6. At the bottom of the Customers home page, there are two more areas: More Tasks and Find.
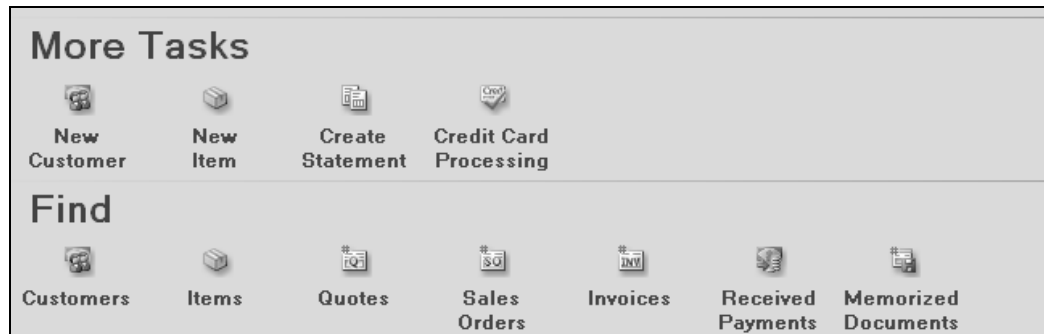
Using the Customer home page, you can navigate the software for customers and receivables.

CUSTOMER LIST

The *Customer List* shows information about all the customers Northwind Traders does business with. The Customer list also shows the current balances owed to Northwind Traders from their customers.

To see the customer list, follow these steps.

1. In the Find list, click Customers. The Customer List appears. (Yours may be in a different order. This is okay.)

Active	Customer Name	Address	City	State	Zip Code	Phone	Fax	Balance
✓	Adventure Works	789 3rd Street	Toronto	ON	R3H 1A8	(416) 555-01...		$48.00
✓	Alpine Ski House	456 2nd	Fargo	ND	32801	(773) 555-01...		$100.00
✓	Cash Customer							$856.00
✓	Coho Sports	2345 Center Ave.	Arlington	IL	12345	(847) 555-01...	(847) 555-0...	$4,876.10
✓	Fabrikam	1234 Adams Street	Chicago	IL	44444	(773) 555-01...		$0.00
✓	Fitness Department Stor...	12345 Main	Springfield	IL	55555	(217) 555-01...		$2,003.74
✓	Global Sporting Goods	6789 1st	Detroit	MI	23232	(313) 555-01...		$68.87
✓	Hobby Store	4567 Oak	Grand Rapids	MI	45454	(616) 555-01...		$0.00
✓	Metro Bike Mart	3456 Elm	Fargo	ND	32801	(613) 555-01...		$0.00
✓	Motorless Cycles	234 Main Avenue	Ottawa	ON	M6C 2E3	(613) 555-01...		$0.00
✓	Nearby Sporting Goods	123 Center	Fargo	ND	32801	(517) 555-01...		$6,657.53
✓	Pro Sporting Goods	345 3rd	Chicago	IL	44444	(773) 555-01...		$8,752.08
✓	Recreation Supplies	45678 Main St	Aurora	IL	23456	(630) 555-01...		$1,799.78
✓	Sea View Bike Center	23456 Center	Toronto	ON	R3H 1A8	(416) 555-01...		$0.00
✓	Variety Cycling	56789 2nd	Detroit	MI	23232	(313) 555-01...		$3,688.89

The Customer List contains the following fields.

Current View (right side of window): Click the Current View arrow to choose one of the views: Active, Inactive, or All. The Customer List window on page 48 shows the Current View, All.

Customer ID: This column is visible if you chose to use customer IDs in Company Preferences. In the next section you will change the customer preferences to see each customer's account number. The Customer List on page 48 does *not* show the customer IDs.

Customer Name: The customer name as it appears on the Customer form.

Active: A check mark indicates that the customer is active. If no check mark appears, the customer is inactive.

The next three fields include the Customer name, Address, City, Phone and Fax.

Balance: The total amount that is due to you from a customer at the current date.

Total outstanding balance: At the bottom of the Customer List, the total outstanding balance of $28,850.99 is shown
Total outstanding balance: $28,850.99 . This is the amount that is owed to Northwind Traders by its customers.

Customer Preferences

To add customer IDs to the customer list, follow these steps.

1.   From the menu bar, click Company; Preferences.

2.   Click on the Customers tab.

3.   In the Information area, click on the box next to Use customer ID to add a checkmark. Compare your Company Preferences window to the one shown on the next page.

4. Read the information on the Company Preferences window. Click
    ⬛ OK to close the window. Now look at the Customer list. A
    Customer ID column was added and there is a Customer ID
    number identifying each customer. To see your Customer IDs in
    numeric order, click on the Customer ID column.

	Active	Customer ID	Customer Name	Address	City	State	Zip Code	Phone	Fax	Balance
Customer List										Current View: Active ▾
➕ Add a new Customer										
	✓	2	Adventure Works	789 3rd Street	Toronto	ON	R3H 1A8	(416) 555-01...		$48.00
	✓	3	Alpine Ski House	456 2nd	Fargo	ND	32801	(773) 555-01...		$100.00
			Cash Customer							$856.00
	✓	5	Coho Sports	2345 Center Ave.	Arlington	IL	12345	(847) 555-01...	(847) 555-0...	$4,876.10
	✓	1	Fabrikam	1234 Adams Street	Chicago	IL	44444	(773) 555-01...		$0.00
	✓	6	Fitness Department Stor...	12345 Main	Springfield	IL	55555	(217) 555-01...		$2,003.74
	✓	7	Global Sporting Goods	6789 1st	Detroit	MI	23232	(313) 555-01...		$68.87
	✓	8	Hobby Store	4567 Oak	Grand Rapids	MI	45454	(616) 555-01...		$0.00
	✓	9	Metro Bike Mart	3456 Elm	Fargo	ND	32801	(613) 555-01...		$0.00
	✓	10	Motorless Cycles	234 Main Avenue	Ottawa	ON	M6C 2E3	(613) 555-01...		$0.00
	✓	11	Nearby Sporting Goods	123 Center	Fargo	ND	32801	(517) 555-01...		$6,657.53
	✓	12	Pro Sporting Goods	345 3rd	Chicago	IL	44444	(773) 555-01...		$8,752.08
	✓	13	Recreation Supplies	45678 Main St	Aurora	IL	23456	(630) 555-01...		$1,799.78
	✓	14	Sea View Bike Center	23456 Center	Toronto	ON	R3H 1A8	(416) 555-01...		$0.00
	✓	15	Variety Cycling	56789 2nd	Detroit	MI	23232	(313) 555-01...		$3,688.89

Northwind Traders as 15 active customers. Customer IDs are assigned to each credit customers.

Customer Information

Let's look at a couple customers to see their payment terms and other information.

1. The Customer List should be displayed. Double-click on Adventure Works. Review the information on the Adventure Works–Customer window. Observe that the Customer since field shows 2007 as the year. When Northwind Traders was started for the first time, the current year is established. If the year established (system date year) is *not* 2007, your Customer since year will differ.

2. Click on the Details tab. Observe that the Payment terms are Net 15; and that the Tax group is Out of State Sales.

3. Click on the Financial Summary tab. Observe that this window shows the customers' average days to pay as well as YTD average days to pay. Also, year-to-date balance information for last year and lifetime sales are shown. This is valuable information about customers and shows how MOA tracks customers and receivables.

4. Click on the Financial History tab. If necessary, enlarge the window. This is important information. It shows all of Adventure Works customer activity – invoices and payments, and the customer contact person, Garrett Young. You can start to get an idea about how much information MOA is gathering as you look at customer data.
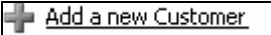
Date	Document No.	Type	Contact	Total Amount
1/1/2006	26	Opening Balance		$246.50
3/20/2006	17	Customer Payment		$1,696.93
3/25/2006	6	Invoice	Garrett Young	$1,696.93
4/20/2006	41	Customer Payment		$2,562.08
4/25/2006	38	Invoice	Garrett Young	$2,562.08
6/15/2006	49	Invoice	Garrett Young	$479.70
6/23/2006	54	Invoice	Garrett Young	$2,609.72
6/29/2006	45	Customer Payment		$479.70
7/15/2006	58	Customer Payment		$2,609.72
9/4/2006	29	Invoice	Garrett Young	$771.36
9/18/2006	53	Customer Payment		$771.36
12/20/2006	5	Customer Payment		$246.50
2/3/2007	68	Invoice	Garrett Young	$1,718.04
2/6/2007	16	Invoice	Garrett Young	$438.96
2/17/2007	72	Customer Payment		$1,718.04
2/20/2007	28	Customer Payment		$438.96
2/21/2007	3	Customer Refund		$48.00
4/15/2007	4	Quote	Garrett Young	$1,735.50
4/23/2007	88	Invoice	Garrett Young	$1,484.82
4/26/2007	82	Invoice	Garrett Young	$1,735.50
4/26/2007	85	Customer Payment		$3,220.32
4/30/2007	3	Sales Order	Garrett Young	$1,735.50
6/24/2007	105	Invoice	Garrett Young	$1,439.82
7/9/2007	104	Customer Payment		$1,439.82
8/21/2007	132	Invoice	Garrett Young	$1,668.63
9/3/2007	118	Customer Payment		$1,668.63
11/23/2007	150	Invoice	Garrett Young	$2,435.83
12/8/2007	132	Customer Payment		$2,435.83

5. The last tab, User-Defined Fields, allows you to create new fields. New fields can be moved to other tabs on the record and added to transaction forms. For example, a new field created on a Customer record can be added to Quote, Sales Order, or Invoice forms.

6. Click [X] on the Adventure Works – Customer window's to close the window.
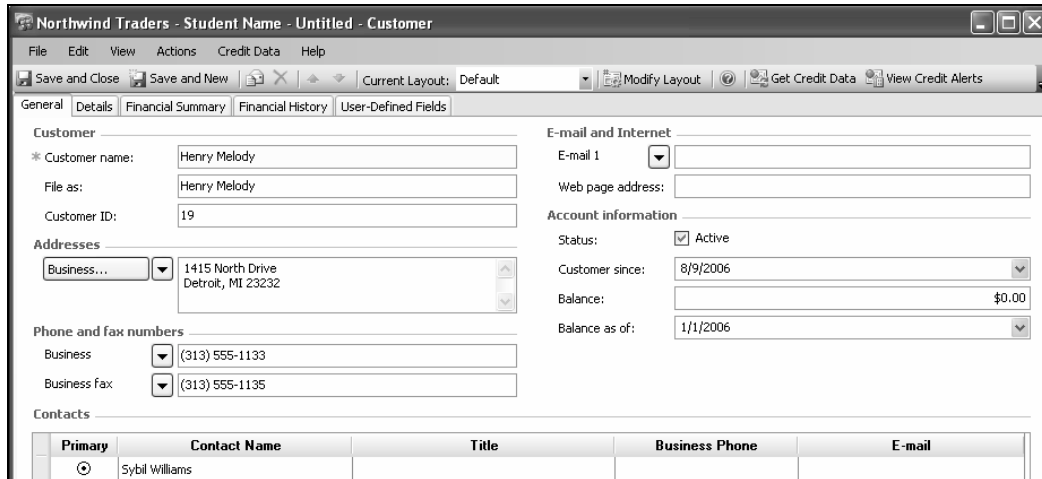
Add a Customer

The Customer List should be displayed. If *not*, in the Find list, click Customers. Follow these steps to add a new customer.

1. On the Customer List page, click [Add a new Customer].
2. The Untitled – Customer window appears. Complete the following fields. Press <Tab> between fields.

   General tab:

Customer name:	**Henry Melody**
Customer ID:	19 is automatically completed
Business address:	**1415 North Drive** (Press <Enter>)
	Detroit, MI 23232
Business:	**(313) 555-1133**
Business fax:	**(313) 555-1135**
Customer since:	**8/9/2006**
Contact Name:	**Sybil Williams**

   Details tab:

Preferred shipping method:	Mail
Preferred payment method:	Check
Payment terms:	Net 30
Tax group:	Out of State Sales

3. To save the customer record, click [Save and Close]. You are returned to the Customer list. Observe that Customer ID 19, Henry Melody is added.

	✓	19	Henry Melody	1415 North Drive	Detroit	MI	23232	(313) 555-11...	(313) 555-1...		$0.00
	✓	8	Hobby Store	4567 Oak	Grand Rapids	MI	45454	(616) 555-01...			$0.00

ITEMS

The *Item list* shows information about Northwind Traders inventory items including names, numbers, descriptions, types, prices, and stock status.

Follow these steps to see Northwind Traders' inventory items.

1. On the Navigation pane's Find list, click Items. The Item List appears without item numbers.

2. To show item numbers, from the menu bar click Company; Preferences, Vendors tab. Select Use item numbers.

3. Click [OK] to close the Company Preferences window. Compare the Item List window to the one shown below. The Item No. is shown in the last column. A partial Item List is shown below. Scroll down and across to see the Item Number and all the items. (*Hint:* If necessary, to resort the list in alphabetic order, double-click on Item Name.)

Item List							Current View: Ac
Active	Item Name ▲	Description	Type	Price	On Hand	Reorder	Item No.
Add a new Item							
✓	5 mm Bead	5 mm Bead	Inventory Item	$0.30	17		6
✓	Assembly Charge	Assembly Charge	Service Item	$25.00			36
✓	Authentic Major League Baseball Bat	Authentic Major League Baseball Bat	Inventory Item	$275.00	25		25
✓	Autographed Football Jersey	Autographed Football Jersey	Inventory Item	$150.00	22		12
✓	Baseball Bat	Baseball Bat	Inventory Item	$229.99	15		24
✓	Baseball Glove	Baseball Glove	Inventory Item	$34.99	15		23
✓	Baseball Spikes	Baseball Spikes	Inventory Item	$44.99	28		8
✓	Baseball Uniform	Baseball Uniform	Inventory Item	$49.99	22		13
✓	Basketball	Basketball	Inventory Item	$21.99	42		21
✓	Basketball Hoop & Board	Basketball Hoop & Board	Inventory Item	$189.99	16		22
✓	Bicycle - Blue	Bicycle - Blue	Inventory Item	$79.99	33		40
✓	Bicycle - Red	Bicycle - Red	Inventory Item	$79.99	120		39
✓	Bicycle - Wild	Bicycle - Wild	Inventory Item	$89.99	9		41
✓	Bike - Adult Mountain	Adult Mountain Bike	Inventory Item	$129.99	7		4
✓	Bike - Super Pro light	Super Pro light weight bike	Inventory Item	$1,199.00	11		46
✓	Bike Helmet - Adult	Bike Helmet - Adult	Inventory Item	$26.99	30		45
✓	Bike Helmet - Children	Children's Bike Helmet	Inventory Item	$19.95	33		3

The Item List contains the following fields:

Current View: Click the Current View arrow to choose one of the views: Active, Inactive, or All. Active is the default.

Item Name: The name of an item.

Item No.: The number associated with an item name. This column is visible if you chose to use item numbers in Company Preferences.

Active: A check mark indicates that the item is active. If no check mark appears, the item is inactive.

Description: The item (for example, assembly charge, baseball glove, basketball, bicycle-blue, football jersey, hiking boots, etc.)

Type: The type of item (for example, inventory, service, non-inventory, kit).

On Hand: The quantity of an item that is currently in stock.

Price: The sales price of the item.

Reorder: When the on-hand quantity of an item falls below a designated level, the Reorder column displays a warning symbol as a reminder to reorder.

You can do some tasks directly in the Item List:

Add a new item: At the top of the Item List, click Add a new Item.

Edit an item: To edit an item, double-click it.

Delete an item: To delete an item, right-click it, and then click Delete. You can delete an item only if it has shown no activity.

Change item status: To change an item status, right-click the item, and then click Make Active or Make Inactive. When you make an item inactive, it is not available for use in future accounting transactions unless you make it active again.

Move a column: To emphasize a column by its placement, click the column heading and drag it to where you want it.

Sort a column: When you open the Item List, it is sorted by the Item Name column. To change the order of column listings, click the column heading.

Delete a column: To delete a column, click Add/Remove Content on the View menu.

Read me: Exiting MOA

If you are using your own computer (for example, a laptop) and exit MOA, the information you added will be there when you start again. Let's say you completed Chapter 2, pages 41-57, then exited. When you start MOA, the software starts with the company open (your first and last name - Northwind Traders). To make sure your data is there, check the customer list. Customer ID 19, Henry Melody, is included on the Customer List. The Customer List shows a total outstanding balance of $28,850.99. Compare your Customer List to the one shown on page 51. The Total outstanding balance is shown at the bottom of the Customer List window.

Inventory Warning

MOA shows a warning icon next to inventory items that are running low. To see that, do the following.

1.   If necessary, select [Customers]; Items.

2.   Click on Item No. 29, Hockey Goalie Mask. Notice that there is a warning icon [⚠] in the Reorder column.

3.   Double-click on Hockey Goalie Mask. Observe that the Reorder point field shown 60 and there on 45 items on hand.

Reorder point:	60
On hand:	45

Item Defaults

The Hockey Goalie Mask – Inventory window should be displayed. Observe what is included on this window.

Item Information: This area shows the Item name; Item no.; Item group; and Status.

Sales Information: This area shows the Sales description; Sales price; Income account; Item tax; Purchase description; Purchase price; and Assets account. If there was a preferred vendor this would be shown too.

Item Information: This area shows the Item group and status.

Purchase Information: This area shows the purchase description and that this item is an Inventory Assets.

The Inventory Information shows that the Cost of Goods – Materials account is used to track this inventory item. The reorder point; On hand; Total value of this inventory item; and On PO (purchase order) is also shown.

Follow these steps to look at another inventory item.

1.   Close the Hockey Goalie Mask – Inventory window.

2.   Double-click on Item ID 37, Installation charge. Compare the differences on the Installation Charge – Service Item window to the inventory item, Hockey Goalie Mask. Observe that for the inventory item, Hockey Goalie Mask, accounts are assigned to track Purchase information (Inventory asset) and Inventory Information (Cost of Goods – Materials). For the Installation Charge – Service Item *no* purchase information or inventory accounts are tracked. Installation charges are service items *not* inventory items. Remember a product based company like Northwind Traders has inventory items (like hockey goalie masks) *and* service items (like installation charges.) Compare your Installation Charge-Service Items window to the one shown on the next page.

3. Close the Installation Charge – Service Item window.

QUOTES

The *Quote List* shows details about the quotes sent to customers from Northwind Traders. When you open the list, you view all open quotes. You can also choose to view the accepted or rejected quotes, or you can view all quotes.

To view all open quotes, do this.

1. If necessary, select [Customers]; Quotes. The Quote List appears. Open quotes is the default. (*Hint:* Open is shown in the Current View field).

2. Double-click on Coho Sports to see the sales quote. Review the information on the Quote (Open) window.

When a quote is created, its status is set to Open. You can e-mail the quote to the customer. The next step can be any of the following.

The customer accepts the quote for later delivery, partial delivery, or back order, and you convert it to a sales order. Its status changes to Accepted.

The customer accepts it, and you convert it to an invoice. Its status changes to Accepted.

You entered an expiration date, and the quote expires. Its status changes to Rejected.

The customer rejects it, and you change its status to Rejected.

The customer rejects it, and you change its status to Rejected. Then you edit it and change a quantity or price or apply a discount. Its status changes from Rejected to Open.

Delete the quote.

3. Close the Quote (Open) window. If the quote is also assigned to a job, that information will show if the Company Preferences are set that way.

SALES ORDERS

A *sales order* is a document that settles an agreement between a company and a customer. You can use a sales order when a customer orders goods or services that are not available or will not be delivered immediately. Sales orders can handle back orders and partial invoicing.

Follow these steps to see the sales order list.

1. If necessary, select [**Customers**]; Sales Orders.

2. Double-click on Nearby Sporting Goods. Compare the Sales Order (Partially Invoiced) window to the one shown below. Review the information on this window.

When you create a sales order, its status is set to Not Invoiced. You can e-mail the sales order to the customer. When the goods or services are ready to be delivered, you can convert the sales order to an invoice. A sales order is *not* posted. It does not affect accounting records, which means you can delete sales orders.

3. Close the Sales Order (Partially Invoiced) window.

INVOICES

In accounting you learn that an ***invoice*** is a bill to the customer for the products and services that are being sold. There are three ways to create an invoice:

➢ Open a New Invoice form.

➢ Convert a quote to an invoice.

➢ Convert a sales order to an invoice.

1. If necessary, select ; Invoices. The Invoice List appears.

The Invoice List shows a summarized view of invoices that have been sent to your customers. When you open the list, open invoices are viewed. You can also choose to view the overdue or voided invoices, or you can view all invoices. In addition, you can add a new invoice from within the Invoice List.

Compare the Invoice List to the one shown on the next page.

	Type	Date ▲	No. ▲	Customer Name	Phone	Due Date	Total Price	Balance
Invoice List								Current View: Open ▾
	Add a new Invoice							
	Invoice	12/6/2006	282	Variety Cycling	(313) 555-01...	1/5/2007	$519.96	$519.96
	Invoice	12/21/2006	281	Coho Sports		1/5/2007	$259.98	$259.98
	Invoice	1/10/2007	278	Nearby Sporting Goods		1/25/2007	$695.36	$695.36
	Invoice	1/26/2007	279	Coho Sports		2/10/2007	$1,218.87	$1,218.87
	Invoice	2/15/2007	283	Fitness Department Stores		3/17/2007	$1,219.85	$1,219.85
	Invoice	2/22/2007	280	Pro Sporting Goods		3/24/2007	$1,261.91	$1,261.91
	Invoice	3/22/2007	284	Coho Sports		4/6/2007	$2,178.38	$2,178.38
	Invoice	4/10/2007	165	Variety Cycling	(313) 555-01...	5/10/2007	$3,013.17	$3,013.17
	Invoice	5/11/2007	285	Nearby Sporting Goods		6/10/2007	$243.92	$243.92
	Invoice	6/30/2007	160	Fitness Department Stores	(217) 555-01...	7/30/2007	$2,278.10	$2,278.10
	Invoice	8/8/2007	158	Recreation Supplies		8/23/2007	$1,799.78	$1,799.78
	Invoice	8/17/2007	162	Nearby Sporting Goods		8/24/2007	$695.37	$695.37
	Finance Charge	8/31/2007	2	Fitness Department Stores		8/31/2007	$5.79	$5.79
	Invoice	10/3/2007	286	Nearby Sporting Goods		10/18/2007	$352.94	$352.94
	Invoice	12/1/2007	153	Nearby Sporting Goods		12/31/2007	$4,669.94	$4,669.94
	Invoice	12/8/2007	151	Coho Sports		12/23/2007	$1,218.87	$1,218.87
	Invoice	12/11/2007	154	Pro Sporting Goods		1/10/2008	$3,079.63	$3,079.63
	Invoice	12/12/2007	156	Cash Customer		12/12/2007	$856.00	$856.00
	Invoice	12/20/2007	155	Pro Sporting Goods		1/19/2008	$4,410.54	$4,410.54

2. To look at an Invoice, double-click on Variety Cycling, No. 282. The Invoice (Not Paid) window appears. Read the information on this window. Observe that four Bike – Adult Mountain Bikes were sold to the customer Variety Cycle for a total of $519.96.

When you save an invoice that has an Open status, the invoice is posted to the customer's accounts receivable subsidiary ledger, and the specified financial accounts of all the items and accounts are listed on the Invoice lines. You can also save a partial invoice when only part of a sales order can be fulfilled. When appropriate, the sales tax is posted to the same customer account.

Compare your Invoice (Not Paid) window to the one shown on the next page.

3. Close the 282 - Invoice (Not Paid) window.

SYSTEM ACCOUNT PREFERENCES

Before receiving payments from customers, make sure company preferences are set so that Account No. 1010, Checking Account, is debited when customers make payments.

1. From MOA's menu bar, select Company; Preferences, System Accounts tab.

2. In the Undeposited Funds field, select 1010 Checking Account. Compare your Company Preferences window to the one shown on the next page. (*Hint: **Undeposited Funds*** is a cash account for amounts received from customers but not yet deposited. In this example, change the account used for payments received from customers to Account No. 1010, Checking Account. In later chapters, you will work with the system accounts default, undeposited funds.)

3. Click [OK] to close the Company Preferences window.

PAYMENTS

1. If necessary, select [Customers]; Received Payments. The Received Payment List appears.

    The ***Received Payment List*** shows details about the payments received from customers. When you open the list, you view all customer payments. You can also choose to view the open, fully applied, or voided payments. You can also add a new payment from within the Payment List.

2. To see one of the payments, double-click on Payment No. 13, Recreation Supplies. Read the information on the Customer Payment (Applied) window.

When a customer sends a payment, the customer payment is shown on the Customer Payment form. You can then apply the payment to the invoice or invoices that are due for payment. A payment might cover one or more invoices, or it may not completely cover an invoice. You can select the invoice to settle against a payment in addition to selecting the amount to apply to each invoice.

3. Close the Customer Payment (Applied) window.

TRANSACTIONS

In accounting you learn that **source documents** are written evidence of business transactions. **Transactions** are recorded in asset, liability, equity, expense, or revenues accounts. Sales to customers or purchases from vendors are examples of transactions.

The Invoice window is used to enter and post a sales invoice. In the steps that follow you are going to enter and save a sales invoice. Then, Northwind Traders is going to receive payment from the customer.

Enter and Save a Sales Invoice

You are going to record the following transaction.

Date   *Transaction Description*

1/2/2007   Northwind Traders sold one baseball glove to Henry
                          Melody, Invoice No. 287, for $34.99. (*Hint:* There is
                          no sales tax.)

Follow these steps to add a new invoice.

1. If necessary, on the Navigation Pane's Find list select Invoices. On
    the Invoice List, link to . The Untitled – Invoice
    window appears. Make the following selections:

Date:	**1/2/2007** (Press \<Tab\> between fields.)
No:	287 is automatically selected
Customer Name:	Select Henry Melody
Product and Services table:	In the Name field, select Baseball Glove. The Description, Qty, Unit Price and Line Total are completed automatically.

    Compare the invoice to Henry Melody to the one shown on the next
    page.

2. Click **Save and Close** to post the invoice. When the invoice is posted you are returned to the Invoice list. Observe that the 1/2/2007 Invoice No. 287 to Henry Melody is shown. (If *not*, click the Refresh icon.)
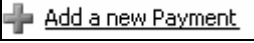
| Invoice | 1/2/2007 | 287 | Henry Melody | 2/1/2007 | $34.99 | $34.99 |

Receive Payment

The following payment is received.

Date   *Transaction Description*

1/20/2007   Northwind Traders receives a check from Henry Melody for $34.99 in payment of Invoice No. 287.

1. If necessary, select [Customers]; Received Payments (in the Find list). On the Received Payment List, link to [Add a new Payment]. Complete the following fields:

   Date: **1/20/2007**
   No: 230 is automatically completed.
   Received from: Select Henry Melody
   Amount: **34.99**
   Payment method: Check
   Deposit in: Checking Account is shown. (If Checking Account is *not* shown in the Deposit in field, refer to pages System Account Preferences on pages 65-66.)
   Due for payment: Observe there is a checkmark placed in the first column.

2. Click ▣ Save and Close to post the payment. To see the payment, scroll down the Received Payment List. Payment No. 230 from Henry Melody in the amount of $34.99 is shown. (*Hint:* If necessary, click 🔄.)

| 🔲 1/20/2007 | 230 | Henry Melody | | Check | | $34.99 |

TRANSACTION JOURNAL

MOA uses a *perpetual inventory* system. In a perpetual inventory system, an up-to-date record of inventory is maintained. Each time a sale or purchase is made, the inventory account is updated. The table below shows how a sales invoice is recorded for Henry Melody, Invoice No. 287.

Account	Debit	Credit
Accounts Receivable/Henry Melody	34.99	
Cost of Goods – Materials	27.99	
Sales		34.99
Inventory Asset		27.99

When the payment is received, here's how the payment is recorded.

Account	Debit	Credit
Checking Account	34.99	
Accounts Receivable/Henry Melody		34.99

Follow these steps to see MOA's Transaction Journal.

1. From the menu bar, select Reports; Company and Financial, Transaction Journal.

2. In the Date Range field, select Custom. (*Hint:* Scroll down to the bottom of the Date Range field.)

3. Type **1/1/2007** in the From field. Type **1/31/2007** in the To field. Press <Enter>.

| Date Range: | Custom | ∨ | From: | 1/1/2007 | ∨ | To: | 1/31/2007 | ∨ |

4. The Transaction Journal appears. Compare the accounts debited and credited to the tables shown page 71. The Transaction Journal is shown in two illustrations below. (*Hint:* Scroll down your transactions journal to see Invoice 287 and Payment 230.)

Invoice	Paid	287	Henry Melody	1/2/2007			
					Accounts Receivable	34.99	0.00
					Inventory Asset	0.00	27.99
					Sales	0.00	34.99
					Cost of Goods - Materials	27.99	0.00
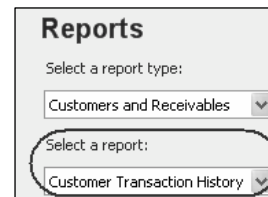
5. Close the Transaction Journal window *without* saving.

Customer Payment	Applied	230	Henry Melody	1/20/2007			
					Accounts Receivable	0.00	34.99
					Checking Account	34.99	0.00

CUSTOMERS AND RECEIVABLES REPORTS

To look at the Customer Transaction History report, follow these steps.

1. Go to the Customers home page by selecting [Customers]. In the Select a report field, select Customer Transaction History.

Reports

Select a report type:

Customers and Receivables ∨

Select a report:

Customer Transaction History ∨

2. Click [Display...].

3. In the Date Range field, select Custom.

4. Type **1/1/2007** in the From field. Type **1/31/2007** in the To field. Compare the Henry Melody's Customer Transaction History to the one shown.
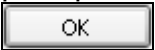
Henry Melody							
Beginning balance							0.00
Invoice	1/2/2007	287	34.99		0.00	0.00	34.99
Customer Payment	1/20/2007	230		34.99	0.00	0.00	0.00
Ending Balance				**34.99**			**0.00**

5. Close the Customer Transaction History window *without* saving.

BACKUP CHAPTER 2

Follow these steps to backup Chapter 2 data.

1. Click File; Utilities, Data Utilities.

2. In the Backup company data area, click [Backup].

3. In the Backup file name field, click [Browse ...]. If necessary, browse to the appropriate location to save the backup file.

4. Type **Chapter 2** in the File name field.

5. Click [Save].

6. When the Backup window appears, click [OK].

7. When the window prompts that the Backup was completed successfully, click [OK].

8. Close the Microsoft Office Accounting Data Utilities window.

9. Exit MOA, or continue.

INTERNET ACTIVITY	
1.	From your Internet browser, go to the book's website at www.mhhe.com/yachtmoa.
2.	Link to Student Edition.
3.	Link to Internet Activities; then link to Part 1 Internet Activity for Chapters 1-7. Open or save.
4.	Complete the Chapter 2 exercise, AMERICAN ACCOUNTING ASSOCIATION.
5.	Using a word processing program, write a summary about the site(s) you selected. Remember to include the website address(es) of each link. Your summaries should be no more than 75 words or less than 50 words.

SUMMARY AND REVIEW

SOFTWARE OBJECTIVES: In Chapter 2, you used the software to:

1. Restore data from Exercise 1-2. (This backup was made on pages 37-38.)

2. Add a new customer.

3. Enter and post a sales invoice.

4. Enter and post payment from a customer.

5. Display the transaction journal.

6. Display customer transaction history

7. Backup data.

8. Restore data.

WEB OBJECTIVES: In Chapter 2, you completed these Internet activities:

1. Used your Internet browser to go to the book's website at www.mhhe.com/yachtmoa.

2. Completed the Internet activity for the American Accounting Association.

3. Used a word processing program to write a summary about the website(s) that you visited.

GOING TO THE NET

Access the Financial Accounting Standards Board website at http://raw.rutgers.edu/. Link to FASB. Click on Facts about FASB. From the drop-down list, select FASB Board Members.

1. How many board members serve on the Financial Accounting Standards Board? Do they serve part time or full time?

2. What are the qualifications for the board members?

FLASHCARD REVIEW

Create the following flashcards.

1. Enter a new customer.
2. Enter and post a sales invoice.
3. Enter and post payment from a customer.
4. Print the January 1-31, 2007 transaction journal.

Short-Answer Questions: In the space provided write an answer to the question.

1. What tasks can be performed from the Customers home page?

    _____

    _____

    _____

2. What is the total outstanding balance of customer invoices?

    _____

    _____

    _____

    _____

3. What does the Item List show?

_____

_____

_____

4. What does an inventory warning mean?

_____

_____

5. What details are shown on the Quotes List?

_____

_____

6. What is a sales order? When should a sales order be used?

_____

_____

7. What is a sales invoice?

_____

_____

8. What does the Payment List show?

    _____

    _____

9. When a sales invoices is recorded and posted, what accounts are debited and credited?

    _____

    _____

    _____

    _____

10. When a payment is received from a customer, what accounts are debited and credited?

    _____

    _____

    _____

Exercise 2-1: Follow the instructions below to complete Exercise 2-1

 1.   Start MOA. Restore the Chapter 2.sbb file. This backup was made on page 73. Start Northwind Traders.

 2.   Set up the customer record shown on the next page.

General tab:

Customer Name:	Verde Sporting Goods
Customer ID:	20 is automatically completed
Business address:	1410 Central Avenue
	Grand Rapids, MI 45454
Business phone:	(616) 555-9921
Business fax:	(616) 555-0306
Customer since:	8/30/2006
Primary contact:	David Wilder

Details tab:

Preferred shipping method:	United Parcel Service Ground
Preferred payment method:	Check
Payment terms	Net 30
Tax group:	Out of State Sales

3. Record the following sales invoice.
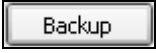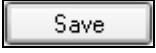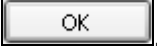
    Date   *Description of Transaction*

    1/4/2007   Northwind Traders sold one Bike – Adult
                       Mountain to Verde Sporting Goods, Invoice No.
                       288, $129.99.

4. Save to post the Invoice.

5. Continue with Exercise 2-2.

Exercise 2-2: Follow the instructions below to complete Exercise 2-2.

1. Record the following transaction:

    Date   *Description of Transaction*

    1/24/2007   Received a check in the amount of $129.99 from
                       Verde Sporting Goods, Invoice 288. (*Hint:* This
                       payment is deposited in Account No. 1010, Checking
                       Account.)

2. Save to post the customer payment.

3. Print (or view) the January 1-31, 2007 Transaction Journal and Customer Transaction History.

4. Follow these steps to backup.

   a. Click File; Utilities, Data Utilities.

   b. In the Backup company data area, click Backup .

   c. In the Backup file name field, click Browse ... . If necessary, browse to the appropriate location to save the backup file.

   d. Type **Exercise 2-2** in the File name field.

   e. Click Save .

   f. When the Backup window appears, click OK .

   g. When the window prompts, the Backup was completed successfully, click OK .

   h. Close the Microsoft Office Accounting Data Tools window.

   i. Exit MOA.

5. Copy Exercise 2-2.sbb to external media.

ANALYSIS QUESTION: With the Customer's Home page serving as the starting point to manage customer sales, describe five of its functions in detail.

CHAPTER 2 INDEX

Chapter

3   Vendors & Payables

SOFTWARE OBJECTIVES: In Chapter 3, you use the software to:

1.   Restore data from Exercise 2-2. (This backup was made on page 79.)
2.   Add a vendor.
3.   Enter and post a purchase invoice.
4.   Make vendor payments.
5.   Display the transaction journal.
6.   Display vendor history.
7.   Backup data.
8.   Restore data.

WEB OBJECTIVES: In Chapter 3, you do these Internet activities:

1.   Use your Internet browser to go to the book's website at www.mhhe.com/yachtmoa.
2.   Complete the Internet activity for Accounting Students.
3.   Use a word processing program to write a summary about the website(s) that you visited.
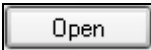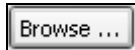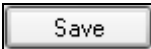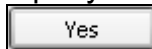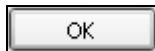
In Chapter 3 you learn about MOA's Vendors and Payables. You use MOA's payables feature to set up, enter, and maintain vendor records and transactions. In this chapter, you look at Northwind Traders' vendor's setup, vendor records, and payables transactions.

When you record a transaction in MOA, you use the ***double-entry accounting*** system. Each transaction must be recorded with at least one debit and one credit. In double-entry accounting, debits equal credits.

An important feature of Microsoft Office Accounting is integration. This means that individual features of the software, for example, customers and receivables and vendors and payables are integrated. As you work with MOA, you will see how customers and receivables and vendors and payables work together.

In Chapter 3, the product based sample company, Northwind Traders is used to show vendors and payables.

GETTING STARTED

1. Start Microsoft Office Accounting. If a company starts; for example, Northwind Traders, click File; Close Company. In order to complete step 2, you need to restore from the Start – Microsoft Office Accounting window.

2. Follow these steps to restore Exercise 2-2. This backup was made on page 79.

   a. From the Start – Microsoft Office Accounting window, select Restore a backup. (If a company is open, click File; Close Company to go to the Start window.)

   b. In the Backup filename field, click Browse ... . Go to the location of the Exercise 2-2.sbb file. Select the Exercise 2-2.sbb file. Click Open .

   c. In the Restore backup file to field, click Browse ... . Select sampleproductcompany.sbc.

   d. Click Save . A window appears saying that C:\......\sampleproductcompany.sbc already exists. Do you want to replace it? Click Yes .

   e. You are returned to the Database Restore window. Review the information in the Backup filename field and Restore backup file to field. Check the filename at the end of both fields: ….\Exercise 2-2.sbb *and* …..\sampleproductcomany.sbc. Click OK .

   f. The Restore Complete window appears. Click OK .

   g. You are returned to the Start – Microsoft Office Accounting window. Select Open an existing company; then open the product based sample company.

Follow these steps to make sure you have restored the Exercise 2-2 file. Here is what you can check make sure your are ready to start Chapter 3.

1. In Chapter 2 you added two customers: Henry Melody and Verde Sporting Goods. Click [**Customers**]; Customers to make sure Henry Melody and Verde Sporting Goods are shown on the Customer List.

2. To check the invoices entered and posted, click Invoices (in the Customers Find list). If necessary scroll down the Invoice List to see Invoice No. 287 to Henry Melody for $34.99 and Invoice 288 to Verde Sporting Good for $129.99. (*Hint:* In the Current View field, select All.)

3. Click Received Payments. Scroll down the list to see the checks received from Henry Melody and Verde Sporting Goods; Check numbers 230 and 231, respectively.

VENDORS HOME PAGE

On the Vendors home page, you can perform all the tasks related to vendors and payables. Microsoft Office Accounting maintains your vendor records and tracks their contact information and financial details and history. The Vendors home page is the starting point for managing vendor purchases and inventory.

Follow these steps to see the Vendors home page.

Vendors
Start a Task
New Vendor
New Item
New Purchase Order
Receive Items
Enter Bills
Pay Bills
New Cash Purchase
New Credit Memo
Find
Vendors
Items
Purchase Orders
Bill and Item Receipts
Vendor Payments
Memorized Documents

1. Click [**Vendors**]. Observe that the Start a Task list and Find list changes to represent vendors and payables tasks.

2. When you selected [**Vendors**], a task flow diagram showing the Vendors tasks also appears on the Vendors home page. Let's examine the diagram shown on the next page.
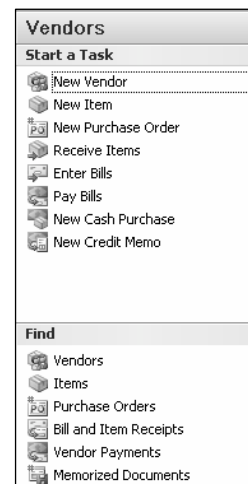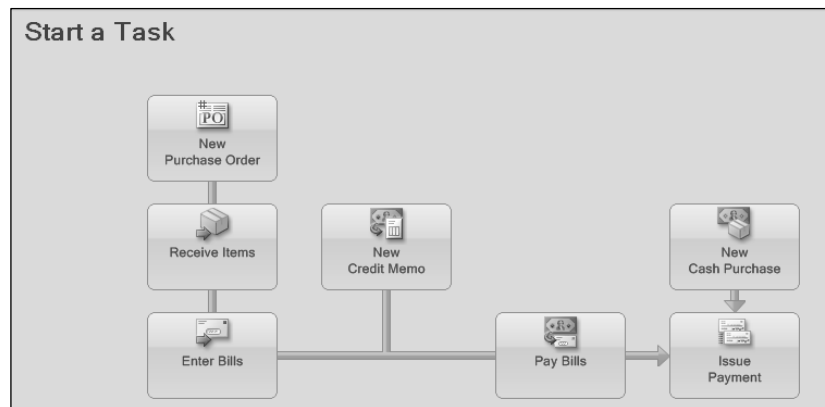
3. This diagram is important. It shows that purchase orders, receive items, and enter bills work with credit memos. Purchase orders, receive items, and enter bills also work together with paying bills, new cash purchase, and issuing payment. For example, when a bill
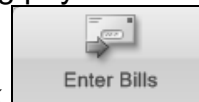
arrives from a vendor, you click to create a vendor bill. Then, when Northwind Traders pays the vendor bill, you click

.
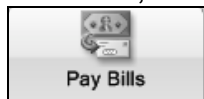
4. Another area on the Vendors home page is Reports. Observe that the Select a report type field shows Vendors and Payables.

5. Click on the down-arrow in the Select a report field. This field shows the various types of Vendors and Payables reports that you could display or print.

6. The Spotlight area has additional links.

7. At the bottom of the Vendors home page, there are two more areas: More Tasks and Find. Using the Vendors home page, you can navigate the software for vendors and payables.
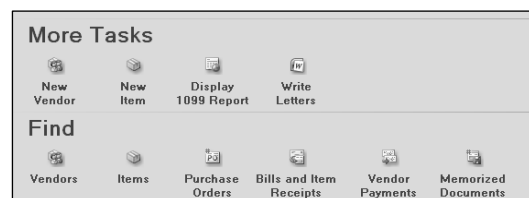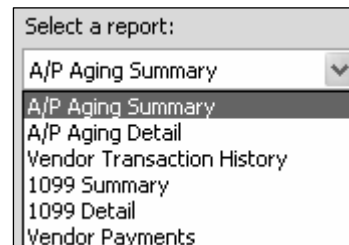
VENDOR LIST

The ***Vendor List*** shows information about Northwind Traders' vendors and the current balances owed. When the vendor list is opened, active vendors are shown. You can also choose to view inactive vendors or all vendors. In addition, you can add a new vendor from within the Vendor List.

To see the vendor list, follow these steps.

1. In the Find list, click Vendors. The Vendor List appears. The Current View shows Active, which is the default. (*Hint:* If your Vendor List does *not* show a Vendor ID, second column on vendor list below, see the Company Preferences section on page 87.)

	Active	Vendor ID	Vendor Name	Address	City	State	Zip Code	Phone	Fax	Balance
		Add a new Vendor								
	✓	2	Ace Travel	1234 Main St	Chicago	IL	44444	(773) 555-01...		$0.00
	✓	1	All Seasons Sports Supply	456 2nd Avenue	Detroit	MI	23232	(313) 555-01...		$556.52
	✓	3	Bicycle Outfitters	5678 5th St	Toronto	ON	R3H 1A8	(416) 555-01...		$2,121.62
	✓	4	Central Discount Store	2345 Center Ave	Aurora	IL	23456	(630) 555-01...		$0.00
	✓	5	Chic Department Stores	12345 Main	Chicago	IL	44444	(773) 555-01...		$2,625.00
	✓	6	City Power and Light	345 Roosevelt Street	Fargo	ND	328	(701) 555-01...		$0.00
	✓	7	Contoso Ltd.	456 Adams St.	Fargo	ND	328	(701) 555-01...		$839.85
	✓	8	Exotic Bikes	6789 1st St	Saginaw	MI	56565	(517) 555-01...		$9,434.53
	✓	9	Graphic Design Institute	901 Smith St.	Minneapolis	MN	26704	(651) 555-01...		$0.00
	✓	10	Humongous Insurance	765 3rd Avenue West	Fargo	ND	32804	(701) 555-01...		$0.00
	✓	11	Impromptu Trips	4567 Oak	4567 Oak	MI	45454	(616) 555-01...		$0.00
	✓	T2	North Dakota, State Tax C...							$12,015.90
	✓	12	Novelty Bikes	3456 Elm	Springfield	IL	55555	(217) 555-01...		$3,519.20
	✓	13	Oils and Fluids Warehouse	234 Main Ave	Ottawa	ON	M6C 2E3	(613) 555-01...		$0.00
	✓	14	Paint Supply	123 Center	Springfield	IL	55555	(217) 555-01...		$551.97
	✓	15	Proseware, Inc.	456 Central Avenue	Indianapolis	IN		(317) 555-01...		$0.00
	✓	16	Rambling Tours	345 3rd	Detroit	MI	23232	(313) 555-01...		$0.00
	✓	17	Rental Gallery	45678 Main St	Chicago	IL	44444	(773) 555-01...		$1,500.00
	✓	18	Seasonal Sports Company	23456 Center	Detroit	MI	23232	(313) 555-01...		$3,124.26
	✓	19	Sport Playground	56789 2nd	Ottawa	ON	M6C 2E3	(613) 555-01...		$599.60
	✓	T1	Tax Agency							$0.00
	✓	20	The Phone Company	789 20th Avenue	Chicago	IL	50842	(773) 555-01...		$130.50
	✓	21	Tracy Tallman, CPA	543 Franklin Avenue	Fargo	ND	328	(701) 555-01...		$2,340.00
	✓	22	Trey Research	123 Main Street	Redwood City	CA	45638	(650) 555-01...		$0.00
	✓	23	Unique Bikes	789 3rd	Aurora	IL	23456	(630) 555-01...		$1,399.85
	✓	24	Woodgrove Bank	123 Oak	Fargo	ND	98052	(701) 555-01...		$0.00

The Vendor List shows a total outstanding balance of $40,758.80.

The Vendor List contains the following fields.

Current View: Click the Current View arrow to choose one of the views: Active, Inactive, or All.

Active: A check mark indicates that the vendor is active. If no check mark appears, the vendor is inactive.

Vendor ID: The vendor identification (ID) associated with the vendor's name. This column is visible if you chose to use vendor IDs in Company Preferences.

Vendor Name: The vendor name as it appears on the vendor record.

Address: The business address of the vendor.

City: The business address city of the vendor.

Phone: The business phone number of the vendor.

Fax: The business fax number of the vendor. Northwind Traders does not have any fax numbers for vendors.

Balance: The total balance that is due to the vendor at the current date.

You can also do some tasks directly in the Vendor List:

Add a new Vendor: At the top of the Vendor List, click Add a new Vendor.

Edit a vendor: To edit a vendor record, double-click a vendor.

Delete a vendor: To delete a vendor record, right-click a vendor, and then click Delete. You can delete a vendor only if it has shown no activity.

New vendor tasks: To create a new vendor-related record (for example, new purchase order, receive items, receive bill, pay bills), right-click a vendor, and then choose an option.

Change vendor status: To change a vendor status, right-click the vendor, and then click Make Active or Make Inactive. When you make a vendor inactive, it is not available for use in future accounting transactions unless you make it active again.

Move a column: To emphasize a column by its placement, click the column heading and drag it to where you want it.

Sort a column: When you open the Vendor List, it is sorted by the Vendor ID column. To change the order of column listings, click the column heading.

Delete a column: To delete a column, click Add/Remove Content on the View menu.

At the bottom of the vendor list, the amount of the total outstanding balance is $40,758.90. This means that Northwind Traders owes all vendors a total of $40,758.90.

Vendor Preferences

To make sure that vendor IDs appear on the vendor list, follow these steps.

1. From the menu bar, click Company; Preferences.

2. Click on the Vendors tab.

3. If necessary, in the information area, click on the box next to Use vendor ID to place a checkmark in it.

4. Read the information on the Company Preferences window. Click [OK] to close the window. Now look at the Vendor List. There is a Vendor ID identifying each vendor.
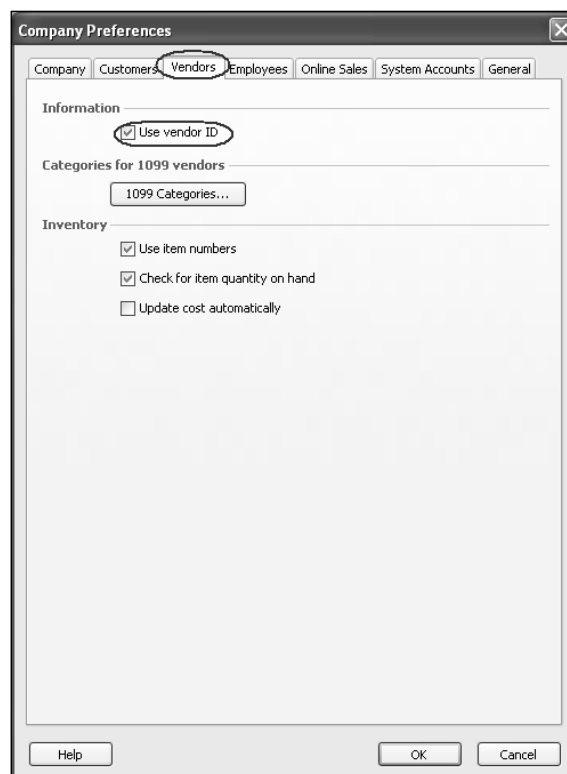
Vendor Information

Let's look at a couple vendors to see more information about them.

1. The Vendor List should be displayed. Double-click on All Seasons Sports Supply. Review the information on the All Seasons Sports Supply – Vendor window. Observe that the Vendor since field shows 2007 as the year. When Northwind Traders was started for the first time, the current year is established. If the year established (system date year) is *not* 2007, your Vendor since year will differ.

2. Click on the Details tab. Observe the Preferred shipping method, Pickup; and payment terms of 1% 10 Net 30.

3.   Click on the Financial Summary tab. Observe that balance information and purchases are shown for All Seasons Sports Supply.

4.   Click on the Financial History tab. The financial history shows all the dates, document numbers, the type of transaction (opening balance, vendor bill, purchase order, vendor payment), and the total amount owed to All Seasons Sports Supply. A partial financial summary is shown below. Scroll down to see all of it.

5. Close the All Seasons Sports Supply – Vendor window.

6. Double-click on another vendor and compare the General, Details, Financial Summary, and Financial History to All Seasons Sports Supply.

Add a Vendor

The Vendor List should be display. If *not*, in the Find List, click Vendors. Follow these steps to add a vendor.

1. On the Vendor list page, click .

2. The Untitled – Vendor window appears. Complete the following fields.

   General tab:

Vendor name:	Type **your last name Office Supplies** (for example, Yacht Office Supplies).
Vendor ID:	27 is automatically completed
Business address:	**1700 North Michigan Avenue Chicago, IL 60601**
Business phone:	**(312) 555-3239**
Business fax:	**(312) 555-1203**
Vendor since:	**8/1/2006**
Contact name:	**Matt Dash**

   Compare your Vendor window to the one shown on the next page.

Details tab:

Payment terms: Net 30 days

3.   Click [Save and Close]. Your last name Office Supplies is added to the Vendor List.

INVENTORY

The Items List shown on the Vendors; Items selection is the same as what was shown in Chapter 2, pages 55-57. Compare the inventory item list to the one shown on page 56, step 3. Details about the Item List are shown on pages 56-57.

MOA includes a *Physical Inventory Worksheet*. The Physical Inventory Worksheet is a printable form that you can use to take a physical count of your inventory. You can use this information to trace theft, track shrinkage, and make adjustments to financial records so that the worksheet matches the actual inventory count. Default information on the worksheet includes item names and descriptions, quantities on hand and a blank column to record the actual count. You can use additional column options to view item numbers and active status. The report displays the current date, but you can modify the date by typing or selecting a date.

From the worksheet, you can double-click a row or line item to open another report that shows the transaction detail. You can then double-click a line in the newly opened report to *drill down* to the original transaction.

MOA uses the *First-In, First-Out* method of costing inventory. FIFO assumes that the oldest items are sold first. The cost of the oldest item is assigned to the first item sold, and the cost of the newest item is assigned to inventory. When using FIFO, the value of the inventory is close to its actual replacement cost. For example, you might purchase items at a certain price, and then purchase more of the same items at a different price. The FIFO method treats items that are purchased at the same price as a layer of inventory. Although the sales price is the same for all the layers, the cost of goods sold is determined from the purchase price of the first layer until all its items are gone, and then from each succeeding layer until all its items are gone.

When prices are going up, your cost of goods sold is lowest with FIFO, because you take the oldest, and therefore least expensive, items out of inventory first. When using FIFO, both income and taxes are higher.

Follow these steps to display the Physical Inventory Worksheet.

1. From the menu bar, select Vendors; Physical Inventory Worksheet.

2. Type **1/24/2007** in the Date field. Press <Enter>. The Northwind Traders Physical Inventory Worksheet as of 1/24/2007 displays. A partial worksheet is shown on the next page. Scroll down the window to see the entire worksheet.

Northwind Traders - Student Name
Physical Inventory Worksheet
As of: 1/24/2007
Active Status: Active

Item Name	Item Description	Qty. on Hand	Actual Count
Baseball gear			
Authentic Major League Baseball Bat	Authentic Major League B...	7.00	_____
Baseball Bat	Baseball Bat	11.00	_____
Baseball Glove	Baseball Glove	3.00	_____
Baseball Spikes	Baseball Spikes	4.00	_____
Baseball Uniform	Baseball Uniform	6.00	_____
Basketball gear			
Basketball	Basketball	21.00	_____
Basketball Hoop & Board	Basketball Hoop & Board	7.00	_____
Bikes			
Bicycle - Blue	Bicycle - Blue	14.00	_____
Bicycle - Red	Bicycle - Red	28.00	_____
Bicycle - Wild	Wild	2.00	_____
Bike - Adult Mountain	Adult Mountain Bike	19.00	_____
Bike - Super Pro light	Super Pro light weight bike	24.00	_____
Exotic Bicycle	Exotic Bicycle	7.00	_____
Specialty Unicycle	Specialty Unicycle	5.00	_____
Biking gear			
5 mm Bead	5 mm Bead	1.00	_____
Bike Helmet - Adult	Bike Helmet - Adult	3.00	_____
Bike Helmet - Children	Children's Bike Helmet	0.00	_____
Bike Replacement Chain	Bike Replacement Chain	19.00	_____
Football gear			
Autographed Football Jersey	Autographed Football Jer...	0.00	_____
Football Jersey	Football Jersey	5.00	_____
Football Mini Helmet	Football Mini Helmet	(2.00)	_____
Football Spikes	Football Spikes	10.00	_____
Leather Football	Leather Football	15.00	_____
Hockey gear			
Hockey Glove/Pad Set	Hockey Glove/Pad Set	36.00	_____
Hockey Goalie Mask	Hockey Goalie Mask	13.00	_____
Hockey Shield Protector	Hockey Shield Protector	45.00	_____
Hockey Stick	Hockey Stick	105.00	_____
Outdoor gear			
Fantastic Kites	Fantastic Kites	37.00	_____
Fishing Line	Fishing Line	221.00	_____
Fishing Lure	Fishing Lure	19.00	_____
Hiking Boots	Hiking Boots	19.00	_____
Hook	Hook	8.00	_____
Tents	Tents	24.00	_____

3.   After you open the report, you can do the following.

a.   Sort by report groups.

b.   Use the Modify Report pane to filter the report to focus on particular areas; use the Columns option to view additional information; modify the appearance of the report.

c.   Save the report.

d.   Export the information to Microsoft Excel.

4.   To drill down to the inventory valuation report.

a.   Move your cursor over Baseball bat. Click on it to highlight it. Notice that the cursor changes to a hand symbol.

Baseball Bat		Baseball Bat	15.00
Baseball Glove		Baseball Glove	14.00

b.   Double-click on Baseball Bat. This takes you to the Inventory Valuation for Baseball Bat, 24. The Inventory Valuation Detail report contains information that you can use to trace and analyze the transactions that affect each inventory item. You can also examine the affect of those transactions on the number and value of stock on hand. You can use this report as a guide for the physical count of inventory items.

Northwind Traders - Student Name
Inventory Valuation
Date Range: January 1, 2006 - January 24, 2007
Active Status: Active, Item group: All, Item: Selected Items, Void: Hide

Type	Entry Date	Transaction Date	Name	No.	Qty.	Transaction Value	Qty. on Hand	Balance Value
Baseball Bat, 24								
Beginning Balance							0.00	0.00
Inventory Adjustment	8/10/2004	1/1/2006	-	19	60.00	11,039.40	60.00	11,039.40
Invoice	8/18/2004	3/1/2006	Global Sportin...	36	(5.00)	(919.95)	55.00	10,119.45
Invoice	8/18/2004	3/25/2006	Nearby Sportin...	43	(6.00)	(1,103.94)	49.00	9,015.51
Invoice	8/18/2004	4/1/2006	Pro Sporting G...	47	(8.00)	(1,471.92)	41.00	7,543.59
Invoice	8/12/2004	6/1/2006	Coho Sports	1	(10.00)	(1,839.90)	31.00	5,703.69
Vendor Bill	8/15/2004	6/15/2006	Seasonal Spor...	222	3.00	551.97	34.00	6,255.66
Invoice	8/17/2004	8/15/2006	Global Sportin...	8	(5.00)	(919.95)	29.00	5,335.71
Vendor Bill	8/15/2004	9/15/2006	Seasonal Spor...	223	2.00	367.98	31.00	5,703.69
Invoice	8/17/2004	10/5/2006	Pro Sporting G...	10	(5.00)	(919.95)	26.00	4,783.74
Invoice	8/18/2004	12/15/2006	Global Sportin...	24	(5.00)	(919.95)	21.00	3,863.79
Invoice	8/18/2004	12/18/2006	Global Sportin...	28	(10.00)	(1,839.90)	11.00	2,023.89
Ending Balance							11.00	2,023.89
TOTAL							11.00	2,023.89

c.   Drill down to an invoice; for example, Global Sporting Goods 3/1/2006 transaction, No. 36. The Invoice (Paid) window appears. Read the information on the Invoice window.

5. Close the Invoice window; close the Inventory Valuation window, close the Physical Inventory window *without* saving.

PURCHASE ORDERS

A ***purchase order*** is a request from a company to a vendor, usually for purchasing stock items. A purchase order can be sent to the vendor or used internally by the company.

Follow these steps to see Northwind Traders purchase orders.

1. In the Find list, click Purchase Orders. The Purchase Order list appears. Open purchase orders are shown.

Purchase Order List					Current View: Open
Date ▲	No. ▲	Vendor Name	Phone	Delivery Date	Purchase Price
✚ Add a new Purchase Order					
1/13/2006	1	All Seasons Sports Supply			$2,250.00
8/4/2006	2	Novelty Bikes		8/12/2006	$1,646.14
9/17/2006	3	Bicycle Outfitters			$37,646.10
10/17/2006	4	All Seasons Sports Supply			$17,689.00
12/10/2006	7	Unique Bikes			$7,831.92
1/7/2007	8	Exotic Bikes			$7,952.60
1/14/2007	15	All Seasons Sports Supply		1/16/2007	$2,777.73
3/24/2007	13	Seasonal Sports Company			$3,071.52
4/20/2007	16	Bicycle Outfitters			$34,445.30
5/7/2007	11	Central Discount Store			$526.60
9/7/2007	10	All Seasons Sports Supply			$2,277.75

The Purchase Order list shows information about purchase orders that have been created. When the list is opened, you view the open purchase orders. You can also choose to view the received purchase orders or all purchase orders. You can add a new purchase order from within the Purchase Order list.

The Purchase Order List contains the following fields.

Current View: Click the Current View arrow to choose one of the views: Open, Received, or All.

Date: The date on which the purchase order was created.

No.: The number that has been assigned to a purchase order. You can change the number by editing the purchase order.

Vendor Name: The name of the vendor that has your purchase order.

Phone: The business phone number of the vendor.

Delivery Date: The anticipated delivery date of the purchased product or service from the vendor.

Purchase Price The total purchase price of the purchase order.

You can do some tasks directly in the Purchase Order List:

Add a new Purchase Order: At the top of the Purchase Order List, click Add a new Purchase Order.

Edit a purchase order: To edit a purchase order, double-click it.

Delete a purchase order: To delete a purchase order, right-click it, and then click Delete. You can delete an purchase order only if no items or expenses have been received against it.

New purchase order tasks: To create a new purchase order record (for example, receive items, receive a vendor bill), right-click a purchase order and click an option.

Move a column: To emphasize a column by its placement, click the column heading and drag it to where you want it.

Sort a column: When you open the Purchase Order List, it is sorted by the Date column. To change the order of column listings, click the column heading.

Delete a column: To delete a column, click Add/Remove Content on the View menu.

Follow these steps to view a purchase order.

1. To look at a Purchase Order, double-click on one. Read the information on the Purchase Order window.

2. Close the Purchase Order window.

BILL AND ITEM RECEIPTS

Follow these steps to see Northwind Traders bill and item receipts.

1. In the Find list, click Bill and Item Receipts. The Bill/Item Receipt List is shown. Compare the Bill/Item Receipt List to the one shown on the next page.

Bill/Item Receipt List					Current View: Open ▾
Type	**Due Date** ▲	**No.** ▲	**Vendor Name**	**Original Amount**	**Balance**
➕ Add a new Bill					
Vendor Credit Memo		136	The Phone Company	$50.00	$50.00
Vendor Credit Memo		154	City Power and Light	$32.51	$32.51
Vendor Bill	6/23/2006	346	The Phone Company	$160.48	$50.00
Vendor Bill	8/8/2006	218	City Power and Light	$181.78	$32.51
Item Receipt	9/13/2006	12	Novelty Bikes	$247.59	$247.59
Vendor Bill	1/10/2007	400	Rental Gallery	$500.00	$500.00
Vendor Bill	1/27/2007	401	Unique Bikes	$1,039.90	$1,039.90
Vendor Bill	2/26/2007	402	Exotic Bikes	$2,269.79	$2,269.79
Vendor Bill	3/8/2007	403	Rental Gallery	$500.00	$500.00
Vendor Bill	3/15/2007	404	Contoso Ltd.	$279.95	$279.95
Vendor Bill	4/11/2007	405	Rental Gallery	$500.00	$500.00
Vendor Bill	4/20/2007	406	Exotic Bikes	$2,269.79	$2,269.79
Vendor Bill	5/4/2007	407	Sport Playground	$299.80	$299.80
Vendor Bill	5/5/2007	408	Contoso Ltd.	$279.95	$279.95
Vendor Bill	5/12/2007	334	Novelty Bikes	$1,759.60	$1,759.60
Vendor Bill	6/2/2007	411	Bicycle Outfitters	$2,121.62	$2,121.62
Vendor Bill	6/3/2007	409	The Phone Company	$65.25	$65.25
Vendor Bill	7/5/2007	410	The Phone Company	$65.25	$65.25
Vendor Bill	8/3/2007	328	Tracy Tallman, CPA	$2,340.00	$2,340.00
Vendor Bill	8/23/2007	329	Paint Supply	$240.00	$240.00
Vendor Bill	8/30/2007	330	Unique Bikes	$359.95	$359.95
Vendor Bill	8/31/2007	331	Paint Supply	$311.97	$311.97
Vendor Bill	9/23/2007	412	Sport Playground	$299.80	$299.80
Item Receipt	10/1/2007	332	Unique Bikes	$499.00	$499.00
Vendor Bill	11/19/2007	413	Contoso Ltd.	$279.95	$279.95
Vendor Bill	12/8/2007	414	Novelty Bikes	$1,759.60	$1,759.60
Vendor Bill	1/5/2008	322	Seasonal Sports Company	$3,124.26	$3,124.26
Vendor Bill	1/6/2008	326	All Seasons Sports Supply	$556.52	$556.52
Vendor Bill	1/12/2008	323	Exotic Bikes	$4,894.95	$4,894.95
Vendor Bill	1/13/2008	327	Chic Department Stores	$2,625.00	$2,625.00

The Bill and Item Receipt List shows a summarized view of all unpaid and partially paid vendor bills. The Bill and Item Receipt List also shows item receipts which have not yet been used to create a bill. When you open the list, you view all bills. You can also choose to view the open, voiced, or overdue bills. You can add a new bill from within the Bill and Item Receipt List.

The Bill and Item Receipt List contains the following fields.

Current View: Click the Current View arrow to choose one of the views: Open, Voided, Overdue, or All.

Vendor Name: The name of the vendor from whom you have received an item or a bill.

Original Amount: The original amount of the bill or item receipt.

No.: The number that has been assigned to a bill or item receipt from a vendor. You can change the number by editing the bill.

Type: The type of transaction (for example, vendor bill, credit memo, item receipt).

Balance: The balance remaining for a vendor bill.

Due Date: The date on which the bill or item receipt has to be paid to the vendor.

You can do some tasks directly in the Bill and Item Receipt List:

Add a new Bill: At the top of the Bill and Item Receipt List, click Add a new Bill.

Edit a vendor bill: To edit a vendor bill, double-click the vendor bill.

Void a vendor bill: To void a vendor bill, right-click it, and then click Void.

New vendor tasks: To create a new vendor record (for example, new purchase order, receive items, enter a bill, pay bills), right-click a related vendor bill, and then click an option.

Move a column: To emphasize a column by its placement, click the column heading and drag it to where you want it.

Sort a column: When you open the Bill and Item Receipt List, it is sorted by the No. column. To change the order of a column listing, click the column heading.

Delete a column: To delete a column, click Add/Remove Content on the View menu.

2.   Double-click on one of the Vendor Credit Memos to see what is included on the Vendor Credit Memo window. Close the window.

3.   Double-click on a Vendor Bill. Close the Vendor Bill window.

4.   Double-click on an Item Receipt. Close the Item Receipt window.

TRANSACTIONS

The Vendor Bill window is used for entering bills to vendors. In the steps that follow you are going to enter and save (post) a purchase of office supplies from a vendor. Then, Northwind Traders is going to pay the vendor. The two sections that follow—Enter Bills and Pay Bills—explain how to do that using MOA.

Enter Bills

You could go to the Vendor Home page or enter a bill from the Start a Task list. In the steps that follow you are going to use the Start a Task list.

Follow these steps to enter a bill.

Date   *Transaction Description*

1/15/2007   Northwind Traders purchased 10 reams of paper
                   from XXXX Office Supplies on account (substitute
                   your last name for the X's); Invoice Number 415,
                   $49.99. (For this bill, you are going to debit Account
                   No. 6210, Office Supplies; and Credit Accounts
                   Payable/XXXX Office Supplies.)

1.   From the Vendors Start a Task list, link to Enter Bills. The Untitled –
      Vendor Bill window appears.

2.   In the Vendor name field, select XXXX Office Supplies. (Substitute
      your last name for the X's.)

3.   Type **1/15/2007** in the Date field. Accept No. 415 in the No. field.
      Observe that the Contact Name, address, payment terms and due
      fields are completed automatically.

4.   In the steps that follow, you are going to add a non-inventory item
      on the fly.

      a.   Click on the down-arrow in the Name field.

b. Click Add a new item. (*Hint:* You may need to scroll up.) The Select Item Type window appears.

c. Click on the radio button next to Non-Inventory item.
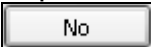
d. Click [OK]. Complete the following fields.

Item name: Office Supplies

Item no: 48 is automatically completed.

Sales and Purchase information: UNCHECK I sell this item; I buy this item should be CHECKED.
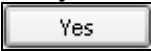
Expense account: Select 6210, Office Supplies. (Click [No] when the window prompts, Would you like to set this to be the default Expense account for non-inventory item?)

Preferred vendor: XXXXX Office Supplies (substitute your last name for the X's.)

Compare your Non-Inventory Item window to the one shown on the next page.

The Preferred Vendor field shows your last name Office Supplies.

5.   Click [Save and Close].

6.   A window appears which says The purchase price is zero. Do you want to continue? Click [Yes]. You are returned to the Vendor Bill window.

7.   Type **49.99** in the Unit Price field. Press <Tab>. The Line Total shows $49.99. Compare your Vendor Bill window to the one shown on the next page.

8.   Click ⊞ Save and Close .

When you select ⊞ Save and Close , you are posting the transaction. Here's how that transaction is journalized in the Transaction Journal.

Account No.	Account Description	Debit	Credit
6210	Office Supplies	49.99	
2010/27	Accounts Payable/XXX Office Supplies		49.99

Pay Bills

To enter and record the payment of this bill, follow these steps.

Date   *Transaction Description*

1/20/2007   Issued check from Northwind Traders Checking Account to pay XXXX Office Supplies on account; Invoice No. 415; $49.99.

1.   From the Vendors Start a Task list, select Pay Bills. The Pay Bills window appears.

2.   Type **1/20/2007** in the Date field.

3.   In the Pay From field, select Checking Account.

4.   In the Payment method field, select Check.

5.   Type **2/19/2007** in the Bills due on or before field.

6.   In the Vendor field, select XXXXX Office Supplies. (Substitute your last name for the X's.)

7.   Click on the box in the Bills due column. A checkmark is placed in the box. Observe the Amount field (top right of window) shows $49.99.

8. Click [Save and Close]. An Add memo and Check Number (for Checking Account) window appears. Read the information. Click [OK] to accept the check number default.

When this transaction is posted, these accounts are debited and credited.

Account No.	Account Description	Debit	Credit
2010/27	Accounts Payable/XXX Office Supplies	49.99	
1010	Checking Account		49.99

TRANSACTION JOURNAL

Let's look at the transaction journal from 1/15/2007 to 1/20/2007 to verify the posting of the bill and payment.

1. From the menu bar, select Reports; Company and Financial, Transaction Journal.

2. Type **1/15/2007** in the From Field.

3. Type **1/20/2007** in the To field. The Vendor Bill to XXXX Office Supplies is shown and the Vendor Payment to Yacht Office Supplies.

Vendor Bill	Paid	415	Yacht Office Supplies	1/15/2007			
					Accounts Payable	0.00	49.99
					Office Supplies	49.99	0.00

Vendor Payment	Applied		Yacht Office Supplies	1/20/2007			
					Accounts Payable	49.99	0.00
					Checking Account	0.00	49.99

The debits and credits shown on the Transaction Journal report agree with the entries shown on pages 103 and 105.

4. Close the Transaction Journal window *without* saving.

VENDORS AND PAYABLES REPORTS

Follow these steps to go to the Vendors home page. Then, you will display Vendors and Payables reports.

1. Click [Vendors]. The Vendors home page appears. In the Select a Report field, select Vendor Transaction History.

2. Click [Display...].
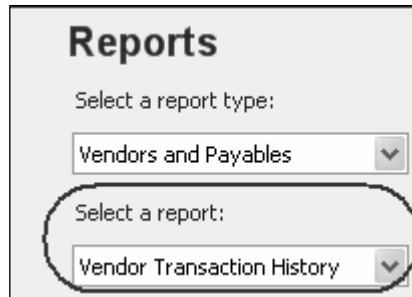
3. Type **1/15/2007** in the From field.

4. Type **1/20/2007** in the To field. The Vendor Transaction History for XXXX Office Supplies appears. A vendor bill and vendor payment is shown. Compare your Vendor Transaction History report to the one shown on the next page.
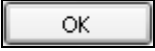
    Observe that the report shows a Vendor Bill and Vendor Payment for XXXX Office Supplies. This vendor's balance is 0.00.

Northwind Traders - Student Name
Vendor Transaction History
Date Range: January 15, 2007 - January 20, 2007
Transaction type: All, Vendor group: All, Vendor name: All, Amount: Any, Void: Hide

Type	Date	No.	Transaction Amount	Paid Amount	Discount	Balance	Void
All Seasons Sports Supply							
Beginning balance						32,698.50	
Vendor Bill	1/16/2007	253	2,777.73			35,476.23	
Vendor Payment	1/16/2007	61		2,749.95	27.78	32,698.50	
Ending Balance				2,749.95		32,698.50	
Contoso Ltd.							
Beginning balance						15,334.34	
Vendor Bill	1/15/2007	377	279.95			15,614.29	
Ending Balance				0.00		15,614.29	
Novelty Bikes							
Beginning balance						1,398.55	
Vendor Payment	1/16/2007	60		1,370.58	27.97	0.00	
Ending Balance				1,370.58		0.00	
Oils and Fluids Warehouse							
Beginning balance						0.00	
Cash Purchase	1/16/2007	261	47.63			47.63	
Cash Purchase	1/16/2007	261		47.63		0.00	
Ending Balance				47.63		0.00	
Proseware, Inc.							
Beginning balance						21,887.84	
Vendor Bill	1/19/2007	376	8,099.12			29,986.96	
Ending Balance				0.00		29,986.96	
Unique Bikes							
Beginning balance						5,934.85	
Vendor Payment	1/15/2007	59		4,797.05	97.90	1,039.90	
Ending Balance				4,797.05		1,039.90	
Yacht Office Supplies							
Beginning balance						0.00	
Vendor Bill	1/15/2007	415	49.99			49.99	
Vendor Payment	1/20/2007			49.99		0.00	
Ending Balance				49.99		0.00	
TOTAL				9,015.20		79,339.65	

5.   Close the Vendor Transaction History window *without* saving.

BACKUP CHAPTER 3

Follow these steps to backup Chapter 3 data.

1.   Click File; Utilities, Data Utilities.

2.   In the Backup company data area, click [Backup].

3.   In the Backup file name field, click [Browse ...]. If necessary, browse to the appropriate location.

4.   Type **Chapter 3** in the File name field.

5.   Click [Save].

6.   When the Backup window appears, click [OK].

7.   When the window prompts, Backup was completed successfully,
     click [OK].

8.   Close the Microsoft Office Accounting Data Utilities window.

9.   Exit MOA.

	INTERNET ACTIVITY
1.	From your Internet browser, go to the book's website at www.mhhe.com/yachtmoa.
2.	Link to Student Edition.
3.	Link to Internet Activities; then link to Part 1 Internet Activities for Chapters 1-7. Open or save.
4.	Complete the Chapter 3 exercise – ACCOUNTING STUDENTS.
5.	Using a word processing program, write a summary about the site(s) you selected. Remember to include the website address of each link. Your summary should be no more than 75 words or less than 50 words.

SUMMARY AND REVIEW

SOFTWARE OBJECTIVES: In Chapter 3, you used the software to:

1.   Restore data from Exercise 2-2. (This backup was made on page 79.)
2.   Add a vendor.
3.   Enter and post a purchase invoice.
4.   Make vendor payments.
5.   Display the transaction journal.
6.   Display vendor history.
7.   Backup data.
8.   Restore data.

WEB OBJECTIVES: In Chapter 3, you completed these Internet activities:

1.   Used your Internet browser to go to the book's website at www.mhhe.com/yachtmoa.
2.   Completed the Internet activity for Accounting Students.
3.   Used a word processing program to write a summary about the website(s) that you visited.

GOING TO THE NET

Access information about domain name statistics at
http://www.zooknic.com/Domains/counts.html.

1. gTLD is an abbreviation for what word(s)?

2. What is the number of domain names worldwide?

3. How many .com names are there?

4. List the extensions that are used with domain names.

FLASHCARD REVIEW

Create the following flashcards.

1. Enter a new vendor.
2. Display a physical inventory worksheet and drill down to an original transactions.
3. Enter and post a bill.
4. Pay a vendor.
5. Print the 1/15/2007 through 1/20/2007 Vendor Transaction History.

Multiple Choice Questions: In the space provided write the letter that best answers each question.

_____1.   When each transaction's debits equal credits, this is known as:

   a. Product based accounting.
   b. Vendors and payables.
   c. Customers and receivables.
   d. Double-entry accounting.
   e. None of the above.

_____2.   The Vendors home page includes selections for:

   a. Entering bills.
   b. New purchase orders.
   c. Paying bills.
   d. All of the above.
   e. None of the above.

_____3. The current balance owed to each vendor is shown on the:

   a. Customer list.
   b. Item list.
   c. Vendor list.
   d. Credit memo list.
   e. None of the above.

_____4. The Vendor list includes all of the following EXCEPT:

   a. Current view.
   b. Vendor ID.
   c. Preferences.
   d. Vendor name.
   e. None of the above.

_____5. A request from a company to a vendor, usually for purchasing stock items is called a/an:

   a. Invoice.
   b. Purchase order.
   c. New Credit memo.
   d. Sales invoice.
   e. None of the above.

_____6. A list that shows a summary of all unpaid and partially paid vendor bills is called:

   a. Payment list.
   b. Enter bills list.
   c. Record credit memos list.
   d. Bill/Item receipt list.
   e. None of the above.

_____7. When you post a transaction for purchasing office supplies on account, the accounts debited and credited are:

   a. Dr. Office Supplies; Cr. Accounts Payable/Vendor.
   b. Dr. Accounts Payable/Vendor; Cr. Checking Account.
   c. Dr. Office Supplies; Cr. Cash.
   d. Dr. Office Equipment; Cr. Cash.
   e. None of the above.

_____8. When Northwind Traders pays for office supplies purchased on account, the accounts debited and credited are:

a. Dr. Office Supplies; Cr. Accounts Payable/Vendor.
b. Dr. Accounts Payable/Vendor; Cr. Checking Account.
c. Dr. Office Supplies; Cr. Cash.
d. Dr. Office Equipment; Cr. Cash.
e. None of the above.

_____9. Northwind Traders classifies Office Supplies as the following type of item:

a. Service.
b. Inventory.
c. Non-inventory item.
d. All of the above.
e. None of the above.

_____10. To verify that a transaction has been entered, you can type in a range of dates from the following selections:

a. Select Reports; Company and Financial, Trial Balance.
b. Select Reports; Financial Statements.
c. Select Company; Company Preferences
d. Select a report, accounts receivable aging.
e. Select Reports; Company and Financial, Transaction Journal.

Exercise 3-1: Follow the instructions below to complete Exercise 3-1.
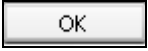
1. Start MOA. If necessary, restore the Chapter 3.sbb file. This backup was made on pages 107-108.

2. Open Northwind Traders.

3. Enter the bill shown on the next page.

Date	*Description of Transaction*
1/20/2007	Northwind Traders purchased four children's bike helmets from Bicycle Outfitters, $63.84, No. 416. (*Hint:* Cancel the Select a Purchase Order or an Item Receipt window. In the Name field select Bike Helmet – Children; type 4 in the Qty. field. The Unit Price is $15.96; the Line Total is $63.84).

4. Post this purchase. Continue with Exercise 3-2.

Exercise 3-2: Follow the instructions below to complete Exercise 3-2.

1. Enter and post the following transaction.

Date	*Description of Transaction*
1/22/2007	Issued check from Northwind Traders Checking Account to pay Bicycle Outfitters for the 1/20/2007 purchase; $63.84. (*Hint:* Type **2/20/2007** in the Bills due on or before field. When the Add memo and check number window appears, click [OK].)

2. Post this payment.

3. Display or print the 1/20/2007 through 1/22/2007 transaction journal.

4. Display or print the 1/15/2007 through 1/22/2007 vendor transaction history.

5. Backup. The suggested file name is **Exercise 3-2**.

6. Copy the Exercise 3-2.sbb file to external media.

ANALYSIS QUESTION: With the Vendors Home page serving as the starting point to perform all the tasks related to vendors and payables, describe four of its functions in detail.

CHAPTER 3 INDEX

Chapter

4   Employees & Payroll

SOFTWARE OBJECTIVES: In Chapter 4, you use the software to:

1. Restore data from Exercise 3-2. (This backup was made on page 112.)
2. Display the employee list.
3. Add a new employee.
4. Display time entries.
5. Create an invoice from a time sheet.
6. Receive customer payment.
7. Display time report.
8. Backup data.
9. Restore data.
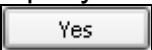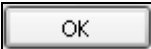
WEB OBJECTIVES: In Chapter 4, you do these Internet activities:

1. Use your Internet browser to go to the book's website.
2. Complete the Internet activity for the American Institute of CPAs.
3. Use a word processing program to write a summary about the website(s) that you visited.

In Chapter 4 you learn how MOA maintains employee records and tracks hours worked. A separate payroll service can be purchased to process and automate payroll. Signing up for ADP Payroll is not possible through the sample company data. This chapter focuses on MOA's time tracking features.

GETTING STARTED

1. Start Microsoft Office Accounting. If a company starts; for example, Northwind Traders, click File; Close Company. In order to complete step 2, you need to restore from the Start – Microsoft Office Accounting window.

2. Follow the steps shown on the next page to restore Exercise 3-2. (*Hint:* This backup was made on page 112.)

---

a.   From the Start – Microsoft Office Accounting window, select Restore a backup. (If a company is open, click File; Close Company to go to the Start window.)

b.   In the Backup filename field, click [Browse ...]. Go to the location of the Exercise 3-2.sbb file. Select the Exercise 3-2.sbb file, then click [Open].

c.   In the Restore backup file to field, click [Browse ...]. Select sampleproductcompany.sbc.

d.   Click [Save]. A window appears saying that C:\......\sampleproductcompany.sbc already exists. Do you want to replace it? Click [Yes].

e.   You are returned to the Database Restore window. Review the information in the Backup filename field and Restore backup file to field. Check the filename at the end of both fields: ….\Exercise 3-2.sbb *and* …..\sampleproductcomany.sbc. Click [OK].

f.   The Restore Complete window appears. Click [OK].

g.   You are returned to the Start – Microsoft Office Accounting window. Select Open an existing company; then open the product based sample company.

Follow these steps to make sure you have restored the Exercise 3-2 file.

1.   Check that the Vendor list shows your name Office Supplies. You added this vendor on pages 90-91.

2.   Compare your Vendor Transaction History for 1/15/2007 through 1/22/2007 with the Exercise 3-2 report printed on page 112, step 4. (*Hint:* The report shows a paid amount of $9,079.04 and a total balance of $82,117.38.) Close the Vendor Transaction History without saving.

EMPLOYEES HOME PAGE

Microsoft Office Accounting 2007 maintains your employee records and tracks hours worked, matching billable hours to customer invoices. With ADP payroll processing, you can automate your payroll. ADP payroll processing is a fee based service; it is *not* available for the sample company, Northwind Traders. The Employees home page is the starting point for managing your employee records.

Follow these steps to display the Employees home page.

1. Click [Employees]. The Employees home page appears.

2. The Employees task flow view is shown below. If the task flow view is *not* show, click [Switch View] (top right side).
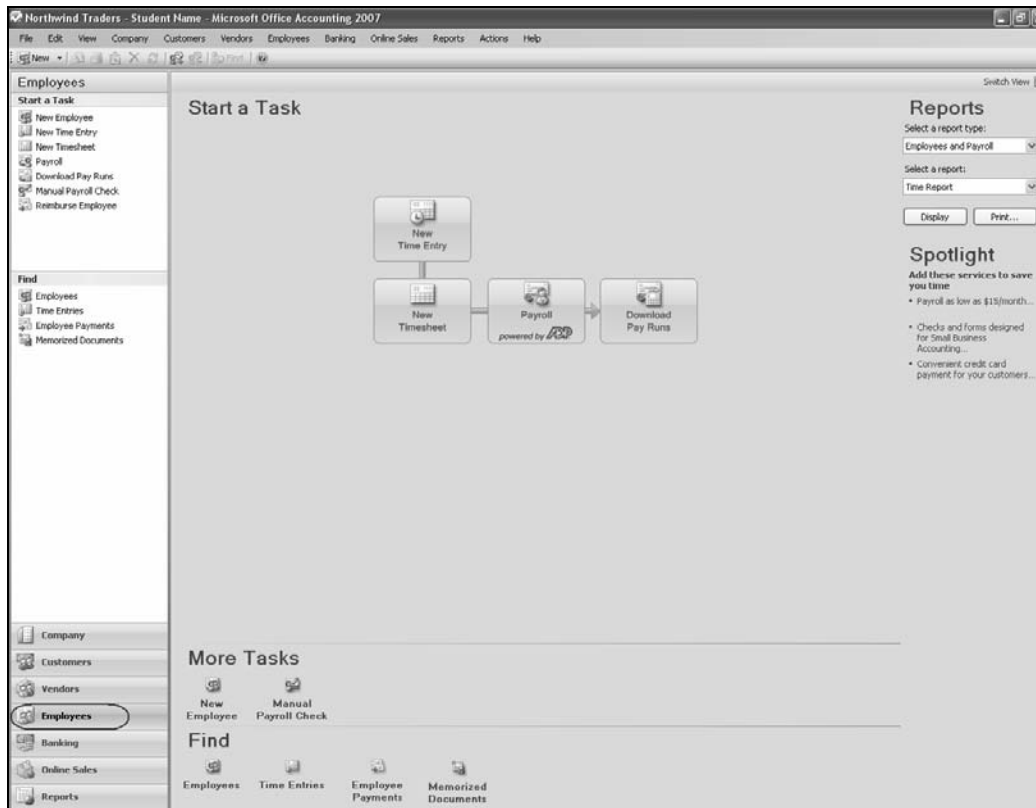
Let's review what is included on the Employees home page. Observe that the organization of the home pages is the same.

Title bar: Contains the company name and program name: Microsoft Office Accounting.

Menu bar: Contains the menus: File, Edit, View, Company, Customers, Vendors, Employees, Banking, Online Sales, Reports, Actions, and Help.

Toolbar: Displays a set of buttons.

Move your mouse over each button to see E-mail; Print; Export to Excel; Delete; Refresh; Send Books; Receive Books; Find; Help (?).

Navigation Pane: Contains the Start a Task list; Find list; and Navigation buttons for the home pages—Company, Customers, Vendors, Employees, Banking, and Reports.

Start a Task: The start a task list contains links to help you manage your employees and track their hours works. The start a task list includes links for New Employee; New Time Entry; New Timesheet; Payroll; Download Pay Runs. (*Hint:* The last two links, Payroll and Download Pay Runs, are available after you sign up for ADP Payroll processing.)

Find: The Find list contains links to records for the company. These include Employees and Time Entries.

Task flow view: A diagram that illustrates the main tasks for the Employees home page.

Reports pane: Displays the Employees and Payroll report. (*Hint:* More reports are available if you sign up for ADP payroll processing, a fee-based service.)

Employee and Payroll report: The Employees and Payroll report tracks the number of work hours reports by the employees.

Time Report: The time report shows how your employees are accounting for their recorded hours. It helps you to determine whether billable job time is properly accounts for and included in

invoices that are sent to your customers. When the report is opened, it displays the current month to date. You can change the range of dates.

Spotlight pane: Contains links to Web pages with additional information about MOA and/or payroll services available. This information is refreshed on a regular basis.
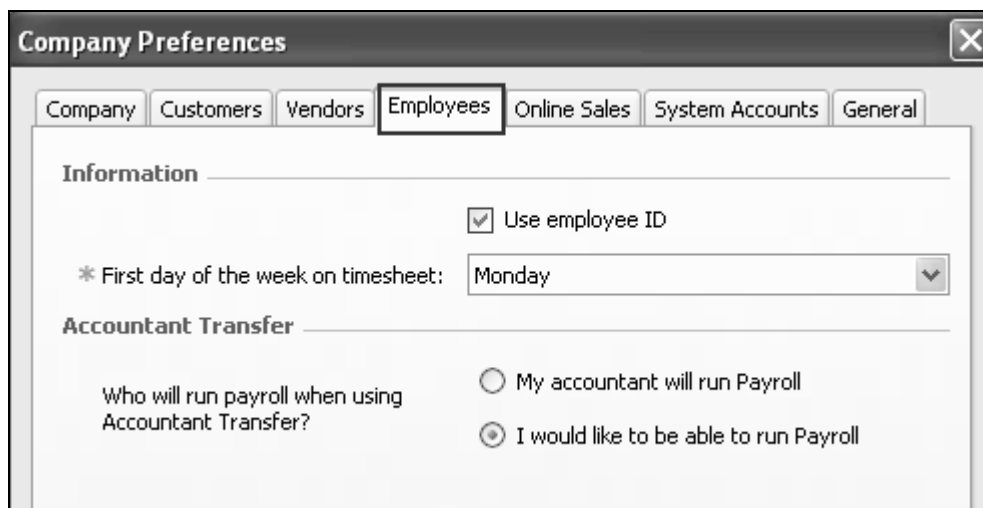
More Tasks: Includes a New Employee button.

Find: Includes buttons for Employees and Time Entries.

EMPLOYEE PREFERENCES

Follow these steps to add Employee IDs.

1. From the menu bar, select Company; Preferences.

2. Click on the Employees tab.

3. Click on the box next to Use employee ID to place a checkmark in it. I should like to be able to run Payroll is the default.

4. Click [OK] to close the Company Preferences window.
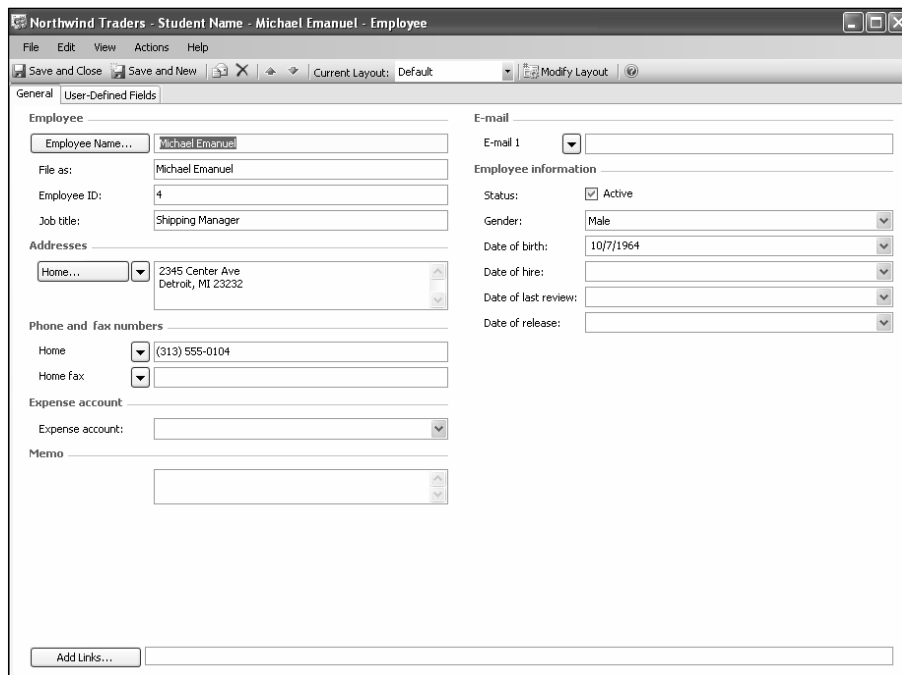
EMPLOYEE LIST

Follow these steps to display the Employee List.

1. From the Find list, link to Employees. The Employee List displays. Observe that Employee ID numbers are shown.

2. To resort the list, click Employee ID. The employees IDs are shown in consecutive order.

	Active	Employee ID	Employee Name	Job Title	Home Phone	Business Phone	Mobile Phone
							Current View: Active
	✓	1	Angela Barbariol	Office Manager	(630) 555-0101		
	✓	3	Brenda Diaz	Business Owner	(773) 555-0103		
	✓	5	Don Funk	Sales Manager	(630) 555-0105		
	✓	6	Jon Ganio	Inventory Manager	(517) 555-0106		
	✓	4	Michael Emanuel	Shipping Manager	(313) 555-0104		
	✓	2	Mike Danseglio	Sales Assistant	(773) 555-0102		

Add a new Employee

3. Double-click on Michael Emanuel to see his employee record. The Michael Emanuel – Employee window appears. The employee form contains information about an employee, such as the address and phone numbers and date of birth.

4.   Close the Michael Emanuel – Employee window.

Add a New Employee

Follow these steps to add yourself as an employee.

1.   Click [➕ Add a new Employee]. Complete the following fields.

Employee name:	Your first and last name
Employee ID:	Accept the default for 9
Job title:	**Assistant Shipping Manager**
Address:	Type your address
Home phone:	Type your phone number
Gender:	Select your gender
Date of birth:	Type your date of birth
Expense account:	Delete Miscellaneous Expense

2.   When you have completed the employee record, click [💾 Save and Close]. Observe that Employee ID 9, showing your name, has been added to the Employee List. (The illustration below shows Student Name.)

Employee List   Current View: Active

	Active	Employee ID ▲	Employee Name ▲	Job Title	Home Phone	Business Phone	Mobile Phone
➕ Add a new Employee							
	✓	1	Angela Barbariol	Office Manager	(630) 555-0101		
	✓	3	Brenda Diaz	Business Owner	(773) 555-0103		
	✓	5	Don Funk	Sales Manager	(630) 555-0105		
	✓	6	Jon Ganio	Inventory Manager	(517) 555-0106		
	✓	4	Michael Emanuel	Shipping Manager	(313) 555-0104		
	✓	2	Mike Danseglio	Sales Assistant	(773) 555-0102		
	✓	9	Student Name	Assistant Shipping Manager			

TIME ENTRIES

The Time Entry List shows details about the time entries for Northwind Traders employees. When you open the list, you view all time entries that have *not* been invoiced. You can use this view to make sure that you are billing your customers for all appropriate hours. You can also choose to view all time entries. In addition you can add a new time entry from within the Time Entry list.

To see the Time Entry List, follow these steps.

1.   In the Find list, link to Time Entries. The Time Entry List appears.

Date	Employee Name ▲	Customer Name	Billing Item	Duration (hours)	Billable
➕ Add a new Time Entry					
8/20/2007	Angela Barbariol			4	
5/19/2007	Angela Barbariol			4	
11/19/2007	Angela Barbariol			6	
12/17/2007	Angela Barbariol			6	
11/15/2007	Angela Barbariol			6	
1/23/2007	Angela Barbariol			4	
11/17/2007	Angela Barbariol			6	
3/19/2007	Angela Barbariol			4	
6/14/2007	Angela Barbariol			4	
2/11/2007	Angela Barbariol			4	
10/15/2007	Angela Barbariol			6	
5/17/2007	Angela Barbariol			4	
10/13/2007	Angela Barbariol			6	
9/13/2007	Angela Barbariol			6	
7/16/2007	Angela Barbariol			6	
12/13/2007	Angela Barbariol			6	
3/17/2007	Angela Barbariol			4	
5/21/2007	Angela Barbariol			4	
3/15/2007	Angela Barbariol			4	
6/16/2007	Angela Barbariol			4	
7/12/2007	Angela Barbariol			4	
1/19/2007	Angela Barbariol			4	
8/18/2007	Angela Barbariol			4	
2/13/2007	Angela Barbariol			4	
6/18/2007	Angela Barbariol			4	
10/11/2007	Angela Barbariol			6	
1/21/2007	Angela Barbariol			4	
9/17/2007	Angela Barbariol			6	
12/15/2007	Angela Barbariol			6	
8/16/2007	Angela Barbariol			4	
2/9/2007	Angela Barbariol			4	
7/14/2007	Angela Barbariol			4	
9/15/2007	Angela Barbariol			6	
9/9/2007	Brenda Diaz			1	

Time Entry List — Current View: Not Invoiced

2.   Click on the header, Employee Name, to resort the list. You may need to click twice on the header to resort the list alphabetically.

3.   To see the entire list, scroll down the window.

The Time Entry List contains the following fields.

Current View: Click the Current View arrow to choose one of the views: Not Invoiced or All.

Date: The start date of the time entry.

Employee name: The name of an employee.

Customer name: The name of the customer for whom an employee filled out a time entry.

Job Name: The name of the job associated with the employee time entry.

Billing Item: The name of the service item to be invoiced.

Duration (hours): The duration of the time entry for the employee. The duration is shown in hours.

Billable: The time entry as billable to the customer.

You can do some tasks directly in the Time Entry List.

Add a new Time Entry: At the top of the Time Entry List, click Add a new Time Entry.

Edit a time entry: To edit an employee time entry, double-click it.

Delete a time entry: To delete an employee time entry, right-click it, and then click Delete. You can delete a time entry only if it has not been invoiced.

Convert time entry to invoice: To convert a time entry to an invoice, right-click a time entry and click Convert Time Entry to Invoice.

Move a column: To emphasize a column by its placement, click the column heading and drag it to where you want it.

Sort a column: When you open the Time Entry List, it is sorted by the Date column. To change the order of column listings, click the column heading.

Delete a column: To delete a column, click Add/Remove Content on the View menu.
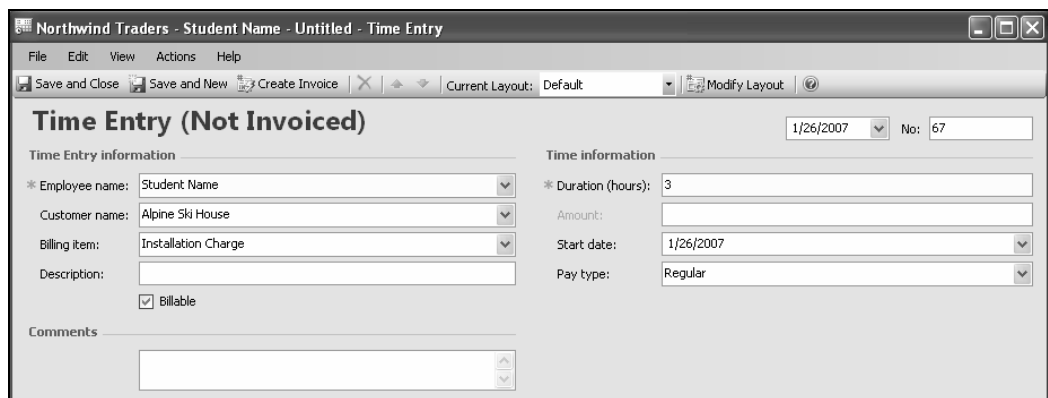
Add a New Time Entry

MOA maintains employee records and tracks the hours worked. Time entries match billable hours to customer invoices. A *Time Entry* is a report that shows how your employees are accounting for their recorded hours. Use the Time Entry form to track time that is spent on work for a customer and to track employee hours for payroll.

To add a new time entry, follow these steps.

1. From the Time Entry List, click ⊞ Add a new Time Entry . Complete the following fields.
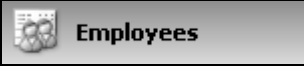
Date:	Type **1/26/2007**
No:	67 is completed automatically
Employee name:	Select your name
Customer name:	Select Alpine Ski House
Billing item:	Select Installation Charge
Duration (hours):	Type **3**
Start date:	Type **1/26/2007**
Pay type:	Regular hours for manual payroll

2. Make sure the information on the Time Entry window is correct. Click 💾 Save and Close .

Create an Invoice from an Employee Time Record

In accounting, you learn that an invoice is a bill to the customer for the products and services that are being sold. To create an invoice from the time entry completed on page 124, do the following.

1. If necessary, click [Employees] ; Time Entries.

2. Double-click on the 1/26/2007 Your Name time entry. The Time Entry (Not Invoiced) window appears. (*Hint:* If necessary, scroll down the window.)

3. Click [Create Invoice]. The Invoice Not Paid window appears.

4. Complete the following fields.

Date:	Type **1/26/2007**
No:	289 is automatically completed
Payment terms:	Select Net 30

    Observe this customer is being billed for 3 hours of work for a total price of $115.53 ($107.97 plus sales tax of $7.56). Check that the Payment terms are Net 30. There is no sales discount applied to installation charges but sales taxes are charged.[1]

    Compare your Invoice window to the one shown on the next page.

---

[1]Why is sales tax being added on services rendered (in this case an installation charge)? The sample company, Northwind Traders, defaults to sales taxes on in-state services rendered and merchandise sales. The customer Alpine Ski House is located in North Dakota, the same state where Northwind Traders is located. If the sale or service is done outside of North Dakota or in Canada, *no* sales tax is charged.

5. Click [Save and Close]. When the window prompts that you have
    changed the payment terms for Alpine Ski House, click [Yes].
    You are returned to the Time Entry List.

Customer Payment

Record and post the following transaction.

Date   *Transaction Description*

1/31/2007   Northwind Traders received a check from Alpine Ski
                  House for the 1/26/2007 installation charge; $115.53;
                  (*Hint:* Because this invoice amount was for an
                  installation charge, no sales discount applies to this
                  customer payment.)

1. Click **[Customers]**; Received Payments, **[Add a new Payment]**. Complete the following fields. (Detailed steps for receiving a payment from a customer are on pages 69-71).

Date:	Type **1/31/2007**
No:	232 is completed automatically
Received from:	Alpine Ski House
Amount:	Type **115.53**
Payment method:	Check
Deposit in:	Checking Account
Due Date:	Click on the 2/28/2005, Invoice 1, to *uncheck* it. The 2/25/2007, Invoice 289, should be checked.
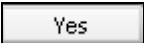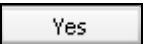
    Make sure that the 2/25/2007, Invoice 289, has a checkmark next to it. The 2/28/2005, Invoice 1, should be *unchecked*. The Unused payment field shows $100.00 because that payment has *not* been received.

2.   Click [Save and Close].

3.   When the window prompts that The full payment has not been applied to the invoices. Are you sure you want to save this payment, click [Yes].

4.   When the window prompts that you have changed the payment method for Alpine Ski House, click [Yes].

5.   Scroll down the Receive Payment List. Alpine Ski House's $115.53 payment is shown. You may need to click refresh [⟳].

TIMESHEET

You can use the Timesheet form (Start a Task list; New Timesheet selection) to track time that is spent on work for a customer on a weekly basis, and to track employee hours for payroll. Each day and each line on the Timesheet form that has time entered on it, shows up on the Time Entry List. Since you already created a Time Entry, there is no need to also create a timesheet.

The Timesheet form shows the days of the work week, starting with the day selected on the Employee tab on the Company Preferences dialog box.

To see the Time Sheet for the job completed on 1/26/2007 follow these steps.

1.   Cick [Employees]; New Timesheet (from the Start a Task list).

2.   In the Employee Name field, select your name.

3.   Type **1/22/2007** in the Select week field. Observe that the Customer, Alpine Ski House is shown, and that 26 – Fri shows three hours.

     Compare your Timesheet window to the one shown on the next page. Observe that 3 hours is shown for 26 – Fri.

4.   Click [Save and Close].

TIME REPORT

The Time report shows how your employees are accounting for their recorded hours. The report helps you to determine whether billable job time is being properly accounted for and included in invoices that are sent to your customers. Information in the report is grouped by customers and jobs and includes dates, employee names, number of hours, invoice status, and billable hours. You can use the columns option to view service item descriptions, pay types, standard cost prices of service items, and the selling price of service items.

Follow these steps to display the Time Report.

1.   From the menu bar, select Reports; Employees and Payroll, Time Report.

2. Type **1/1/2007** in the From field.

3. Type **1/31/2007** in the To field. The Time Report for January 1, 2007 – January 31, 2007 appears.

Northwind Traders - Student Name
Time Report
Date Range: January 1, 2007 - January 31, 2007
Employee name: All, Item: All

Customer Name	Time No.	Date	Employee Name	Employee ID	Service Item	Billable	Status	Hours	Description
Alpine Ski House									
Job - Other									
	67	1/26/2007	Student Name	9	Installation Char...	✔	Invoiced	3.00	
Total Job - Other								3.00	
Total Alpine Ski House								3.00	

4. Drill down to the original invoice by double-clicking on Time No. 67. The Time Entry (Invoiced) appears.

5. Close the 67 - Time Entry window. This window is similar to the one shown on page 124; the difference is that the 67 – Time Entry window shows Invoiced in parentheses because this job was invoiced. (*Hint:* Refer to Create an Invoice from an Employee Time Record on pages 125-126.)

6. Close the Time Entry window and the Time Report window (without saving.)

PROCESS PAYROLL

Microsoft Office Accounting works directly with ADP Payroll Processing to manage payroll. If you do not sign up for ADP payroll processing, you can use another payroll service; or you can manually enter payroll payments. Here are the choices:

You can issue payroll checks to the employees by recording payroll payments in the appropriate checking account, then assigning the payment to a appropriate payroll accounts.
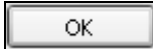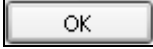
Or, employ a payroll service. MOA works with ADP Payroll Processing but you can also use another payroll service to process payroll checks electronically.

ADP Payroll Processing is fully integrated with MOA. To learn more about ADP, do the following.

1. In the Employees Start a Task list, click Payroll. The Payroll powered by ADP window appears. Read the information on this window.

2. Close the window when through.

BACKUP CHAPTER 4

Follow these steps to backup Chapter 4 data.

1. Click File; Utilities, Data Utilities.

2. In the Backup company data area, click [Backup].

3. In the Backup file name field, click [Browse ...]. Browse to the appropriate location.

4. Type **Chapter 4** in the File name field.

5. Click [Save].

6. When the Backup window appears, click [OK].

7. When the window prompts, Backup was completed successfully, click [OK].

8. Close the Microsoft Office Accounting Data Utilities window.

9. Exit MOA.

	INTERNET ACTIVITY
1.	From your Internet browser, go to the book's website at www.mhhe.com/yachtmoa.
2.	Link to Student Edition.
3.	Link to Internet Activities; then link to Part 1 Internet Activities for Chapters 1-7. Open or Save.
4.	Complete the Chapter 4 exercise - AMERICAN INSTITUTE OF CPAs.
5.	Using a word processing program, write a summary about the site(s) you selected. Remember to include the website address(es) of each link. Your summary should be no more than 75 words or less than 50 words.

SUMMARY AND REVIEW

SOFTWARE OBJECTIVES: In Chapter 4, you used the software to:

1. Restore data from Exercise 3-2. (This backup was made on page 112.)

2. Display the employee list.

3. Add a new employee.

4. Display time entries.

5. Create an invoice from a time sheet.

6. Receive customer payment.

7. Display time report.

8. Backup data.

9. Restore data.

WEB OBJECTIVES: In Chapter 4, you did these Internet activities:

1. Used your Internet browser to go to the book's website.

2. Completed the Internet activity for the American Institute of CPAs.

3. Used a word processing program to write a summary about the website(s) that you visited.

GOING TO THE NET

Go online to
http://www.microsoft.com/smallbusiness/resources/management/pay_benefits/5_steps_for_determining_an_employees_salary.mspx.

Answer the following questions.

1. List five steps for determining how much a job is worth.

2.   What is the name of the book cited in this article and who is the author?

3.   How should a salary offer be made?

FLASHCARD REVIEW

Create the following flashcard.

1.   Add a new employee.

2.   Add a new Time Entry.

3.   Create an invoice from an employee time record.

4.   Display a Time Report.

Short-Answer Questions: In the space provided, write an answer to the question.

1. List the links included on the Employees Find list.

_____

_____

_____

2. List the links included on the Employees Start a Task list.

_____

_____

3. How do you change the Employees home page from the task flow view (looks like a flowchart diagram) to a list view?

   _____

   _____

4. What feature is used to show employee IDs on the Employee List?

   _____

   _____

5. How do you change Employee IDs on the employee list to numeric order?

   _____

   _____

   _____

6. What button to you use to post time entries?

   _____

   _____

   _____

Exercise 4-1: Follow the instructions below to complete Exercise 4-1:

1. Start MOA. If necessary, restore the Chapter 4.sbb file. (This backup was made on pages 131.)

2. Add the following new time entry.

    Date   *Transaction Description*

    1/29/2007   The new employee (your first and last name) completed 2 hours of work for Adventure Works, No. 68. The billing item is Installation Charge; the Start date is 1/29/2007; the Pay type is Regular hours for manual payroll.

3. On 1/29/2007, invoice Adventure Works for the installation charges; total price, $79.98. (*Hint:* If necessary, in the Name field, select Installation Charge. Make sure the Qty. field shows 2. Observe there is *no* sales tax because Adventure Works is located in Toronto, Ontario Canada. The Taxable group field shows Out of State Sales.)

4. Continue with Exercise 4-2.

Exercise 4-2: Follow the instructions below to complete Exercise 4-2:

1. The following payment was received from Adventure Works.

Date   *Transaction Description*

1/30/2007   Northwind Traders received a check from Adventure Works for $79.98. (*Hint:* Uncheck the 2/21/2006, Invoice.)

 2. Print the Timesheet for the week starting 1/29/2007.

 3. Print the Time Report from 1/22/2007 to 1/31/2007.

 4. Print the Customer Transaction History from 1/29/2007 to 1/31/2007. (*Hint:* Customer home page; Select a report, Customer Transaction History from 1/29/2007 to 1/31/2007.

 5. Backup. The suggested filename is **Exercise 4-2**.

  ANALYSIS QUESTION: Describe the purpose of the Time Entry List.

CHAPTER 4 INDEX

Chapter

5 Banking

SOFTWARE OBJECTIVES: In Chapter 5, you use the software to:

1. Restore data from Exercise 4-2. (This backup was made on page 135.)
2. Display the banking home page.
3. Edit the Chart of Accounts.
4. Transfer funds.
5. Write checks.
6. Display reports.
7. Backup data.
8. Restore data.
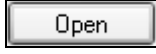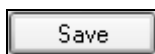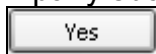
WEB OBJECTIVES: In Chapter 5, you do these Internet activities:

1. Use your Internet browser to go to the book's website.
2. Complete the Internet activity for ask.com
3. Use a word processing program to write a summary about the website(s) that you visited.

In Chapter 5 you learn how MOA tracks banking activities in order to keep control on the flow of funds into and out of Northwind Traders.

GETTING STARTED

1. Start Microsoft Office Accounting. If a company starts; for example, Northwind Traders, click File; Close Company. In order to complete step 2, you need to restore from the Start – Microsoft Office Accounting window.

2. Follow the steps shown on the next page to restore Exercise 4-2. This backup was made on page 135.

   a. From the Start – Microsoft Office Accounting window, select Restore a backup. (If a company is open, click File; Close Company to go to the Start window.)

b. In the Backup filename field, click [Browse ...]. Go to the location of the Exercise 4-2.sbb file. Select the Exercise 4-2.sbb file, then click [Open].

c. In the Restore backup file to field, click [Browse ...]. Select sampleproductcompany.sbc.

d. Click [Save]. A window appears saying that C:\......\sampleproductcompany.sbc already exists. Do you want to replace it? Click [Yes].

e. You are returned to the Database Restore window. Review the information in the Backup filename field and Restore backup file to field. Check the filename at the end of both fields: ….\Exercise 4-2.sbb *and* …..\sampleproductcomany.sbc. Click [OK].

f. The Restore Complete window appears. Click [OK].

g. You are returned to the Start – Microsoft Office Accounting window. Select Open an existing company; then open the product based sample company.

Follow these steps to make sure you have restored the Exercise 4-2 file.

1. Display the Timesheet for the week starting 1/29/2007. One of the customers is Adventure Works for a total of 2 billing hours.

2. Display the Time Report for January 22, 2007 to January 31, 2007. The Time Report shows customer jobs. The Adventure Works job was completed in two hours; the Alpine Ski House job was completed in three hours. The Status field shows Invoiced. When you close the Time Report, do *not* save.

3. Display the Customer Transaction History from January 29, 2007 to January 31, 2007. The Total paid amount is $360.49. Adventure Works has a balance of $0.00; Alpine Ski House has a balance of $12,536.04; the 1/31/2007 customer payment of 115.53 is also shown.

BANKING HOME PAGE

MOA tracks banking activities so you can keep tighter control on the flow of funds into and out of your company. The Banking home page summarizes the company's banking activities.

Follow these steps to display the Banking home page.

1.   Click [**Banking**]. The Banking home page appears.

2.   The Banking task flow view is shown below.
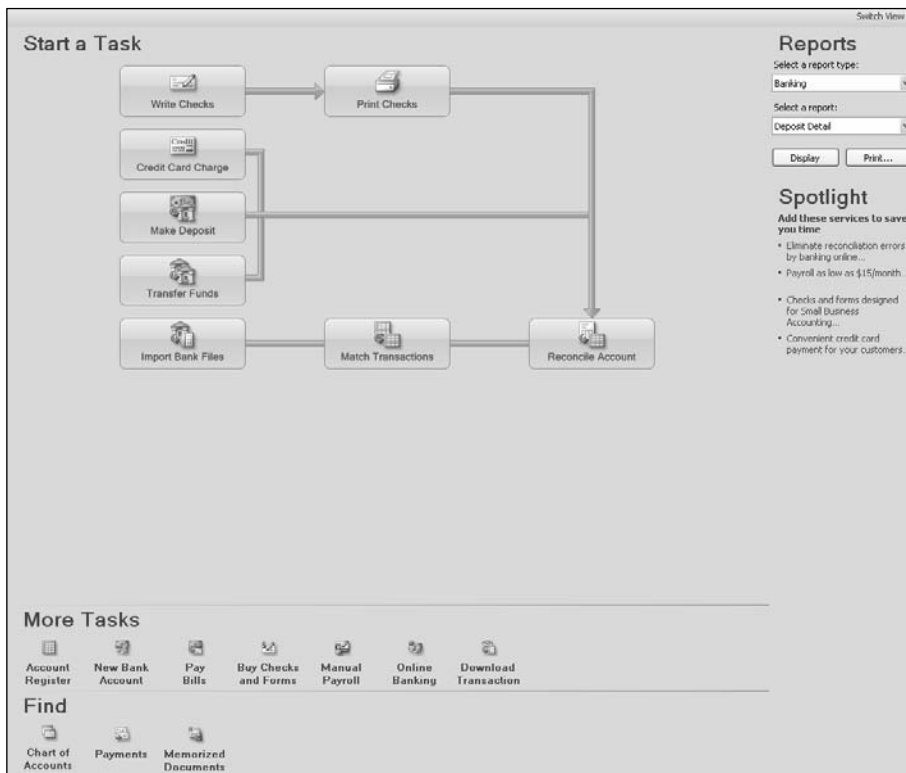
Let's review what is included on the Banking home page. Observe that the organization of the home pages is the same.

> **Title bar:** Contains the company name and program name: Microsoft Office Accounting: Northwind Traders – your first and last name.

Menu bar: Contains the menus: File, Edit, View, Company, Customers, Vendors, Employees, Banking, Online Sales, Reports, Actions, and Help.

Toolbar: Displays a set of buttons: New, E-mail, Print, Export to Excel, Delete, Refresh, Find, Help.

Navigation Pane: Contains the Start a Task list; Find list; and Navigation buttons for the home pages—Company, Customers, Vendors, Employees, Banking, and Reports.

Start a Task: The start a task list contains links to help you manage cash inflow and outflow. The Banking Start a Task list includes: New Bank Account; Account Register; Write Checks; Make Deposit; Transfer Funds; Pay Bills; Download Transactions; Match Transactions; Credit Card Charge; Reconcile Account; Print Checks.

Find: The Find list contains a link to the Chart of Accounts.

Task flow view: A diagram that illustrates the main tasks for MOA's Banking home page.

Reports pane: Displays the Banking and Deposit Detail. You can Display or Print from the Reports pane.

Report: The following Banking reports can be displayed or printed: Deposit Detail; Check Detail; Bank Transactions; Missing Checks, Reconciliation Detail.

Spotlight pane: Contains links to Web pages with additional information about MOA.

More Tasks: Includes Account Register; New Bank Account; Pay Bills and Buy Checks and Forms.

Find: Includes a button for the Chart of Accounts.

CHART OF ACCOUNTS

In accounting, you learn that a chart of accounts is a list of all the accounts used by a company. The chart of accounts includes the identifying number assigned to each account. (*Hint:* On page 11, you selected the company preference to use account numbers.)

To see Northwind Traders chart of accounts, follow these steps.

1. If necessary, click **Banking**. In the find list, link to Chart of Accounts. (If necessary, to resort the list, click No. Scroll up to see the list in numeric order—Account No. 1005, 1007, 1010, etc.)

2. Northwind Traders chart of accounts appears showing Active accounts, account No; Name of the account, Type (classification for financial statements), and account Balance. To see all the accounts, scroll down the window.

Active	No.	Name	Type	Balance
		Add a new Account		
✓	1005	Undeposited Funds	Cash Account	$0.00
✓	1007	Cash-Petty Cash	Cash Account	$449.87
✓	1010	Checking Account	Bank	$4,116.90
✓	1115	Savings	Bank	$123,149.49
✓	1210	Accounts Receivable	Accounts Receivable	$28,850.99
✓	1410	Employee Loans	Other Current Asset	$0.00
✓	1415	Owner Loan Receivable	Other Current Asset	$0.00
✓	1420	Prepaid Expenses	Other Current Asset	$2,587.50
✓	1425	Prepaid Insurance	Other Current Asset	$1,000.00
✓	1250	Inventory Asset	Inventory Asset	$258,677.19
✓	1510	Property and Equipment	Fixed Asset	$65,000.00
✓	1511	Accum. Depr.Property and Equipment	Fixed Asset	($6,750.00)
✓	1520	Office/Store Furniture and Fixtures	Fixed Asset	$10,200.00
✓	1521	Accum. Depr. Furniture and Fixtures	Fixed Asset	($8,325.00)
✓	1610	Long term deposit	Other Asset	$0.00
✓	2010	Accounts Payable	Accounts Payable	$28,742.90
✓	2015	Pending Item Receipts	Current Liability	$846.59
✓	2200	Payroll Liabilities	Current Liability	$5,589.20
✓	2210	Federal Tax Liability	Current Liability	$1,595.20
✓	2215	Federal Tax Liability (FUTA)	Current Liability	$145.00
✓	2220	State Tax Liability	Current Liability	$774.00
✓	2225	Local Tax Liability	Current Liability	$0.00
✓	2230	401 (k) Liability	Current Liability	$2,000.00
✓	2235	Other Employee Benefits Payable	Current Liability	$0.00
✓	2240	Payroll Liability - Net Pay	Current Liability	$85.00
✓	2245	125 Plan Liability	Current Liability	$0.00
✓	2250	Medical/Dental Liability	Current Liability	$990.00
✓	2300	Sales Tax Payable	Current Liability	$12,023.46
✓	2310	Other Payables	Current Liability	$500.00
✓	2315	Interest Payable	Current Liability	$2,000.00
✓	2320	Customer Deposits	Current Liability	$0.00
✓	2610	Payroll Liability - Other	Credit Card	$300.00
✓	2615	Other Credit cards	Credit Card	$0.00
✓	2710	Note Payable to Bank	Long-term Liability	$20,000.00
✓	3010	Opening Balances	Equity	$0.00

Observe that the account Type shows Bank for Account No. 1010, Checking Account; Accounts Receivable for Account No. 1210, Accounts Receivable; Current Liability for Account No. 2200, Payroll Liabilities; Equity for Account No. 3015, Owners' Equity, etc. The account Type organizes the accounts for the financial statements.

Follow these steps to change an account name.

1.   Right click on Account No. 3015, Owners Equity.

2.   Left-click on Open Selected items. The Owner's Equity – Equity Account window appears. Change the Account name to your first and last name, Capital. Press <Tab>. Observe the Hierarchy field changes to Student Name [your name], Capital.

3.   Click 🖫 Save and Close .

4. Change Account No. 3020, Owners' Withdrawals to your first and last name, Drawing. Remember to press <Tab> so that the Hierarchy field changes, too.

5. Click ![Save and Close]. Compare your chart of accounts to the partial one shown below.

✓	2310	Other Payables	Current Liability		$500.00
✓	2315	Interest Payable	Current Liability		$2,000.00
✓	2610	Payroll Liability - Other	Credit Card		$300.00
✓	2615	Other Credit cards	Credit Card		$0.00
✓	2710	Note Payable to Bank	Long Term Liability		$20,000.00
✓	3010	Opening Balances	Equity		$0.00
✓	3015	Student Name, Capital	Equity		$37,000.00
✓	3020	Student Name, Drawing	Equity		($12,000.00)
✓	3025	Retained Earnings	Equity		$76,484.48
✓	4010	Sales	Income		$1,224,984.43
✓	4020	Cash Discount Given	Income		($3,445.02)

144 Chapter 5

ACCOUNT REGISTER

When a bank account register form is viewed, you see all the transactions for the selected bank account since its creation date. Information displayed includes the creation date, document numbers, names, opposite accounts linked to the bank account in transaction entries, and balances.

Follow these steps to see Northwind Traders account register for their checking account.

1.   From the menu bar, select Banking, Account Register.

2.   In the Bank account field, double-click Account No. 1010, Checking Account. (*Hint:* You can also view the account register by double-clicking on the account from the chart of accounts.) Scroll up the screen to see more.

	Date	Type	Check No.	Pay To	Memo	Account	Payment	Deposit	Balance
	7/19/2007	Bank transfer				Savings	$0.00	$2,100.00	$48,235.51
✓	3/15/2006	Vendor Payment	27	Bicycle Outfitters	Bicycle Outfitters:8	Multiple	$2,409.63	$0.00	$45,825.88
	4/30/2007	Check	1007	Angela Barbariol		Multiple	$488.10	$0.00	$45,337.78
	12/12/2006	Vendor Payment	156	Proseware, Inc.	Proseware, Inc.:...	Accounts Payable	$17,618.16	$0.00	$27,719.62
	1/7/2007	Vendor Payment	193	Contoso Ltd.	Contoso Ltd.:367	Accounts Payable	$14,284.84	$0.00	$13,434.78
	9/12/2006	Vendor Payment	46	City Power and...	City Power and L...	Multiple	$145.35	$0.00	$13,289.43
	1/7/2007	Vendor Payment	194	All Seasons Spor...	All Seasons Spor...	Accounts Payable	$30,472.60	$0.00	($17,183.17)
	5/23/2006	Vendor Payment	34	The Phone Com...	The Phone Comp...	Multiple	$88.27	$0.00	($17,271.44)
	6/30/2006	Bank transfer			Payroll for June	Savings	$0.00	$2,230.00	($15,041.44)
	10/4/2007	Fund Transfer				Savings	$0.00	$10,000.00	($5,041.44)
	10/20/2006	Customer Payment				Accounts Receivable	$0.00	$259.44	($4,782.00)
✓	2/28/2006	Bank transfer				Savings	$0.00	$25,000.00	$20,218.00
	4/2/2007	Vendor Payment	207	Proseware, Inc.	Proseware, Inc.:...	Accounts Payable	$19,038.08	$0.00	$1,179.92
	11/2/2007	Bank transfer			To cover Novem...	Savings	$0.00	$5,500.00	$6,679.92
	3/31/2006	Customer Payment				Accounts Receivable	$0.00	$27,307.42	$33,987.34
	1/9/2007	Vendor Payment	56	Exotic Bikes	Exotic Bikes:238	Accounts Payable	$2,269.79	$0.00	$31,717.55
	12/17/2007	Vendor Payment	213	Proseware, Inc.	Proseware, Inc.:...	Accounts Payable	$19,038.08	$0.00	$12,679.47
	8/13/2007	Vendor Payment	101	All Seasons Spor...	All Seasons Spor...	Accounts Payable	$2,777.73	$0.00	$9,901.74
	4/30/2007	Bank transfer				Savings	$0.00	$8,500.00	$18,401.74
	4/2/2007	Vendor Payment	206	Contoso Ltd.	Contoso Ltd.:382	Accounts Payable	$14,284.84	$0.00	$4,116.90
	1/21/2007						$0.00	$0.00	

Ending balance: $4,116.90

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The account register window shows the following:

Icon: A check-marked icon if the transaction line has been reconciled.

Date: The transaction date of the entry.

Type: The type of transactions; for example, Check Deposit, Vendor Payment, or Bank Transfer.

No.: The transaction number of the entry. For example, for checking accounts, check numbers are shown.

Pay To: The individual or organization to whom your company paid money.

Memo: Any additional information you have entered on the transaction record about the transaction.

Account: The opposite account linked to the bank account in the transaction entry (known as a contra-account). If the entry has more than one contra-account, the field displays the word Multiple.

Deposit: The amount of a deposit entry.

Payment: The amount of a payment entry.

Balance: A current, up-to-date balance of the account register after Microsoft Office Accounting applies each entry.

Ending balance: The up-to-date ending balance for the bank account register entries.

You can do the following tasks in a bank account register:

View the original entry: To view the original record of an entry, double-click the entry.

Sort a column: To change the order of column listings, click the column heading.

Move a column: To emphasize a column of information by its placement, click the heading and drag it to a new position.

3. Close the Checking Account – Account Register window.

TRANSFER FUNDS

The steps that follow show you how to transfer money from one account to another account.

Date   *Transaction Description*

1/31/2007   Transfer $500.00 from the Checking Account to the
                          Student Name, Drawing account.

1. From the Banking Start a Task list, link to Transfer Funds. The
    Transfer Funds window appears. The Transfer Funds window says
    "To transfer funds from one account to another, first select the
    account from which you want to transfer funds. Select the account
    to which you want to transfer funds, and enter the amount you want
    to transfer. Then, click Transfer to record the amount."

2. Type **1/31/2007** in the Date field.

3. In the Transfer from area, type or select Checking Account in the
    Account name field. (*Hint:* If you type Checking Account, MOA's
    auto fill feature automatically completes the field.)

4. In the Transfer to area, type or select Account No. 3020, your
    name, Drawing.

5. Type **500** in the Amount field. Compare the Transfer Funds window
    to the one shown on the next page.

Observe the checking account balance of $4,116.90; and the Student Name, Drawing balance of ($12,000.00).

6.   Click [Transfer].

7.   Link to the Chart of Accounts. On the Chart of Accounts window, observe that Account No. 3020, Student Name, Drawing shows a balance of ($12,500.00). Five-hundred dollars more than the balance *before* the transfer.

8.   Account No. 1010, Checking Account, shows a balance of $3,616.90. That is $500 less than the balance *before* the transfer ($4,116.90 – 500.00). Once the transfer is made, each account's balance is recalculated.

WRITE CHECKS

You use the Check form to write checks for payments that do not arise from the accounts receivable (customers) or payable (vendors) process. For example, you could issue a check for rent, buy office supplies for cash, give an employee an advance, reimburse a petty cash fund, or pay sales tax to a Tax Agency.

Follow these steps to issue a check for the following transaction.

Date   *Transaction Description*

1/31/2007   Issued Check No. 1014 to The Phone Company,
                                    $45.79.

 1.   From the Banking Start a Task list, select Write Checks. The
        Untitled – Check window appears.

 2.   In the Bank account field, select Checking Account.

 3.   Uncheck the To be printed box. Accept the default for 1018 in the
        No field.

 4.   Type **1/31/2007** in the Date field.

 5.   Type **45.79** in the Amount field. Press <Tab>. Observe that Forty-
        Five and 79/100 DOLLARS is completed automatically.

 6.   In the Pay to field, type or select The Phone Company.

 7.   In the Items and expenses table, type or select Utilities – Telephone
        (Account No. 6815).

 8.   Type **45.79** in the Unit Price field. Press <Tab>. Observe that the
        Line Total is completed automatically.

        Compare your Check window to the one shown on the next page.

9.   Click [Save and Close].

Observe that the chart of accounts shows an account balance for
Account No. 1010, Checking Account of $3,571.11 ($3,616.90-
45.79=$3,571.11).

REPORTS

The Banking reports help you manage your company's bank accounts.
You can display a report; modify and report; save a report; print a report;
and export a report to Excel.

The sections that follow show you some of Northwind Traders banking
reports.

Deposit Detail

To look at the Deposit Detail report, do the following.

1. From the menu bar, select Reports; Banking, Deposit Detail. (*Hint:* You can also select Deposit Detail from the Reports area of the Banking home page.)

2. In the Bank Account field, select Checking Account.

3. Type **1/5/2007** in the From field.

4. Type **1/31/2007** in the To field. Press <Enter>. Northwind Traders – your first and last name shows a Deposit Detail report for January 5, 2007 – January 31, 2007.

5. This detail shows the checking account activity that you completed in Chapters 2-5. Each customer payment is shown. Customer payments are amounts received by the company. Compare your Deposit Detail report with the one shown on the next page.

Northwind Traders - Student Name
Deposit Detail
Date Range: January 5, 2007 - January 31, 2007
Bank Account: Checking Account, Amount: Any, Name: All, Transaction type: All

Type	No.	Date	Name	Offset Account	Amount
Checking Account					
Fund Transfer	154	1/7/2007		Savings	80,000.00
Customer Payment	66	1/9/2007	**Global Sporting Goods**	**Accounts Receivable**	2,992.17
Invoice	28	12/18/2006	Global Sporting Goods		2,992.17
TOTAL					2,992.17
Bank transfer	90	1/15/2007		Savings	4,000.00
Customer Payment	107	1/15/2007	**Cash Customer**	**Accounts Receivable**	539.20
Invoice	121	1/15/2007	Cash Customer		539.20
TOTAL					539.20
Fund Transfer	155	1/15/2007		Savings	5,000.00
Customer Payment	230	1/20/2007	**Henry Melody**	**Accounts Receivable**	34.99
Invoice	287	1/2/2007	Henry Melody		34.99
TOTAL					34.99
Customer Payment	231	1/24/2007	**Verde Sporting Goods**	**Accounts Receivable**	129.99
Invoice	288	1/4/2007	Verde Sporting Goods		129.99
TOTAL					129.99
Deposit	103	1/25/2007		**Undeposited Funds**	7,076.00
Customer Payment	197	1/25/2007	Coho Sports		7,076.00
TOTAL					7,076.00
Customer Payment	71	1/29/2007	**Sea View Bike Center**	**Accounts Receivable**	2,695.84
Invoice	67	1/6/2007	Sea View Bike Center		2,695.84
TOTAL					2,695.84
Bank transfer	91	1/30/2007		Savings	5,000.00
Customer Payment	233	1/30/2007	**Adventure Works**	**Accounts Receivable**	79.98
Invoice	290	1/29/2007	Adventure Works		79.98
TOTAL					79.98
Deposit	104	1/31/2007		**Undeposited Funds**	2,374.91
Customer Payment	198	1/31/2007	Coho Sports		2,374.91
TOTAL					2,374.91
Customer Payment	232	1/31/2007	**Alpine Ski House**	**Accounts Receivable**	115.53
Invoice	289	1/26/2007	Alpine Ski House		15.53
Unused ~Payment~					100.00
TOTAL					115.53
TOTAL DEPOSITS					110,038.61

The Deposit Detail report contains information about all deposits that were made to Northwind Traders bank accounts in a selected time period. The report is organized by bank account, and it displays related customer invoices if the deposit resulted from a customer payment. You can use this report to research uncleared deposits and customer questions about specific payments. Information in this report includes transaction types and numbers, check dates, payees, and check amounts. You can use additional column options to view payment methods, memo information, and the cleared status of a deposit. The report displays the current month-to-date period, but you can modify the period by using the Date toolbar or the Select Filter Options dialog box.

To select another account, do this.

1. In the Bank Account field, select Savings. (*Hint:* The Bank Account field is on the upper right side, below Save Report.)

2. Type **12/1/2007** in the From field.

3. Type **12/31/2007** in the To field. The Deposit Detail from December 1, 2006 to December 31, 2006 for the Savings account appears.

Northwind Traders - Student Name
Deposit Detail
Date Range: December 1, 2006 - December 31, 2006
Bank Account: Savings. Amount: Anv, Name: All, Transaction type: All

Type		No.	Date	Name	Offset Account	Amount
Savings						
Deposit		69	12/7/2006		**Undeposited Funds**	1,908.80
Cash Sale		148	12/7/2006	Cash Customer		1,908.80
TOTAL						1,908.80
Customer Payment		132	12/8/2006	**Adventure Works**	**Accounts Receivable**	2,435.83
Invoice		150	11/23/2006	Adventure Works		2,435.83
TOTAL						2,435.83
Customer Payment		133	12/17/2006	**Hobby Store**	**Accounts Receivable**	1,250.01
Invoice		152	12/17/2006	Hobby Store		1,250.01
TOTAL						1,250.01
Customer Payment		131	12/20/2006	**Motorless Cycles**	**Accounts Receivable**	2,648.87
Invoice		146	11/22/2006	Motorless Cycles		2,648.87
TOTAL						2,648.87
Journal Entry		138	12/31/2006		**Interest Income**	681.56
TOTAL DEPOSITS						8,925.07

4. Close the Deposit Detail window without saving.

Check Detail

1. From the Reports area of the Banking home page, select the Check Detail.

2. Click [Display...].

3. Display Checking Account detail from 1/20/2007 to 1/31/2007. The Check Detail appears from January 20, 2007 – January 31, 2007.

Northwind Traders - Student Name
Check Detail
Date Range: January 20, 2007 - January 31, 2007
Account: All, Amount: Any, Name: All, Transaction type: All, Void: Show

Type	No.	Date	Name	Offset Account	Amount	Void
Checking Account						
Sales Tax payment	85	1/20/2007	North Dakota, State T...	Sales Tax Payable	809.90	
Vendor Payment		1/20/2007	Yacht Office Supplies	Accounts Payable	49.99	
Vendor Bill	415	1/15/2007	Yacht Office Supplies		49.99	
TOTAL					49.99	
Vendor Payment		1/22/2007	Bicycle Outfitters	Accounts Payable	63.84	
Vendor Bill	416	1/20/2007	Bicycle Outfitters		63.84	
TOTAL					63.84	
Check	1004	1/30/2007	Angela Barbariol	Multiple	488.10	
Vendor Payment	62	1/30/2007	All Seasons Sports S...	Multiple	2,749.95	
Vendor Bill	258	1/22/2007	All Seasons Sports Su...		2,749.95	
TOTAL					2,749.95	
Check	1018	1/31/2007	The Phone Company	Multiple	45.79	

4.   Close the Check Detail window without saving.

Bank Transactions

1.   In the Select a report field, select Bank Transactions.

2.   In the Bank Account field, select Checking Account.

3.   Display the Bank Transactions report from January 1, 2007 to January 31, 2007. Press <Tab>, *or* click .
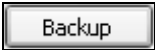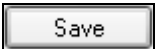
Northwind Traders - Student Name
Bank Transactions
Date Range: January 1, 2007 - January 31, 2007
Bank Account: Checking Account, Amount: Any, Void: Show

Type	No.	Date	Offset Account	Amount	Deposit	Withdrawal	Cleared	Balance	Name
Checking Account (USD)									
Beginning balance								377.97	
Customer Payment	67	1/2/2007	Accounts Receivable	469.42	469.42	0.00		847.39	Coho Sports
Vendor Payment	53	1/2/2007	Accounts Payable	(500.00)	0.00	500.00		347.39	Rental Gallery
Vendor Payment	192	1/7/2007	Accounts Payable	(9,893.80)	0.00	9,893.80		(9,546.41)	Novelty Bikes
Vendor Payment	193	1/7/2007	Accounts Payable	(14,284.84)	0.00	14,284.84		(23,831.25)	Contoso Ltd.
Vendor Payment	194	1/7/2007	Accounts Payable	(30,472.60)	0.00	30,472.60		(54,303.85)	All Seasons Sp...
Vendor Payment	195	1/7/2007	Accounts Payable	(3,084.28)	0.00	3,084.28		(57,388.13)	Central Discoun...
Vendor Payment	196	1/7/2007	Accounts Payable	(19,038.08)	0.00	19,038.08		(76,426.21)	Proseware, Inc.
Fund Transfer	154	1/7/2007	Savings	80,000.00	80,000.00	0.00		3,573.79	
Vendor Payment	54	1/9/2007	Accounts Payable	(1,039.90)	0.00	1,039.90		2,533.89	Unique Bikes
Vendor Payment	55	1/9/2007	Accounts Payable	(133.17)	0.00	133.17		2,400.72	City Power and...
Vendor Payment	56	1/9/2007	Accounts Payable	(2,269.79)	0.00	2,269.79		130.93	Exotic Bikes
Vendor Payment	57	1/9/2007	Accounts Payable	(26.60)	0.00	26.60		104.33	Sport Playground
Vendor Payment	58	1/9/2007	Accounts Payable	(111.11)	0.00	111.11		(6.78)	The Phone Co...
Customer Payment	66	1/9/2007	Accounts Receivable	2,992.17	2,992.17	0.00		2,985.39	Global Sporting...
Vendor Payment	59	1/15/2007	Multiple	(4,797.05)	0.00	4,797.05		(1,811.66)	Unique Bikes
Bank transfer	90	1/15/2007	Savings	4,000.00	4,000.00	0.00		2,188.34	
Customer Payment	107	1/15/2007	Accounts Receivable	539.20	539.20	0.00		2,727.54	Cash Customer
Fund Transfer	155	1/15/2007	Savings	5,000.00	5,000.00	0.00		7,727.54	
Vendor Payment	60	1/16/2007	Multiple	(1,370.58)	0.00	1,370.58		6,356.96	Novelty Bikes
Vendor Payment	61	1/16/2007	Multiple	(2,749.95)	0.00	2,749.95		3,607.01	All Seasons Sp...
Sales Tax payment	85	1/20/2007	Sales Tax Payable	(809.90)	0.00	809.90		2,797.11	North Dakota, S...
Customer Payment	230	1/20/2007	Accounts Receivable	34.99	34.99	0.00		2,832.10	Henry Melody
Vendor Payment		1/20/2007	Accounts Payable	(49.99)	0.00	49.99		2,782.11	Yacht Office Su...
Vendor Payment		1/22/2007	Accounts Payable	(63.84)	0.00	63.84		2,718.27	Bicycle Outfitters
Customer Payment	231	1/24/2007	Accounts Receivable	129.99	129.99	0.00		2,848.26	Verde Sporting...
Deposit	103	1/25/2007	Undeposited Funds	7,076.00	7,076.00	0.00		9,924.26	
Customer Payment	71	1/29/2007	Accounts Receivable	2,695.84	2,695.84	0.00		12,620.10	Sea View Bike...
Check	1004	1/30/2007	Multiple	(488.10)	0.00	488.10		12,132.00	Angela Barbariol
Vendor Payment	62	1/30/2007	Multiple	(2,749.95)	0.00	2,749.95		9,382.05	All Seasons Sp...
Bank transfer	91	1/30/2007	Savings	5,000.00	5,000.00	0.00		14,382.05	
Customer Payment	233	1/30/2007	Accounts Receivable	79.98	79.98	0.00		14,462.03	Adventure Works
Deposit	104	1/31/2007	Undeposited Funds	2,374.91	2,374.91	0.00		16,836.94	
Customer Payment	232	1/31/2007	Accounts Receivable	115.53	115.53	0.00		16,952.47	Alpine Ski House
Fund Transfer	171	1/31/2007	Student Name, Drawing	(500.00)	0.00	500.00		16,452.47	
Check	1018	1/31/2007	Multiple	(45.79)	0.00	45.79		16,406.68	The Phone Co...
Ending balance								16,406.68	

4. Close the Bank Transactions report without saving.

BACKUP CHAPTER 5

Follow these steps to backup Chapter 5 data.

1. Click File; Utilities, Data Utilities.

2. In the Backup company data area, click [Backup].

3. In the Backup file name field, click [Browse ...]. If necessary, in the Save in field select the appropriate location for backups.

4. Type **Chapter 5** in the File name field.

5. Click [Save].

6. When the Backup window appears, click [OK].

7. When the window prompts, Backup was completed successfully, click [OK] .

8. Close the Microsoft Office Accounting Data Utilities window.

9. Exit MOA.

	INTERNET ACTIVITY
1.	From your Internet browser, go to the book's website at www.mhhe.com/yachtmoa .
2.	Link to Student Edition.
3.	Link to Internet Activities; then link to Part 1 Internet Activities for Chapters 1-7. Open or Save.
4.	Complete the Chapter 5 exercise, ASK.COM.
5.	Using a word processing program, write a summary about the site(s) you selected. Remember to include the website address(es) of each link. Your summary should be no more than 75 words or less than 50 words.

SUMMARY AND REVIEW

SOFTWARE OBJECTIVES: In Chapter 5, you used the software to:

1. Restore data from Exercise 4-2. (This backup was made on page 135.)

2. Display the banking home page.

3. Edit the Chart of Accounts.

4. Transfer funds.

5. Write checks.

6. Display reports.

7. Backup data.

8. Restore data.

WEB OBJECTIVES: In Chapter 5, you did these Internet activities:

1. Used your Internet browser to go to the book's website.

2. Completed the Internet activity for ask.com.

3. Used a word processing program to write a summary about the website(s) that you visited.

GOING TO THE NET

Access the AccountantsWorld.com website at http://www.accountantsworld.com. Select a link in the Headline News area.

1. Link to two articles of interest.
2. Write a brief essay about each article. Remember to include the title of the article and the website address. Your article should be a minimum of 75 words; maximum 150 words.

FLASHCARD REVIEW

Create the following flashcards.

1. Change an account name on the chart of accounts.

2. Transfer funds.

3. Write checks.

Multiple Choice Questions: In the space provided, write the letter that best answers each question.

____1.   MOA's banking feature(s) include:

a. Control of funds into and out of the company.
b. Summarize the company's banking activities.
c. An account register.
c. Chart of accounts.
d. All of the above.
e. None of the above.

_____2.   *Except* for the following, each one of these items is included on the Banking Start a Task list.

a. Forecast cash flow.
b. Write checks.
c. Make deposits.
d. Transfer funds.
e. None of the above.

_____3.   A list of all the accounts used by a company is called:

a. General journal.
b. Account reconciliation.
c. Matching transactions.
d. Chart of accounts.
e. All of the above.

_____4.   *Before* funds were transferred, Account No. 1010, Checking Account had a balance of:

a. $2,000.00.
b. $3,989.53.
c. $4116.90.
d. $3,943.74.
e. None of the above.

_____5.   In order to change the name of an account, do the following:

    a. Left-click on the account; right-click Open Selected Items.
    b. Right-click on the account; left-click Open Selected Items.
    c. On the Chart of Accounts list, select Add a new Account.
    d. Double-click on the account you want to change.
    e. None of the above.

_____6.   To see all of the transactions for a selected bank account, do the following:

    a. From the Banking Find list, link to Account Register, then select the account.
    b. From the Banking Start a Task list, double-click New Bank Account.
    c. From the Find List, double-click Chart of Accounts.
    d. From the Reports list, select Banking, Bank Transactions.
    e. None of the above.

____7.   If you type a name of an account, _____ completes the field automatically.

    a. Drill down.
    b. Double-clicking.
    c. Find.
    d. Auto fill.
    e. All of the above.

_____8.   What feature do you use if a payment does *not* involve a customer?

    a. Customers; Payments.
    b. Banking; Write Checks.
    c. Banking; Make Deposit.
    d. Vendor; Add a new payment.
    e. None of the above.

Exercise 5-1: Follow the instructions below to complete Exercise 5-1:

1. Start MOA. If necessary, restore the Chapter 5.sbb file. (This backup was made on pages 154-155.)

2. Enter and post the following transaction.

    Date   *Transaction Description*

    1/31/2007   Issue Check No. 1019 to Ace Travel in payment of airfare, $709.50. (Debit Account No. 6770, Travel Expenses. (*Hint:* To select Ace Travel, scroll down the Pay to field.)

3. Continue with Exercise 5-2.

Exercise 5-2: Follow the instructions below to complete Exercise 5-2:

1. Print the Deposit Detail Report from January 5, 2007 to January 31, 2007 for the Checking Account. (*Hint:* If necessary, select Checking Account in the Bank Account field.)

2. Print the Check Detail from January 20, 2007 to January 31, 2007.

3. Print the Bank Transactions from January 1, 2007 to January 31, 2007 for the Checking Account.

4. Backup. The suggested filename is **Exercise 5-2**.

5. Copy your backup file to external media.

ANALYSIS QUESTION: Explain the purpose of these banking reports: deposit detail, check detail, and bank transactions.

CHAPTER 5 INDEX

Company & Financial

SOFTWARE OBJECTIVES: In Chapter 6, you use the software to:

1. Restore data from Exercise 5-2. (This backup was made on page 159.)
2. Review the Company home page.
3. Display the Transaction Detail by Account report.
4. Display the trial balance.
5. Display the profit and loss statement, balance sheet, cash flow statement.
6. Look at MOA's internal controls and audit trail.

WEB OBJECTIVES: In Chapter 6, you do these Internet activities:
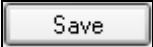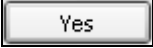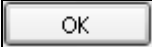
1. Use your Internet browser to go to the book's website.
2. Complete the Internet activity for the encyclopedia of business terms.
3. Use a word processing program to write a summary about the website(s) that you visited.

In Chapter 6 you learn how MOA tracks banking activities in order to keep control on the flow of funds into and out of Northwind Traders.

GETTING STARTED

1. Start Microsoft Office Accounting. If a company starts; for example, Northwind Traders, click File; Close Company. In order to complete step 2, you need to restore from the Start – Microsoft Office Accounting window.

2. Follow the steps below to restore Exercise 5-2. This backup was made on page 159.

   a. From the Start – Microsoft Office Accounting window, select Restore a backup. (If a company is open, click File; Close Company to go to the Start window.)

   b. In the Backup filename field, click Browse … . Go to the location

---

of the Exercise 5-2.sbb file. Select the Exercise 5-2.sbb file, then click Open .

c. In the Restore backup file to field, click Browse ... . Select sampleproductcompany.sbc.

d. Click Save . A window appears saying that C:\......\sampleproductcompany.sbc already exists. Do you want to replace it? Click Yes .

e. You are returned to the Database Restore window. Review the information in the Backup filename field and Restore backup file to field. Check the filename at the end of both fields: ….\Exercise 5-2.sbb *and* …..\sampleproductcomany.sbc. Click OK .

f. The Restore Complete window appears. Click OK .

g. You are returned to the Start – Microsoft Office Accounting window. Select Open an existing company; then open the product based sample company.

Follow these steps to make sure you have restored the Exercise 5-2 file.

1. Display the bank transactions for the checking account for January 1, 2007 to January 31, 2007. The ending balance is $15,697.18. Compare your bank transaction report to the one completed for Exercise 5-2, step 3, page 159.

2. Close the bank transactions report without saving.

FINANCIAL STATEMENTS

In Chapters 1 through 5, you explored the sample company, Northwind Traders. You learned how to navigate the software, enter and post transactions, and display reports.

In Chapter 6, you review the Company home page and look at MOA's financial statements. Once journal entries have been recorded and posted, MOA automatically calculates financial statements. Since business managers and owners have the primary responsibility for the organization, they depend on accounting information in the form of financial statements to understand what is happening.

In Chapter 7, you explore the service-based sample company, Fabrikam, Inc. Beginning with Chapter 8, you learn how to use the features you have worked with to set up service businesses from scratch and complete the accounting cycle.

You will print three financial statements in Chapter 6.

1. Profit and Loss.

2. Balance Sheet.

3. Cash Flow Statement.

Profit and Loss

The Profit and Loss report is a summary of the revenues and expenses a company accrues over a period of time, such as an accounting period or a year. The Profit and Loss statement is also called the Income Statement or P&L.

Northwind Traders P&L includes these sections.

Ordinary Income/Expense
   Total Income – Total Cost of Good Sold = Gross Profit

Expense
   Gross Profit – Total Expense = Net Ordinary Income

Other Income/Expense

Other Income - Other Expense = Net Other Income

Net Income

Net Ordinary Income + Net Other Income = Net Income

Net income results when revenues exceed expenses. An excess of expenses over revenues results in a ***net loss***. Northwind Traders net income for January 1, 2006 to January 31, 2007 is calculated as follows. Refer to the P&L statement shown on pages 175-176.

Total Income	741,930.97
Minus Total COGS	-534,286.62
Gross Profit	207,644.35
Minus Total Expense	-11,980.81
Plus Total Other Income	528.56
Minus Total Other Expense	-1,254.08
Net Income	194,938.02

Balance Sheet

A balance sheet is a list of assets, liabilities, and equity of a business entity as of a specific date, such as the last day of an accounting period or the last day of the year.

Cash Flow Statement

The Cash Flow Statement shows the cash inflows and outflows of the business over a period of time. You can use this report to analyze the business on a cash basis in addition to the accrual basis that most businesses use for profit reporting. Although a Profit and Loss statement that is based on accrual accounting shows a more accurate picture of revenues and expenses, there are certain items which may not affect the statement until future periods but can affect your present cash reserves.

Revenues and costs and the resulting profits do not necessarily coincide with the associated cash outflows and inflows. Credit may be extended to customers, inventory must be replenished, your collection methods may be lagging, or new equipment may have to be purchased.

The cash flow statement shows the results of three different business activities.

> **Operating activities**: Operating activities include cash that is generated or spent in normal daily operations. Operating activities are directly related to the sale and distribution of products or services. Items in this group include cash paid to suppliers and employees, collections from customers, cash paid for operating expenses, interest, and taxes. Operating activities also include changes in other current assets and liabilities. Non-cash expenses such as depreciation are added back to convert net income on an accrual basis to net income based on cash received and paid.

> **Investing activities**: Investing activities include longer-term sources and uses of cash such as the investments made in fixed assets. Generally, investing activities are outflows; investments in capital equipment facilitate business growth.

> **Financing activities**: Financing activities are external sources and uses of cash funds. They usually relate to how the business raises capital to fund investments and operations. Financing activities can include loans, contributions from owners, dividend payments, stock sales, or interest.

The cash flow statement provides the answers to three questions:

1. From where did cash receipts come?

2. For what were cash payments used?

3. What was the overall change in cash?

Interrelationship of Financial Statements

The financial statements work together. The net income (or net loss) from the P&L statement is included in the balance sheet's equity section. On Northwind Traders 1/31/2007 Balance Sheet, net income is shown on the balance sheet's equity section. (Refer to pages 177-178 for the balance sheet.)

The Total Equity calculation on the next page shows how net income is reported on the balance sheet.

Capital	37,000.00
Minus Drawing	- 11,500.00
Plus Retained Earnings	76,484.48
Plus Net Income	<u>194,938.02</u> (from P&L)
Total Equity	<u>296,922.50</u>

The total of all the cash accounts on the Balance Sheet (Petty Cash, Funds, Checking Account, and Savings) is shown as the Cash at the End of the Period on the cash flow statement. The cash flow statement uses information from both the balance sheet and P&L.

Balance Sheet – total cash accounts	126,460.97
Cash Flow Statement – cash at end of the period	126,460.97

No single financial statement tells the entire story. The P&L indicates how much revenue a business has earned during a specific period of time, but it says nothing about how much of that amount has or has not been received in cash. For information about cash and accounts receivable, we have to look at the balance sheet, and cash flow statement.

COMPANY HOME PAGE

Now that you have completed work in Chapters 1-5, let's review the information on the Company home page.

1. Click [Company]. The Company home page appears. The Content pane includes the following areas: Reminders; Cash Flow bar graph; Bank Account Summary; Vendors to Pay Today; Spotlight; Overdue Customer Accounts List. (If necessary, click 🔄 to refresh the Company home page.) The Company home page reflects the current date and year. The illustrations may differ.

Reminders

a. Observe that some of the items on the list have a plus sign some have a minus sign. Click on the plus sign next to Checks to Print . A list of the checks that need to be printed appears. Do they look familiar? These are the checks issued in Chapters 3-5. When the list is expanded, a minus sign is placed next to Checks to Print). (*Hint:* You may need to narrow the Navigation pane to see the entire amount.)

Reminders				
Name	**Description**	**Date**	**Amount**	
⊟ **Checks to Print (7)**				
All Seasons Sports Supply	Checking Account	12/9/2006	$556.52	
Exotic Bikes	Checking Account	12/9/2006	$2,242.02	
Sport Playground	Checking Account	12/9/2006	$1,913.70	
Adventure Works	Checking Account	2/21/2006	$48.00	
Global Sporting Goods	Checking Account	7/17/2006	$68.87	
Yacht Office Supplies	Checking Account	1/20/2007	$49.99	
Bicycle Outfitters	Checking Account	1/22/2007	$60.04	
			Delete	Add/Remove...

b. Scroll down to Overdue Invoices. Click on the plus sign next to Overdue Invoices. When the list expands, scroll down the Today's Reminders area. These are the customers with overdue invoices.

Reminders				
Name	**Description**	**Date**	**Amount**	
⊟ **Overdue Invoices (2)**				
Coho Sports	281	1/5/2007	$259.98	
Variety Cycling	282	1/5/2007	$519.96	

c. Click +Bills to Pay. These are the vendors who need to be paid.

d. Explore a couple other reminders.

Cash Flow

The Cash Flow section shows a bar graph that illustrates the Cash Flow report for Northwind Traders. Observe there is a link to View the Cash Flow report. The Cash Flow Statement quantifies cash receipts and payments under operating, investing, or financial activities during a given period. (Refer to page 179 for the cash

flow statement.) Remember, your cash flow bar chart may differ because MOA shows the current date (today's date) and year.
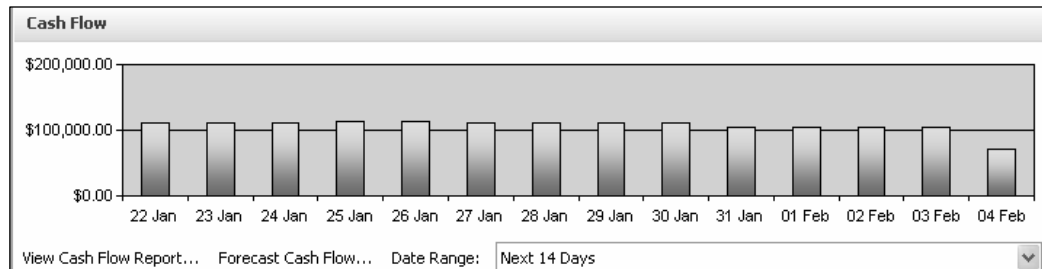
Bank Account Summary

This is a list of all Northwind Traders bank accounts, including account balances. (*Hint:* Click Refresh to update the checking account balance.)

Vendors to Pay Today

a. Link to View list of all Accounts Payable by date due.

b. Type **1/31/2007** in the Date field.

c. The A/P Aging Summary report appears.

Northwind Traders - Student Name
A/P Aging Summary
As of: 1/31/2007
Vendor name: All, Vendor group: All, Balance: Any, Aging Options: 30;90

Vendor Name	Vendor Phone	Total	Current	1 - to - 30	31 - to - 60	61 - to - 90	Over 90
All Seasons Sports Supply	(313) 555-0127	32,698.50	32,698.50				
City Power and Light	(701) 555-0134	0.00					0.00
Contoso Ltd.	(701) 555-0198	15,614.29	15,614.29				
Exotic Bikes	(517) 555-0131	2,269.79	2,269.79				
Proseware, Inc.	(317) 555-0155	29,986.96	29,986.96				
Rental Gallery	(773) 555-0137	500.00		500.00			
The Phone Company	(773) 555-0176	50.00					50.00
Unique Bikes	(630) 555-0140	1,039.90		1,039.90			
Total		**82,159.44**	**80,569.54**	**1,539.90**	**0.00**	**0.00**	**50.00**

    d. Close the A/P Aging Summary without saving.

Spotlight

There are links to Web pages with additional information about MOA and other services. This information changes. Your Spotlight area may differ.

Spotlight

90 Day free support
Click here to contact support
www.microsoft.com

Get the product overview
View the Office Accounting Express 2007 demo
www.microsoft.com

What is Accounting
Understand the benefits of Accounting
www.microsoft.com

Overdue Customer Accounts

Overdue Customer Accounts

Customer	Due
Variety Cycling	$675.72
Coho Sports	$259.98
Alpine Ski House	$100.00

View list of all Overdue Accounts by date due...

This is a list of customers with invoiced amounts that are past due.

a. Link to View list of all Overdue Accounts by date due.

b. Type **1/31/2007** in the Date field. The A/R Aging Summary report appears.

Northwind Traders - Student Name
A/R Aging Summary
As of: 1/31/2007
Customer name: All, Customer group: All, Balance: Any, Aging Options: 30;90

Customer Name	Customer Phone	Total	Current	1 - to - 30	31 - to - 60	61 - to - 90	Over 90
Alpine Ski House	(773) 555-0112	12,536.04	12,436.04				100.00
Coho Sports	(847) 555-0114	1,478.85	1,218.87	259.98			
Global Sporting Goods	(313) 555-0116	7,251.36	7,447.83	(196.47)			
Nearby Sporting Goods	(517) 555-0120	695.36		695.36			
Pro Sporting Goods	(773) 555-0121	53,517.51	53,517.51				
Variety Cycling	(313) 555-0124	675.72		519.96			155.76
Total		**76,154.84**	**74,620.25**	**1,278.83**	**0.00**	**0.00**	**255.76**

c. Close the A/R Aging summary without saving.

TRANSACTION DETAIL BY ACCOUNT

The Transaction Detail by Account report contains detailed information about the activity that occurs in all the accounts over a period of time. Information in the transaction Detail by Account report comes from all MOA sources—accounts receivables, accounts payables, cash disbursements and receipts, or anywhere financial information is created in the system. When you run periodic statements, such as profit and loss statements or balance sheets, you use this report to check accuracy and to answer questions about how the results were obtained.

The report lists account information as it is shown in the Chart of Accounts. Default information in this report includes transaction dates and numbers, names, memo information, amounts, and balances. You can use additional column options to view transactions that you created and modified. The report displays the current month-to-date period, but you can modify dates.

In this report, you can double-click a row or line item (drill down) to open the original transaction form. In accounting, you learn that that the report that shows each account's transaction activity and balance is known as the *general ledger*. MOA calls the general ledger the Transaction Detail by Account report.

Follow these steps to display Northwind Traders January 1, 2007 to January 31, 2007 transaction detail by account report.

1. From the menu bar, select Reports; Company and Financial, Transaction Detail by Account.

2. Type **1/1/2007** in the From field.

3. Type **1/31/2007** in the To field. A partial report is shown.

Northwind Traders - Student Name
Transaction Detail by Account
Date Range: January 1, 2007 - January 31, 2007
Amount: Any, Name: All, Account: All, No.: Any, Transaction type: All, Class: All, Closing Postings: Included, Report Basis: Accrual, Void: Show

Type	Date	No.	Name	Memo	Amount	Balance
1005 - Undeposited Funds						(119,048.15)
Customer Payment	1/3/2007	190	Coho Sports		7,076.00	(111,972.15)
Deposit	1/3/2007	97			(7,076.00)	(119,048.15)
Customer Payment	1/5/2007	65	Fitness Department St...		2,399.50	(116,648.65)
Deposit	1/6/2007	47			(2,399.50)	(119,048.15)
Customer Payment	1/14/2007	187	Pro Sporting Goods		44,582.92	(74,465.23)
Customer Payment	1/15/2007	188	Alpine Ski House		26,218.39	(48,246.84)
Customer Payment	1/15/2007	189	Global Sporting Goods		15,506.29	(32,740.55)
Customer Payment	1/16/2007	194	Global Sporting Goods		9,823.50	(22,917.05)
Cash Sale	1/17/2007	238	Coho Sports		2,374.91	(20,542.14)
Customer Payment	1/22/2007	27	Motorless Cycles		480.21	(20,061.93)
Deposit	1/22/2007	15			(480.21)	(20,542.14)
Customer Payment	1/25/2007	197	Coho Sports		7,076.00	(13,466.14)
Deposit	1/25/2007	103			(7,076.00)	(20,542.14)
Customer Payment	1/30/2007	69	Nearby Sporting Goods		1,646.84	(18,895.30)
Customer Payment	1/30/2007	70	Coho Sports		2,529.38	(16,365.92)
Deposit	1/30/2007	49			(1,646.84)	(18,012.76)
Deposit	1/30/2007	49			(2,529.38)	(20,542.14)
Customer Payment	1/31/2007	191	Pro Sporting Goods		14,565.92	(5,976.22)
Customer Payment	1/31/2007	192	Coho Sports		7,076.00	1,099.78
Customer Payment	1/31/2007	198	Coho Sports		2,374.91	3,474.69
Deposit	1/31/2007	104			(2,374.91)	1,099.78
Total 1005 - Undeposited Funds					**120,147.93**	**1,099.78**
1007 - Cash-Petty Cash						**400.00**
Cash Purchase	1/16/2007	261	Oils and Fluids Wareh...		(47.63)	352.37
Total 1007 - Cash-Petty Cash					**(47.63)**	**352.37**
1010 - Checking Account						**377.97**
Customer Payment	1/2/2007	67	Coho Sports		469.42	847.39
Vendor Payment	1/2/2007	53	Rental Gallery	Rental Gallery:262	(500.00)	347.39
Vendor Payment	1/7/2007	192	Novelty Bikes	Novelty Bikes:370	(9,893.80)	(9,546.41)
Vendor Payment	1/7/2007	193	Contoso Ltd.	Contoso Ltd.:367	(14,284.84)	(23,831.25)
Vendor Payment	1/7/2007	194	All Seasons Sports Su...	All Seasons Spor...	(30,472.60)	(54,303.85)
Vendor Payment	1/7/2007	195	Central Discount Store	Central Discount ...	(3,084.28)	(57,388.13)
Vendor Payment	1/7/2007	196	Proseware, Inc.	Proseware, Inc.: ...	(19,038.08)	(76,426.21)
Fund Transfer	1/7/2007	154			80,000.00	3,573.79
Vendor Payment	1/9/2007	54	Unique Bikes	Unique Bikes:236	(1,039.90)	2,533.89
Vendor Payment	1/9/2007	55	City Power and Light	City Power and L...	(133.17)	2,400.72
Vendor Payment	1/9/2007	56	Exotic Bikes	Exotic Bikes:238	(2,269.79)	130.93
Vendor Payment	1/9/2007	57	Sport Playground	Sport Playgroun...	(26.60)	104.33
Vendor Payment	1/9/2007	58	The Phone Company	The Phone Com...	(111.11)	(6.78)
Customer Payment	1/9/2007	66	Global Sporting Goods		2,992.17	2,985.39
Vendor Payment	1/15/2007	59	Unique Bikes	Unique Bikes:239	(4,797.05)	(1,811.66)
Bank transfer	1/15/2007	90		For checks issue...	4,000.00	2,188.34

4. Scroll down the report to see all of the accounts and their balances. You may want to drill down from the transaction detail report to the original entry. (*Hint:* Double-click on one of the entries to see the original transaction.)

5. Close the report without saving.

TRIAL BALANCE

The Trial Balance shows all the account balances from the Transaction Detail by Account report, and it is displayed in the order in which the accounts appear in the ledger. Total debits must equal total credits; otherwise an error has been made. This ensures that for every debit amount there is an equal credit posted. Information that is taken from the trial balance is used to create reports, such as the profit and loss statement, balance sheet, and cash flow statement. The report displays the current date, but you can change the date.

Even if the debit and credit columns balance, the information that is presented might not be correct. Transactions may have been completely omitted, the debit and credit entries may have been reversed, or a transaction could have been posted to the wrong account. When you review detailed information in the Transaction Detail by Account report, you must be careful to ensure the Trial Balance accuracy. If you discover errors, you can enter reversing and correcting entries in journal entries.

In the Trial Balance, you can double-click a row or line item to open another report that shows the transaction detail. You can then double-click a line in the newly opened report to open the original transaction form.

Follow these steps to display the trial balance.

1.   From the menu bar, click Reports; Company and Financial, Trial Balance.

2.   Type **1/31/2007** in the Date field. Press <Enter>. The Trial Balance appears as of 1/31/2007. Compare your trial balance to the one shown on pages 173-174.

      Compare Account No. 1005, Undeposited Funds balance, $1,099.78 the Transaction Detail by Account report shown on page 171. The trial balance shows each account's balance; the transaction detail by account report shows transaction detail *and* the account balance—this is similar to the general ledger report that you learned about in your accounting course. The trial balance report shows more accounts than the transaction detail by account report because the trial balance reflects account activity for more than one accounting period. Double-click Cash-Petty Cash to see

that account's transactions. The transaction detail by account report shows one accounting period, January 2007. If necessary, close the Transaction Detail by Account report. The Trial balance is shown on this page and the next. Scroll up and down to see the entire report.

Northwind Traders - Student Name
Trial Balance
As of: 1/31/2007

Monday, January 22, 2007

Account Name	Account No.	Debit	Credit
Undeposited Funds	1005	1,099.78	
Cash-Petty Cash	1007	352.37	
Checking Account	1010	15,697.18	
Savings	1115	207,054.36	
Accounts Receivable	1210	76,154.84	
Employee Loans	1410	100.00	
Prepaid Expenses	1420	2,587.50	
Prepaid Insurance	1425	1,000.00	
Inventory Asset	1250	47,531.35	
Property and Equipment	1510	65,000.00	
Accum. Depr.Property and Equipm...	1511		5,250.00
Office/Store Furniture and Fixtures	1520	12,000.00	
Accum. Depr. Furniture and Fixtures	1521		9,075.00
Accounts Payable	2010		82,159.44
Pending Item Receipts	2015		347.59
Federal Tax Liability	2210		910.10
Federal Tax Liability (FUTA)	2215		145.00
State Tax Liability	2220		452.00
401 (k) Liability	2230		2,000.00
Payroll Liability - Net Pay	2240		85.00
Medical/Dental Liability	2250		990.00
Sales Tax Payable	2300		7,440.75
Other Payables	2310		500.00
Interest Payable	2315		2,000.00
Payroll Liability - Other	2610		300.00
Note Payable to Bank	2710		20,000.00
Student Name, Capital	3015		37,000.00
Student Name, Drawing	3020	11,500.00	
Retained Earnings	3025		76,484.48
Sales	4020		744,007.53
Cash Discount Given	4025	2,067.73	
Write off	4210	8.83	
Cost of Goods - Materials	4510	534,785.61	
Cash Discount Taken	4530		498.99
Employee Wages	5100	2,800.00	
Wages	5110	600.00	
Employee Benefits	5120	250.00	
Bank Charges	5510	25.00	
Repairs and Maintenance Expenses	5710	47.63	
Depreciation Expenses/Equipment	6120	250.00	
Depreciation Expenses/Furniture	6125	75.00	
Office Supplies	6210	153.46	
Insurance Vehicle	6310	2,781.72	
Insurance Other	6320	200.00	
Freight/Shipping Expenses	6410	221.32	
Accounting Fees	6620	675.54	

Travel Expenses	6770	309.50	
Utilities - Electric and Gas	6810	1,478.94	
Utilities - Telephone	6815	1,112.70	
Leased Facilities	6915	1,000.00	
Finance Charge Income	8020		2.56
Interest Income	8030		526.00
Interest Expenses	9010	1,254.08	
Total		**990,174.44**	**990,174.44**

> **Read Me: What if my Trial Balance and Financial Statement reports do not agree with the ones shown on pages 173-179.**
>
> When the product based sample company, Northwind Traders, was started for first time, data was moved to the current year. This matches your system year. (Refer to Chapter 1, page 7, step 3). Since the author's system year is 2007, the reports reflect 2007. If your system year is 2008, the reports may differ.

3. Close the trial balance without saving.

FINANCIAL STATEMENT REPORTS

In the steps that follow, you are going to look at the Profit and Loss Statement, Cash Flow Statement, and Balance Sheet for January 1, 2006 to January 31, 2007.

Profit and Loss

1. From the menu bar, select Reports; Company and Financial, Profit and Loss.

2. Type **1/1/2006** in the From field.

3. Type **1/31/2007** in the To field. Northwind Traders Profit and Loss report from January 1, 2006 – January 31, 2007 appears. Pages 175-176 show the Profit and Loss statement.

Northwind Traders - Student Name

Profit and Loss
Date Range: January 1, 2006 - January 31, 2007
Account: All, Report Basis: Accrual, Class: All, Name: All, Closing Postings: Not Included

	1/1/06 - 1/31/07
Ordinary Income/Expense	
Income	
4020 - Sales	744,007.53
4025 - Cash Discount Given	(2,067.73)
4210 - Write off	(8.83)
Total Income	**741,930.97**
Cost of Goods Sold	
4510 - Cost of Goods - Materials	534,785.61
4530 - Cash Discount Taken	(498.99)
Total COGS	**534,286.62**
Gross Profit	**207,644.35**
Expense	
5100 - Employee Wages	
5100 - Employee Wages - Other	2,800.00
5110 - Wages	600.00
5120 - Employee Benefits	250.00
Total 5100 - Employee Wages	**3,650.00**
5510 - Bank Charges	25.00
5710 - Repairs and Maintenance Ex...	47.63
6100 - Depreciation	
6120 - Depreciation Expenses/Equi...	250.00
6125 - Depreciation Expenses/Furni...	75.00
Total 6100 - Depreciation	**325.00**
6210 - Office Supplies	153.46
6310 - Insurance Vehicle	2,781.72
6320 - Insurance Other	200.00
6410 - Freight/Shipping Expenses	221.32
6620 - Accounting Fees	675.54
6770 - Travel Expenses	309.50
6800 - Utilities	
6810 - Utilities - Electric and Gas	1,478.94
6815 - Utilities - Telephone	1,112.70
Total 6800 - Utilities	**2,591.64**
6910 - Rental Expenses	
6915 - Leased Facilities	1,000.00
Total 6910 - Rental Expenses	**1,000.00**
Total Expense	**11,980.81**
Net Ordinary Income	**195,663.54**

Other Income/Expense		
Other Income		
8020 - Finance Charge Income		2.56
8030 - Interest Income		526.00
Total Other Income		**528.56**
Other Expense		
9010 - Interest Expenses		1,254.08
Total Other Expense		**1,254.08**
Net Other Income		**(725.52)**
Net Income		**194,938.02**

4. Close the report without saving.

Balance Sheet

1. From the menu bar, select Reports; Company and Financial, Balance Sheet.

2. Type **1/31/2007** in the Date field. Press <Enter>. The Balance Sheet as of 1/31/2007 appears. The total assets are shown on page 177. Page 178 shows liabilities and equity.

Northwind Traders - Student Name

Balance Sheet
As of: 1/31/2007
Report Basis: Accrual

	As of 1/31/07
Assets	
Current Assets	
Cash	
1005 - Undeposited Funds	1,099.78
1007 - Cash-Petty Cash	352.37
1010 - Checking Account	15,697.18
1115 - Savings	207,054.36
Total Cash	**224,203.69**
Accounts Receivable	
1210 - Accounts Receivable	76,154.84
Total Accounts Receivable	**76,154.84**
Other Current Assets	
1410 - Employee Loans	100.00
1420 - Prepaid Expenses	2,587.50
1425 - Prepaid Insurance	1,000.00
Inventory Assets	
1250 - Inventory Asset	47,531.35
Total Inventory Assets	**47,531.35**
Total Other Current Assets	**51,218.85**
Total Current Assets	**351,577.38**
Fixed Assets	
1510 - Property and Equipment	65,000.00
1511 - Accum. Depr.Property and...	(5,250.00)
1520 - Office/Store Furniture and Fi...	12,000.00
1521 - Accum. Depr. Furniture and...	(9,075.00)
Total Fixed Assets	**62,675.00**
Total Assets	**414,252.38**

```
Liabilities & Equity
    Liabilities
        Current Liabilities
            Accounts Payable
                    2010 - Accounts Payable                    82,159.44
            Total Accounts Payable                             82,159.44

            Credit Cards
                    2610 - Payroll Liability - Other              300.00
            Total Credit Cards                                    300.00

            Other Current Liabilities
                    2015 - Pending Item Receipts                  347.59
                2200 - Payroll Liabilities
                    2210 - Federal Tax Liability                  910.10
                    2215 - Federal Tax Liability (FUTA)           145.00
                    2220 - State Tax Liability                    452.00
                    2230 - 401 (k) Liability                    2,000.00
                    2240 - Payroll Liability - Net Pay             85.00
                    2250 - Medical/Dental Liability               990.00
                Total 2200 - Payroll Liabilities               4,582.10

                    2300 - Sales Tax Payable                    7,440.75
                    2310 - Other Payables                         500.00
                    2315 - Interest Payable                     2,000.00
            Total Other Current Liabilities                    14,870.44

        Total Current Liabilities                              97,329.88

            Long Term Liabilities
                    2710 - Note Payable to Bank                20,000.00
            Total Long Term Liabilities                        20,000.00

    Total Liabilities                                         117,329.88

    Equity
                    3015 - Student Name, Capital               37,000.00
                    3020 - Student Name, Drawing              (11,500.00)
                    3025 - Retained Earnings                   76,484.48
                    Net Income                                194,938.02
        Total Equity                                          296,922.50

    Total Liabilities & Equity                                414,252.38
```

3. Observe that the Net Income shown on the balance sheet, $194,938.02, is the same as the net income shown on the profit and loss statement on page 176. Close the balance sheet without saving.

Cash Flow Statement

1. From the menu bar, select Reports; Company and Financial, Cash Flow Statement.

2. Type **1/1/2006** in the From field.

3. Type **1/31/2007** in the To field.

Northwind Traders - Student Name
Cash Flow Statement
Date Range: January 1, 2006 - January 31, 2007
Closing Postings: Not Included

	1/1/06 - 1/31/07
OPERATING ACTIVITIES	
Net Income	**194,938.02**
Adjustments to reconcile net income to…	
1210 - Accounts Receivable	(76,154.84)
1410 - Employee Loans	(100.00)
1420 - Prepaid Expenses	(2,587.50)
1425 - Prepaid Insurance	(1,000.00)
1250 - Inventory Asset	(47,531.35)
1511 - Accum. Depr.Property and...	5,250.00
1521 - Accum. Depr. Furniture and...	9,075.00
2010 - Accounts Payable	82,159.44
2015 - Pending Item Receipts	347.59
2210 - Federal Tax Liability	910.10
2215 - Federal Tax Liability (FUTA)	145.00
2220 - State Tax Liability	452.00
2230 - 401 (k) Liability	2,000.00
2240 - Payroll Liability - Net Pay	85.00
2250 - Medical/Dental Liability	990.00
2300 - Sales Tax Payable	7,440.75
2310 - Other Payables	500.00
2315 - Interest Payable	2,000.00
2610 - Payroll Liability - Other	300.00
Net Cash provided by Operating Activities	**179,219.21**
INVESTING ACTIVITIES	
1510 - Property and Equipment	(65,000.00)
1520 - Office/Store Furniture and Fi...	(12,000.00)
Net Cash provided by Investing Activities	**(77,000.00)**
FINANCING ACTIVITIES	
2710 - Note Payable to Bank	20,000.00
3015 - Student Name, Capital	37,000.00
3020 - Student Name, Drawing	(11,500.00)
3025 - Retained Earnings	76,484.48
Net Cash provided by Financing Activities	**121,984.48**
Net cash change for the Period	**224,203.69**
Cash at beginning of the period	**0.00**
Cash at end of the Period	**224,203.69**

4. Observe that the Cash at end of the Period is the same as the balance sheet's total cash, $224,203.69, page 177. Close the cash flow statement without savings.

INTERNAL CONTROL

Internal control is an integrated system of people, processes, and procedures that minimize or eliminate business risks, protect assets, ensure reliable accounting, and promote efficient operations. If changes are made to company records, MOA's Change Log provides documentation. The Change Log tracks alterations that are made to accounting records.

The Change Log report is a complete list of modifications to the master records (for example, company preferences, accounts, customers, vendors, employees, items, supporting tables, etc.). When enabled, the Change Log records the creation of, updates to, or deletion of master records. It does not record every activity involving those records (for example, invoices or vendor bills). This report is helpful for security auditing purposes, and you can use it to trace potential fraudulent activity and other unknown adjustments or errors. Information in the report includes any master record changes, the name of the individual making the changes, and the date of the change.

In addition to the Change Log, MOA's transaction reports also provide evidence of alterations. In this way two internal control methods are built into the software—the Change Log and the Transaction Journal's use of checkmarks to show changed entries. In the steps that follow you will see how the Change Log and the Transaction Journal provide documentation of altered records.

Follow these steps to see the Change Log.

1. From the menu bar, select Reports; Company and Financial, Change Log.

2. Type **1/1/2006** in the From field.

3. Type **1/31/2007** in the To field. The Change Log appears. Observe that the User field shows your computer. Compare your Change Log window to the one shown on the next page. The Change Log window is a complete list of changes to the master records (for example, company preferences, accounts, customers, vendors,

employees, items, etc.) A partial Change Log window is shown below.

Northwind Traders - Student Name
Change Log
Date Range: January 1, 2005 - January 31, 2007

Monday, January 22, 2007

Type	Name	Action	No.	Date	User
Purge		Purge		6/15/2006 5:37 AM	Owner
Company	Northwind Traders	Update Entity	1	6/15/2006 5:37 AM	Owner
Payment Method	Check	Update Entity		9/5/2006 3:43 PM	Owner
Driver Registration	Microsoft.BusinessSol...	Update Entity		9/5/2006 3:43 PM	Owner
Payment Method	Check	Update Entity		9/5/2006 3:43 PM	Owner
Driver Registration	Microsoft.BusinessSol...	Update Entity		9/5/2006 3:43 PM	Owner
Payment Method	Online Credit Card	Update Entity		9/5/2006 3:43 PM	Owner
Driver Registration	Microsoft.BusinessSol...	Update Entity		9/5/2006 3:43 PM	Owner
Banking Method	Online Banking	Update Entity		9/5/2006 3:43 PM	Owner
Payment Method	Electronic Payment	Update Entity		9/5/2006 3:43 PM	Owner
Driver Registration	Microsoft.BusinessSol...	Update Entity		9/5/2006 3:43 PM	Owner
Payment Method	Electronic Payment	Update Entity		9/5/2006 3:43 PM	Owner
Driver Registration	OFX SDK Validation D...	Update Entity		9/5/2006 3:43 PM	Owner
Driver Registration	Microsoft.BusinessSol...	Update Entity		9/5/2006 3:43 PM	Owner
ECommerce Provider	ECommerce Provider	Update Entity		9/5/2006 3:43 PM	Owner
Payment Method	Cash	Update Entity		9/5/2006 3:43 PM	Owner
Payment Method	Credit Card	Update Entity		9/5/2006 3:43 PM	Owner
Payment Method	Check	Update Entity		9/5/2006 3:43 PM	Owner
Payment Method	Online Credit Card	Update Entity		9/5/2006 3:43 PM	Owner
Payment Method	Electronic Payment	Update Entity		9/5/2006 3:43 PM	Owner
Database Upgrade	Database Upgrade sa...	Database Up...		9/5/2006 3:43 PM	Owner
Driver Registration	Microsoft.BusinessSol...	Update Entity		9/5/2006 3:43 PM	Owner
Driver Registration	Microsoft.BusinessSol...	Update Entity		9/5/2006 3:43 PM	Owner
Driver Registration	Microsoft.BusinessSol...	Update Entity		9/5/2006 3:43 PM	Owner
Driver Registration	Microsoft.BusinessSol...	Update Entity		9/5/2006 3:43 PM	Owner
Driver Registration	Microsoft.BusinessSol...	Update Entity		9/5/2006 3:43 PM	Owner
Driver Registration	OFX SDK Validation D...	Update Entity		9/5/2006 3:43 PM	Owner
Driver Registration	Equifax Credit Profile	Insert Entity		9/5/2006 3:45 PM	Owner
Driver Registration	Equifax Credit Profile	Update Entity		9/5/2006 3:45 PM	Owner
Driver Registration	PayPal Payments	Insert Entity		9/5/2006 3:45 PM	Owner
Driver Registration	PayPal Payments	Update Entity		9/5/2006 3:45 PM	Owner
Driver Registration	PayPal Payments	Update Entity		9/5/2006 3:48 PM	Owner
Driver Registration	PayPal Payments	Delete Entity		9/5/2006 3:48 PM	Owner
Driver Registration	Equifax Credit Profile	Delete Entity		9/5/2006 3:48 PM	Owner
Driver Registration	PayPal Payments	Insert Entity		9/5/2006 3:49 PM	Owner
Driver Registration	PayPal Payments	Update Entity		9/5/2006 3:49 PM	Owner
Driver Registration	Equifax Credit Profile	Insert Entity		9/5/2006 3:49 PM	Owner
Driver Registration	Equifax Credit Profile	Update Entity		9/5/2006 3:49 PM	Owner
Payment Method	Check	Update Entity		9/11/2006 1:34 AM	Owner
Driver Registration	Microsoft.BusinessSol...	Update Entity		9/11/2006 1:34 AM	Owner
Payment Method	Check	Update Entity		9/11/2006 1:34 AM	Owner
Driver Registration	Microsoft.BusinessSol...	Update Entity		9/11/2006 1:34 AM	Owner
Payment Method	Online Credit Card	Update Entity		9/11/2006 1:34 AM	Owner
Driver Registration	Microsoft.BusinessSol...	Update Entity		9/11/2006 1:34 AM	Owner

4.   Your change log's dates and times may differ. Close the Change Log without saving.

Edit a Vendor Bill

MOA's transaction journal, general ledger, vendor transaction history and other accounts payable reports contain a record of every transaction entered and saved. Once a vendor bill is saved, it is posted so it cannot be deleted. If you need to redo a vendor bill, you can edit it or void it. The original transaction remains in the system. This is an example of MOA's internal control process. In the example that follows you are going to edit a vendor bill. This process works similarly with customer invoices.

In accounting an *audit trail* is the step-by-step record by which financial data can be traced to its source. In MOA, keeping track of every transaction is an important feature. In other words, if an entry is changed there is a record of what changes were made *and* the original entry. The audit trail and internal control system are related. For instance, MOA's change log shows when activity occurred, and reports show every transaction—edited transactions and voided transactions. These records are important for controlling data or the possibility of manipulating data for fraudulent purposes. The purpose of the audit trail, and MOA's built-in internal control features, is to make sure the accounting data is reliable and legitimate.

The transaction you are going to record is:

Date   *Transaction Description*

11/8/2007   Northwind Traders purchased 30 red bikes from
                     Novelty Bikes for a total of $1,319.70. The
                     Transaction journal shows that 40 bikes for a total of
                     $1,759.60 were purchased. Edit this entry.

Follow these steps to edit the vendor's bill.

1.   Click [Reports]; Transaction Journal.

2.   Type **11/8/2007** in the From and To field. (Make sure the To field shows 11/8/2007.)

3.   Click [Display]. The Transaction Journal appears. Put the cursor over Vendor Bill, Not Paid, 414; double-click. This takes you to the Vendor Bill (Not Paid) window for No. 414 in the amount of $1,759.60.

4. Below the Northwind Traders – Student Name – 414 – Vendor bill title bar, click Actions; Edit.

5. Observe that 40 is shown in the Qty. column. Type **30** in the Qty. column. Press <Tab>. Compare your Vendor Bill window to the one shown below. The Line Total changes to $1,319.70.

Click ⊞ Save and Close. If you are returned to the Transaction Journal, click the Refresh icon (⟳). Select ⌷ Yes ⌷ when the window prompts The data in this report may have changed, do you wish to refresh?. Observe that the Transaction Journal shows a checkmark next to the edited transactions. These checkmarks verify that the transaction was changed. MOA's audit trail is in tact. Accountants and managers know that the records show a changed transaction.

On 11/8/2007, the original entry debited and credited the following accounts:

Account No.	Account Description	Debit	Credit
1250	Inventory Asset	1,759.60	
2010/12	Accounts Payable/Novelty Bikes		1,759.60

MOA's transaction journal shows a checkmark next to this edited entry.

Then, the vendor bill was edited to correct the quantity purchased. When the vendor bill is edited, two entries are shown. The first one reverses the original entry; the second entry records the vendor bill correctly.

Reversing entry—MOA's transaction journal shows a checkmark next to the reversing entry.

Account No.	Account Description	Debit	Credit
2010/12	Accounts Payable/Novelty Bikes	1,759.60	
1250	Inventory Assets		1,759.60

Edited entry for 30 bikes *not* 40 bikes.

Account No.	Account Description	Debit	Credit
1250	Inventory Asset	1,319.70	
2010/12	Accounts Payable/Novelty Bikes		1,319.70

6. Compare your transaction journal to the one shown below.

Vendor Bill	Not Paid	414	Novelty Bikes	11/8/2006				
					Accounts Payable	0.00	1,759.60	✔
					Inventory Asset	1,759.60	0.00	
Vendor Bill	Not Paid	414	Novelty Bikes	11/8/2006				✔
					Accounts Payable	1,759.60	0.00	
					Inventory Asset	0.00	1,759.60	
Vendor Bill	Not Paid	414	Novelty Bikes	11/8/2006				
					Accounts Payable	0.00	1,319.70	
					Inventory Asset	1,319.70	0.00	

7. Close the transaction journal. These checkmarks indicate a changed transaction.

8.   Do *not* back up your data.

In this section of the textbook, you edited a vendor bill to see how MOA establishes an audit trail. This showed how MOA uses internal controls to track every transaction – the original vendor bill; the reversing entry; and the edited entry.

	INTERNET ACTIVITY
1.	From your Internet browser, go to the book's website at www.mhhe.com/yachtmoa.
2.	Link to Student Edition.
3.	Link to Internet Activities; then link to Part 1 Internet Activities for Chapters 1-7. Open or Save.
4.	Complete the Chapter 6 exercise, Encyclopedia of Business Terms.
5.	Look up three words related to accounting. Write the definition of each word and include the appropriate website addresses. Link to other related words (hyperlinks within the word(s) you defined.) Write the definition of each word and include the appropriate website addresses.

SUMMARY AND REVIEW

SOFTWARE OBJECTIVES: In Chapter 6, you used the software to:

1. Restore data from Exercise 5-2. (This backup was made on page 159.)

2. Review the Company home page.

3. Display the Transaction Detail by Account report.

4. Display the trial balance.

5. Display the profit and loss statement, balance sheet, cash flow statement.

6. Look at MOA's internal controls and audit trail.

WEB OBJECTIVES: In Chapter 6, you did these Internet activities:

1.   Used your Internet browser to go to the book's website.

2.   Completed the Internet activity for the encyclopedia of business terms.

3. Used a word processing program to write a summary about the website(s) that you visited.

GOING TO THE NET

Access the AccountantsWorld.com website at http://www.accountantsworld.com.

1. Link to two areas of interest. (Do *not* select the same links as Chapter 5.)
2. Write a brief essay about each article. Remember to include the title of the article and the website address. Your article should be a minimum of 75 words; maximum 150 words.

FLASHCARD REVIEW

Create the following flashcards.

1. Print the January 1, 2006 – January 31, 2007 profit and loss statement.

2. Print the January 31, 2007 balance sheet.

3. Print the January 1, 2006 – January 31, 2007 cash flow statement.

True/Make True: Write the word True in the space provided if the statement is true. If the statement is *not* true, write the correct answer.

1. In Chapter 7, you printed three financial statements.

    _____

    _____

    _____

    _____

2. MOA automatically calculates financial statements once entries are recorded and posted.

_____

_____

3. The balance sheet lists the revenues and expenses of the business.

_____

_____

4. The cash flow statement shows the same cash balance at the end of the period as the profit and loss statement.

_____

_____

5. The income statement is a summary of the revenue and expenses of a company for a period of time, such as an accounting period or a year.

_____

_____

6. The financial statements printed by MOA reflect month-to-date amounts only.

_____

_____

7. The financial statements are interrelated.

   _____

   _____

8. Northwind Traders showed a net loss as of January 31, 2007.

   _____

   _____

Exercise 6-1: Answer the following questions about the balance sheet and profit and loss statement. The reporting date is from January 1, 2006 to January 31, 2007.

1. The total assets are: _____

2. The total liabilities and equity are: _____

3. Indicate the amount of the net income or
   (net loss) as of 1/31/2007. _____

4. The gross profit is: _____

5. The total expenses are: _____

Exercise 6-2: Answer the following questions about the cash flow statement. The reporting date is from January 1, 2006 to January 31, 2007.

1. The net cash provided by operating activities is: _____

2. The net cash provided by investing activities is: _____

3. The net cash provided by financing activities is: _____

4. The net change for the period is: _____

5. The cash at the end of the period is: _____

Analysis Questions: On the Cash Flow Statement, describe the various ways operating activities, investing activities, and financial activities are reported.

CHAPTER 6 INDEX

Chapter 7

Fabrikam, Inc. – A Service Company

SOFTWARE OBJECTIVES: In Chapter 7, you use the software to:

1. Open the service based sample company, Fabrikam, Inc.
2. Backup Fabrikam, Inc. *before* any data is added.
3. Change company preferences.
4. Display the December 31, 2007 trial balance.
5. Receive customer payments.
6. Pay vendor bills.
7. Look at the transaction journal.
8. Display the profitability by job summary report.
9. Display the profit and loss statement, balance sheet, and cash flow statement.
10. Backup and restore.

WEB OBJECTIVES: In Chapter 7, you do these Internet activities:

1. Use your Internet browser to go to the book's website.
2. Complete the Internet activity for search engines.
3. Use a word processing program to write a summary about the website(s) that you visited.

In Chapter 7 you work with the sample service company, Fabrikam, Inc., to learn more about MOA.

GETTING STARTED

1. Start Microsoft Office Accounting. If a company starts; for example, Northwind Traders, select File; Close Company.

2. From the Start – Microsoft Office Accounting window, select Open a sample company.

3. The Select Sample Company window appears. If necessary, click on the radio button for Service based sample company.
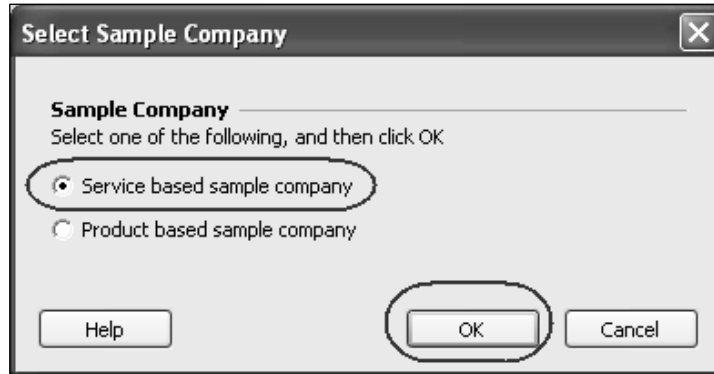
A service company performs work for sale or purchase; for example, consultants, designers, and architects would have a service company. Services can be sold as work performed or by subcontractors. Services also can be sold to your company by other companies. The service based sample company that accompanies MOA is called Fabrikam, Inc.
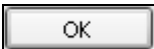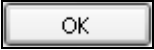
4. Click [OK]. When the window prompts The sample company data will now be moved to the current year, click [OK]. When the window prompts, The program will be closed for the changes to take effect, click [OK]. Refer to steps 2 and 3, pages 191-192, to restart MOA. When the sample company is started for the first time, the current year (system date year) is established.

5. When the title bar shows Fabrikam, Inc. – Microsoft Office Accounting 2007, the service based sample company is open.

Observe that the Company home page is similar to Northwind Traders home page. Let's look at what is different.

BACKUP FABRIKAM, INC.

Before you make any changes to Fabrikam, Inc., backup the sample company data.

1. Click File; Utilities, Data Utilities.

2.   In the Backup company data area, click [Backup].

3.   In the Backup file name field, click [Browse ...].

4.   Type **Fabrikam** in the File name field.

5.   Click [Save].

6.   When the Backup window appears, click [OK].

7.   When the window prompts, Backup was completed successfully, click [OK].

8.   Close the Microsoft Office Accounting Data Utilities window.

COMPANY PREFERENCES

Follow these steps to check the company preferences and see some differences between a product company (Northwind Traders) and the service company, Fabrikam, Inc.

1.   From the menu bar, select Company; Preferences.

2.   The Company tab is the default. Since Use account numbers is checked and that's what you want, click on the Customers tab.

3.   Select Use customer ID. Compare your Company Preferences; Customers tab to the window shown below.
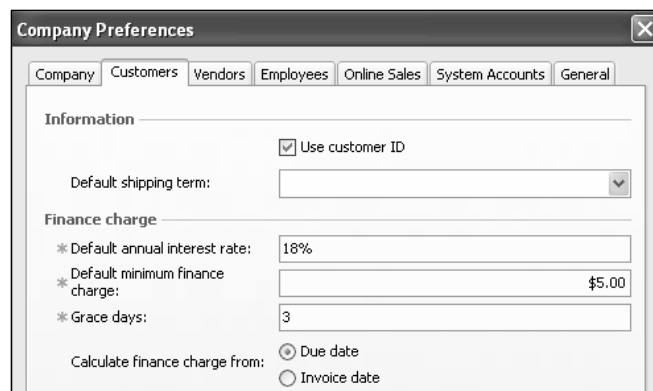
One of the differences from the product-based company is that Fabrikam's finance charge default is Due Date. Northwind Traders default Invoice date. Refer to page 50 to see this difference.

4. Click on the Vendors tab. Select Use vendor ID and Use item numbers.
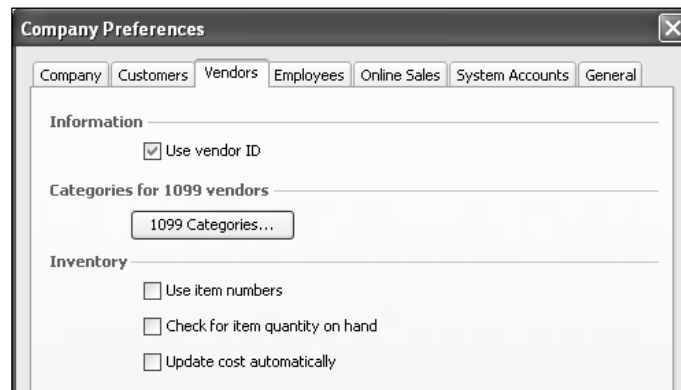
For Northwind Traders, the product based sample company, Check for item quantity on hand was checked. (Refer to page 87.) Since product based companies have inventory, you would want to be able to check for quantities on hand. Service companies *do* not sell inventory to customers.

5. Click on the Employees tab. Select Use employee ID.
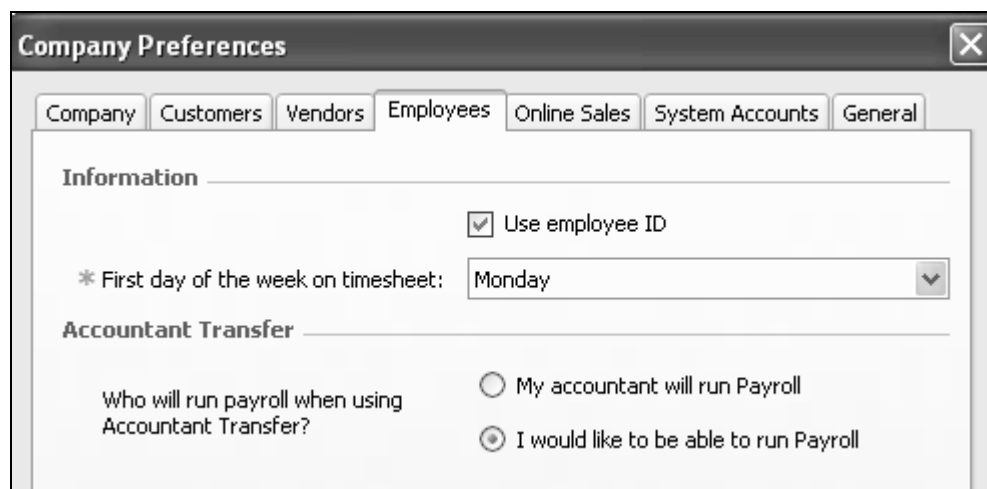
6. Click on the System Accounts tab. In the Undeposited Funds field, select Checking.
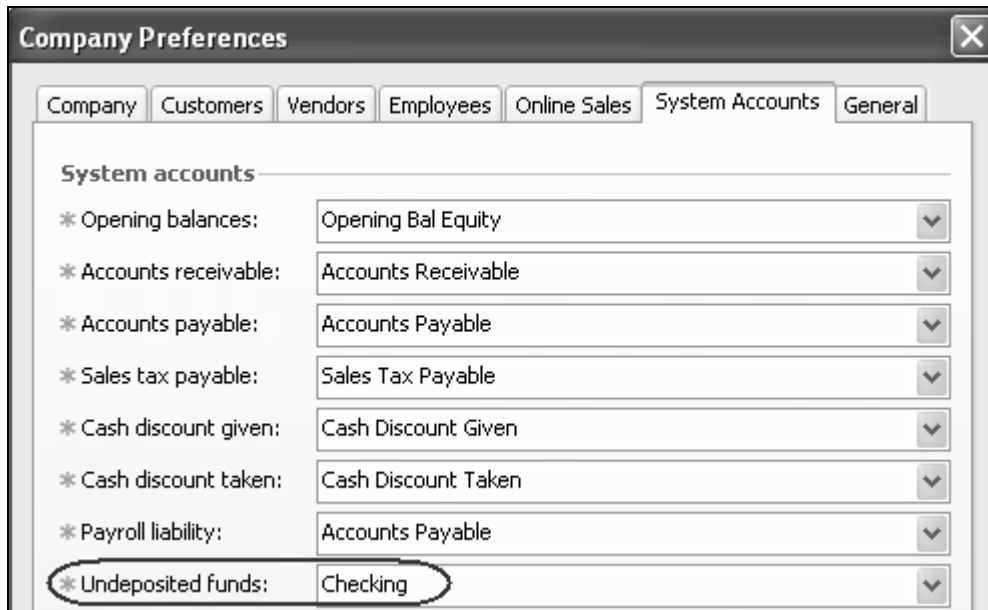
7. Click [OK] to close and save the company preferences.

SERVICE COMPANY ITEMS

Product based company like Northwind Traders have inventory items. Service companies like Fabrikam, Inc. do not.
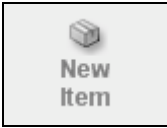
Follow these steps to look at the Item list.
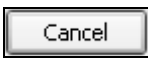
1. Click [Vendors]; Items. Observe that the Item list shows the following types of items: Service Item and Non-Inventory Item. To organize the Item List by Type, click on the Type column. The Item List is resorted into two categories: Non-Inventory Item and Service Item.

    Compare your Item List to the one shown on the next page.

Item List							Current View: Active
	Active	Item Name ▲	Description	Type	Price	On Hand	Reorder
		Add a new Item					
		Carpentry (TM)	Hourly carpentry labor	Service Item	$55.00		
	✓	Electrical labor (TM)	Hourly electrical labor	Service Item	$45.00		
	✓	Electrical labor (FF)	Electrical labor	Service Item	$50.00		
	✓	Electrical materials (FF)	Electrical materials	Non-Inventory Item	$45.00		
	✓	Foundation/masonry labor (FF)	Foundation/masonry labor	Service Item	$75.00		
	✓	Foundation/masonry material (FF)	Foundation/masonry materials	Non-Inventory Item	$44.00		
	✓	Framing/finish labor (FF)	Framing/finish labor	Service Item	$45.00		
	✓	Framing/finish materials (FF)	Framing/finish materials	Non-Inventory Item	$40.00		
	✓	Job materials (TM)	Job materials	Non-Inventory Item	$50.00		
	✓	Less Retainage	Less retainage	Service Item	$0.00		
	✓	Plumbing labor (FF)	Plumbing labor	Service Item	$60.00		
	✓	Plumbing labor (TM)	Hourly plumbing labor	Service Item	$45.00		
	✓	Plumbing materials (FF)	Plumbing materials	Non-Inventory Item	$135.00		
	✓	Retainage	Retainage	Service Item	$0.00		
	✓	Roofing labor (FF)	Roofing labor	Service Item	$45.00		
	✓	Roofing materials (FF)	Roofing materials	Non-Inventory Item	$45.00		

2. Click on the Customers; Employees; and Banking Buttons. Observe that the Start a Task list and Find list have similar links when compared to the product based company, Northwind Traders.

3. Click [**Vendors**]. In the More Tasks area, click [**New Item**]. Observe that the item types include Service, Inventory, Non-Inventory Item, and Kit.

4. Click [Cancel] to close the Select Item Type window.

TRIAL BALANCE

Look at Fabrikam, Inc.'s trial balance as of 12/31/2007.

1. Click [**Reports**]; Trial Balance, Date, 12/31/2007, [Display...].

As of: Custom ▾ Date: 12/31/2007 ▾

2. Observe that the Checking balance, Account No. 1010, as of 12/31/2007 is $18,250.85. A partial trial balance is shown.

Fabrikam, Inc.
Trial Balance
As of: 12/31/2007

Account Name	Account No.	Debit	Credit
Undeposited Funds	1005	83,510.64	
Checking	1010	18,250.85	
Savings	1100	130,446.74	
Accounts Receivable	1200	341,771.45	
Owner Loan Receivable	1230	10,000.00	
Furniture and Fixtures	1415	12,000.00	
Tools & Equipment	1420	556,023.63	
Vehicle	1435	177,762.89	
A/D-Furniture and Fixtures	1470		7,560.00
A/D-Tools and Equipment	1475		130,380.00
A/D-Vehicle	1490		111,990.60
Accounts Payable	2000		178,053.06
P/R Liab-FWH;S/S; Medicare	2205		6,799.20
P/R Liab - State, Local	2215		16.11
P/R Liab-SUI	2220		1,669.05
Sales Tax Payable	2400		11,751.03
Current Portion Long-Term Debt	2450		102,781.61
AMEX Credit Card	2520		267.68
VISA Credit Card	2540		998.05
Long-Term Notes Payable	2600		14,968.16
Payroll Liability - Tax	2605		193,221.45
Payroll Liability - Other	2610	102,781.61	
Contributions	3110		345,000.00
Withdrawals	3120	86,881.14	
Electrical Services	4100		173,035.35
Electrical Materials	4150		149,631.65
Foundation/masonry Services	4200		476,061.17
Foundation/masonry Materials	4250		374,536.96
Framing/finish Services	4300		783,865.51
Framing/finish Materials	4350		569,428.04
Plumbing Services	4400		223,046.45
Plumbing Materials	4450		200,003.78
Roofing Services	4500		309,047.99
Roofing Materials	4550		220,845.33
Cash Discount Given	4090	1,129.86	
Write Off	4095	405.23	
Electrical Labor COGS	5100	82,860.82	
Electrical Materials COGS	5150	117,592.40	
Foundation/masonry labor COGS	5200	199,708.00	
Foundation/masonry Materials COGS	5250	266,289.74	
Framing/finish labor COGS	5300	559,553.73	
Framing/finish Materials COGS	5350	512,663.70	
Plumbing Labor COGS	5400	125,271.79	
Plumbing Materials COGS	5450	75,430.31	
Roofing Labor COGS	5500	213,984.61	
Roofing Materials COGS	5550	196,316.34	
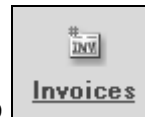
3. Close the trial balance without saving.

RECEIVE CUSTOMER PAYMENT

Now that you have looked at Fabrikam's Inc.'s trial balance, let's complete some customer transactions. First, you will look at the Customer List, then Fabrikam will receive a customer payment.

1. Click [**Customers**]. The Customer home page appears. Similar to Northwind Traders, Fabrikam, Inc.'s Customers home page allows you to perform all the tasks related to customers and receivables.
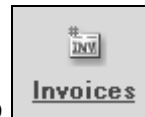
2. In the Find area of the task flowchart, link to [**Invoices**].

3. The Invoice List appears. Click on the Customer Name column to resort the list. Jeff Low's invoice is shown at the top of the Invoice List. Mr. Low's balance is $17,038.08. (*Hint:* You may need to click on the Customer Name more than once to resort the list.) A partial Invoice List is shown below. (This Invoice List reflects the system year, 2007. If your system year is different, the year shown may differ, too.)

	Type	Date	No.	Customer Name	Job Name	Phone	Due Date	Total Price	Balance
	Add a new Invoice								
	Invoice	12/31/2007	1088	Jeff Low	Solar sunroom	701 555-1225	12/31/2007	$17,038.08	$17,038.08
	Finance Charge	4/30/2007	31	John Kane		701 555-1211	4/30/2007	$100.57	$100.57
	Invoice	8/16/2006	1080	John Kane	Hot tub	701 555-1211	8/16/2006	$6,936.01	$6,936.01
	Finance Charge	9/30/2007	46	John Kane		701 555-1211	9/30/2007	$100.57	$100.57
	Finance Charge	8/31/2006	7	John Kane		701 555-1211	8/31/2006	$52.02	$52.02
	Finance Charge	2/28/2007	25	John Kane		701 555-1211	2/28/2007	$93.64	$93.64
	Finance Charge	11/30/2007	52	John Kane		701 555-1211	11/30/2007	$100.57	$100.57
	Finance Charge	5/31/2007	34	John Kane		701 555-1211	5/31/2007	$107.51	$107.51
	Finance Charge	10/31/2006	13	John Kane		701 555-1211	10/31/2006	$107.51	$107.51
	Finance Charge	12/31/2006	19	John Kane		701 555-1211	12/31/2006	$107.51	$107.51
	Finance Charge	8/31/2007	43	John Kane		701 555-1211	8/31/2007	$104.04	$104.04

4. Double-click on Jeff Low. The Invoice (Not Paid) window appears. Click [Receive Payment]. The Untitled – Customer Payment window appears.

5. Type **12/31/2007** in the Date field.

6. Checking should be shown in the Deposit in field. (If *not* check your Company Preferences; System Accounts. This was shown on pages 195, step 6.) Observe that a checkmark is placed in the Due

for payment field. Observe that $17,038.08 is the amount of the payment.

7.   Click [Save and Close].

8.   Before Fabrikam, Inc. received this customer payment, the Account No. 1010, Checking, had a balance of $18,250.85. Now the balance is $35,288.93.

> 18,250.85 (balance *before* payment)
> 17,038.08 (customer payment)
> 35,288.93

9.   To see Account No. 1010, Checking, balance select [Banking], Chart of Accounts. Account No. 1010, Checking, shows a balance of $35,288.93. (*Hint:* You could also display the 12/31/2007 trial balance. If necessary, click the refresh icon [ ] to update the cash account balance.)

PAY VENDOR BILLS

Let's pay some outstanding bills.

1. Click [Vendors]. One the Task Flowchart, click
    [Pay Bills]. The Untitled – Pay Bills window appears.

2. Type **12/31/2007** in the Date field.

3. In the Pay from field, select Checking.

4. In the Payment method field, select Check.

5. Type **12/31/2007** in the Bills due on or before field.

6. Click on the boxes next to 3/15/2007, Linda Randall, Esq;
    5/14/2007, Paint Supply; and 5/29/2007, Mountain Lumber Supply,
    to place a checkmark in them. Observe that $4,475.00 is completed
    automatically in the Amount field (top right of window.) The Ending
    balance field shows $30,813.93.

    Compare your Pay Bills window to the one shown on the next page.

7. Click [Save and Close]. When the Add memo and check number appears, click [OK].

8. Look at the balance in Account No. 1010, Checking. (You can display either the chart of accounts or trial balance.) Observe that the Checking Account balance is $30,813.93.

$$
\begin{array}{r}
35,288.93 \\
-\ 4,475.00 \\
\hline
30,813.93
\end{array}
$$

TRANSACTION JOURNAL

The Transaction Journal report shows all financial entries in a selected period of time. The entries are organized by entry types, such as bank transfers, checks, customer payments, journal entries, and vendor bills. Each entry shows all the debits and credits that make up the transaction. When you run periodic statements, such as the profit and loss statement or balance sheet, you can use the transaction journal to check accuracy and answer questions about how the results (account balances) were obtained.

The Transaction Journal report can be opened in two ways. You can open the report from the Reports menu or the Reports home page. You can also open the report from the Actions menu of a saved transaction record. When you open the report from a saved transaction record, you see the journal entry relating to that record.

Default information in this report includes transaction dates, types, and numbers, names, accounts, and debit and credit amounts. You can use additional column options to view item names and descriptions, memo information, and the status of invoices and bills. The report displays the current month-to-date period, but you can modify the period by changing the range of dates.

In the Transaction Journal report, you can double-click a row or line item to open the original transaction form. When you hover the pointer over report information that contains detail, the pointer changes to a pointing finger. The pointing finger indicates that you can double-click the information to obtain further details about it. This is also known as drill down.

Follow these steps to see Fabrikam, Inc.'s Transaction Journal from 12/31/2007 to 12/31/2007. (The Transaction Journal is very large so you are going to look at it for one day.)

1. Click [Reports] ; link to Transaction Journal. Click [Display...] . (*Hint:* You can also access the Transaction Journal from the menu bar selection Reports; Fabrikam, Inc., Transaction Journal.)

2.   Type **12/31/2007** in the Fr<u>o</u>m field.

3.   If necessary, type **12/31/2007** in the <u>T</u>o field.

4.   Click [Display...]. The Transaction Journal report displays from December 31, 2007 – December 31, 2007. Scroll down the report to Customer Payment No. 87, Jeff Low, 12/31/2007.

Customer Payment	Applied	87	Jeff Low	12/31/2006			
					Accounts Receivable	0.00	17,038.08
					Checking	17,038.08	0.00

This entry shows the customer payment received on 12/31/2007 – the Checking account is debited and Accounts Receivable/Jeff Low is credited.

5.   Double-click on Jeff Low to see the Customer Payment window.

6.   Close the window.

7.   Close the Transaction Journal without saving.

JOBS

A job is a sales agreement between a customer and a company. It can track time and materials, and it is delivered over a period of time. The purpose of tracking jobs is to compare profitability between jobs so you can see which elements of the job are good for business.

Profitability by Job Summary

The Profitability by Job Summary report, grouped by customer, shows the invoiced amounts and margins in dollar and percentage format. If you have chosen to track operations by job, you can use the Profitability by Job Summary report to track the success of jobs and then make adjustments so that future profits will improve.

In this report, you can double-click a row or line item to open another report that shows the transaction detail. You can then double-click a line in the newly opened report to open the original transaction form. This is called drill down.

To see the Profitability by Job Summary, follow these steps.

1.   From the menu bar, select Reports; Jobs and Time, Profitability by Job Summary.

2.   Type **1/1/2006** in the From field.

3.   Type **12/31/2007** in the To field. The Profitability by Job Summary from December 1, 2006 to December 31, 2007 appears.

   Compare your Profitability by Job Summary report to the one shown on the next page.

Fabrikam, Inc.
Profitability by Job Summary
Date Range: January 1, 2006 - December 31, 2007
Job group: All, Job Status: All, Customer name: All

Customer Name	Customer Id	Job Name	Invoiced Amount	Cost	($) Margin	(%) Margin
Baldwin Museum of Science	4	Executive office ex...	249,750.52	(148,894.95)	100,855.57	40.38%
Blue Yonder Airlines	5	Small plane hange...	272,923.20	(181,948.80)	90,974.40	33.33%
City Power & Light	6	Workshop	328,978.65	(196,789.10)	132,189.55	40.18%
Coho Vineyard	7	Processing facility...	450,600.00	(283,435.01)	167,164.99	37.1%
Coho Winery	8	Bottling facility con...	228,750.84	(142,827.41)	85,923.43	37.56%
Fourth Coffee	11	Remodel store space	77,380.88	(44,450.95)	32,929.93	42.56%
Litware, Inc.	14	LIT-Remodel guest ...	288,750.89	(160,200.35)	128,550.54	44.52%
Litware, Inc.	14	Boardroom remodel	92,645.50	(55,640.34)	37,005.16	39.94%
Northwind Traders	17	NW-Remodel gues ...	322,499.99	(176,455.00)	146,044.99	45.29%
School of Fine Art	19	New classroom wing	370,812.19	(245,253.01)	125,559.18	33.86%
Wingtip Toys	26	Storage facility	304,255.55	(178,103.00)	126,152.55	41.46%
Katherine Berger	29	Family room remodel	122,475.23	(63,086.70)	59,388.53	48.49%
Katherine Berger	29	Guest house remodel	119,251.73	(70,700.04)	48,551.69	40.71%
Patricia Doyle	30	Kitchen remodel	50,025.01	(26,014.98)	24,010.03	48.0%
Wilson Pais	32	Steam bath	3,950.00	(2,695.00)	1,255.00	31.77%
Sean Purcell	33	Exercise room	5,242.50	(3,085.00)	2,157.50	41.15%
Roland Hoffman	34	Home office	8,644.51	(5,811.00)	2,833.51	32.78%
Katie Jordan	37	Swimming pool	68,500.00	(20,500.00)	48,000.00	70.07%
John Kane	38	Hot tub	6,375.00	0.00	6,375.00	100.0%
Russell King	39	Deck construction	18,115.00	0.00	18,115.00	100.0%
Kevin Casselman	40	Basement remodel	15,200.00	(10,000.00)	5,200.00	34.21%
Heidi Steen	41	Bathroom remodel	19,125.00	(12,240.00)	6,885.00	36.0%
Jeff Low	44	Solar sunroom	15,660.00	0.00	15,660.00	100.0%
Brenda Diaz	45	Patio	11,840.00	(7,619.00)	4,221.00	35.65%
Gross Profit			**3,451,752.19**	**(2,035,749.64)**	**1,416,002.55**	**41.02%**

4.   Double-click on Jeff Low to see his Profitability by Job Detail report.

Fabrikam, Inc.
Profitability by Job Detail
Date Range: January 1, 2006 - December 31, 2007
Customer group: All, Customer name: All, Margin: Any, Job group: All

Type	Date	No.	Item Description	Invoiced Amount	Standard Cost	Billed Cost	($) Margin	(%) Margin
Jeff Low								
Solar sunroom								
Invoice Lines								
Invoice	12/31/2007	1088	Foundation/masonry materials	4,455.00	0.00		4,455.00	100.0%
Invoice	12/31/2007	1088	Foundation/masonry labor	6,750.00	0.00		6,750.00	100.0%
Invoice	12/31/2007	1088	Roofing materials	1,923.75	0.00		1,923.75	100.0%
Invoice	12/31/2007	1088	Roofing materials	2,531.25	0.00		2,531.25	100.0%
Total Invoice Lines				**15,660.00**	**0.00**	**0.00**	**15,660.00**	**100.0%**
Total Solar sunroom				**15,660.00**	**0.00**	**0.00**	**15,660.00**	**100.0%**
Total Jeff Low				**15,660.00**	**0.00**	**0.00**	**15,660.00**	**100.0%**
Total				**15,660.00**	**0.00**	**0.00**	**15,660.00**	**100.0%**

5.   Close both windows. Do *not* save the reports.

In addition to the Job Profitability report, these job and time reports are available.

o   Profitability by Job Detail

o   Job Estimates vs. Actuals Summary

o   Job Estimates vs. Actual Detail

o   Job Progress Invoices vs. Quotes

FINANCIAL STATEMENTS

Fabrikam, Inc. includes the same financial statements as Northwind Traders: Profit and Loss, Balance, Sheet and Cash Flow Statement.

Display the following reports. You will print three financial statements in Chapter 7. Fabrikam, Inc.'s financial statements are shown on pages 207-212. Remember to close the reports without saving.

1. Profit and Loss from January 1, 2006 to December 31, 2007.

2. Balance Sheet as of December 31, 2007.

3. Cash Flow Statement from January 1, 2006 to December 31, 2007.

Compare your financial statements to the ones on pages 207-212.

Profit and Loss: From 1/1/2006 to 12/31/2007

Fabrikam, Inc.

Profit and Loss

Date Range: January 1, 2005 - December 31, 2006

Account: All, Report Basis: Accrual, Class: All, Name: All, Closing Postings: Not Included

	1/1/05 - 12/31/06
Ordinary Income/Expense	
Income	
4030 - Revenues	
4100 - Electrical Services	173,035.35
4150 - Electrical Materials	149,631.65
4200 - Foundation/masonry Services	476,061.17
4250 - Foundation/masonry Materials	374,536.96
4300 - Framing/finish Services	783,865.51
4350 - Framing/finish Materials	569,428.04
4400 - Plumbing Services	223,046.45
4450 - Plumbing Materials	200,003.78
4500 - Roofing Services	309,047.99
4550 - Roofing Materials	220,845.33
Total 4030 - Revenues	**3,479,502.23**
4090 - Cash Discount Given	(1,129.86)
4095 - Write Off	(405.23)
Total Income	**3,477,967.14**
Cost of Goods Sold	
5000 - Cost of Goods Sold	
5100 - Electrical Labor COGS	82,860.82
5150 - Electrical Materials COGS	117,592.40
5200 - Foundation/masonry labor C...	199,708.00
5250 - Foundation/masonry Material...	266,289.74
5300 - Framing/finish labor COGS	559,553.73
5350 - Framing/finish Materials COGS	512,663.70
5400 - Plumbing Labor COGS	125,271.79
5450 - Plumbing Materials COGS	75,430.31
5500 - Roofing Labor COGS	213,984.61
5550 - Roofing Materials COGS	196,316.34
Total 5000 - Cost of Goods Sold	**2,349,671.44**
5090 - Cash Discount Taken	(777.44)
Total COGS	**2,348,894.00**
Gross Profit	**1,129,073.14**

Profit and Loss (continued)

Fabrikam, Inc.

Profit and Loss

Date Range: January 1, 2005 - December 31, 2006

Account: All, Report Basis: Accrual, Class: All, Name: All, Closing Postings: Not Included

	1/1/05 - 12/31/06
Expense	
6000 - Advertising & Promotion	6,000.00
6020 - Bank service charges	258.00
6040 - Depreciation	249,930.60
6060 - Dues, Publications, Books	522.22
6100 - Insurance	
6120 - Ins - Vehicle	3,000.00
6140 - Ins - Liability	1,800.00
Total 6100 - Insurance	**4,800.00**
6200 - Licenses & Permits	105.00
6220 - Meals & Entertainment	5,576.60
6240 - Office Supplies	586.38
6300 - Paroll Expenses - Administrative	
6320 - P/R Expenses-Officer/Owner	200,000.16
6360 - P/R Expenses-Admin Salarie...	105,000.00
Total 6300 - Paroll Expenses - Administrative	**305,000.16**
6400 - P/R Tax Expense	
6420 - P/R Tax Expense-S/S; Medic...	49,342.29
6440 - P/R Tax Expense-FUTA	952.00
6460 - P/R Tax Expense-SUI	13,351.95
6465 - P/R Tax Expense-Local	128.88
Total 6400 - P/R Tax Expense	**63,775.12**
6500 - Printing & Reproduction	2,393.00
6520 - Postage & Delivery	583.00
6600 - Professional Fees	
6620 - Accounting	11,650.00
6640 - Legal	975.00
Total 6600 - Professional Fees	**12,625.00**
6700 - Repairs & Maintenance	
6700 - Repairs & Maintenance - Other	587.25
6720 - Building/Janitorial	7,054.00
6740 - Computer	45.25
6760 - Equipment	3,582.69
Total 6700 - Repairs & Maintenance	**11,269.19**
6800 - Rent	28,800.00
6900 - Tax Expense (Business)	
6920 - Personal Property	1,403.52
Total 6900 - Tax Expense (Business)	**1,403.52**

Profit and Loss (concluded)

	7000 - Telephone	5,069.44
7100 - P/R Expense - Employees		
	7120 - Lodging	1,027.69
	7140 - Meals	126.70
	7160 - Transportation	162.65
	7180 - Payroll Charge Exp - Pensio...	1,247.06
Total 7100 - P/R Expense - Employees		**2,564.10**
7200 - Utilities		
	7220 - Electricity	4,324.82
	7240 - Water	2,450.00
	7260 - Gas	3,442.87
	7280 - Trash	1,428.00
Total 7200 - Utilities		**11,645.69**
7300 - Vehicle Expense		
	7320 - Fuel	6,261.80
	7340 - Vehicle Repairs & Maintenance	500.70
Total 7300 - Vehicle Expense		**6,762.50**
Total Expense		**719,669.52**
Net Ordinary Income		**409,403.62**
Other Income/Expense		
Other Income		
	8020 - Interest Income	23,055.69
Total Other Income		**23,055.69**
Other Expense		
	9020 - Interest Expense	18,486.36
Total Other Expense		**18,486.36**
Net Other Income		**4,569.33**
Net Income		**413,972.95**

Balance Sheet: As of 12/31/2007

Fabrikam, Inc.
Balance Sheet
As of: 12/31/2006
Report Basis: Accrual

	As of 12/31/06
Assets	
Current Assets	
Cash	
1005 - Undeposited Funds	83,510.64
1010 - Checking	30,813.93
1100 - Savings	130,446.74
Total Cash	**244,771.31**
Accounts Receivable	
1200 - Accounts Receivable	324,733.37
Total Accounts Receivable	**324,733.37**
Other Current Assets	
1230 - Owner Loan Receivable	10,000.00
Total Other Current Assets	**10,000.00**
Total Current Assets	**579,504.68**
Fixed Assets	
1400 - Fixed Assets	
1415 - Furniture and Fixtures	12,000.00
1420 - Tools & Equipment	556,023.63
1435 - Vehicle	177,762.89
Total 1400 - Fixed Assets	**745,786.52**
1460 - Accumulated depreciation	
1470 - A/D-Furniture and Fixtures	(7,560.00)
1475 - A/D-Tools and Equipment	(130,380.00)
1490 - A/D-Vehicle	(111,990.60)
Total 1460 - Accumulated depreciation	**(249,930.60)**
Total Fixed Assets	**495,855.92**
Total Assets	**1,075,360.60**

Balance Sheet (concluded)

Liabilities & Equity	
Liabilities	
Current Liabilities	
Accounts Payable	
2000 - Accounts Payable	173,578.06
Total Accounts Payable	**173,578.06**
Credit Cards	
2520 - AMEX Credit Card	267.68
2540 - VISA Credit Card	998.05
Total Credit Cards	**1,265.73**
Other Current Liabilities	
2200 - Payroll Liabilities	
2205 - P/R Liab-FWH;S/S; Medicare	6,799.20
2215 - P/R Liab - State, Local	16.11
2220 - P/R Liab-SUI	1,669.05
Total 2200 - Payroll Liabilities	**8,484.36**
2400 - Sales Tax Payable	11,751.03
2450 - Current Portion Long-Term D...	102,781.61
Total Other Current Liabilities	**123,017.00**
Total Current Liabilities	**297,860.79**
Long Term Liabilities	
2600 - Long-Term Notes Payable	
2600 - Long-Term Notes Payable -...	14,968.16
2605 - Payroll Liability - Tax	193,221.45
2610 - Payroll Liability - Other	(102,781.61)
Total 2600 - Long-Term Notes Payable	**105,408.00**
Total Long Term Liabilities	**105,408.00**
Total Liabilities	**403,268.79**
Equity	
3100 - Owner's Equity	
3110 - Contributions	345,000.00
3120 - Withdrawals	(86,881.14)
Total 3100 - Owner's Equity	**258,118.86**
Net Income	413,972.95
Total Equity	**672,091.81**
Total Liabilities & Equity	**1,075,360.60**

Cash Flow Statement: From 1/1/2006 to 12/31/2007

Fabrikam, Inc.
Cash Flow Statement
Date Range: January 1, 2005 - December 31, 2006
Closing Postings: Not Included

	1/1/05 - 12/31/06
OPERATING ACTIVITIES	
Net Income	**413,972.95**
Adjustments to reconcile net income to...	
1200 - Accounts Receivable	(324,733.37)
1230 - Owner Loan Receivable	(10,000.00)
1470 - A/D-Furniture and Fixtures	7,560.00
1475 - A/D-Tools and Equipment	130,380.00
1490 - A/D-Vehicle	111,990.60
2000 - Accounts Payable	173,578.06
2205 - P/R Liab-FWH;S/S; Medicare	6,799.20
2215 - P/R Liab - State, Local	16.11
2220 - P/R Liab-SUI	1,669.05
2400 - Sales Tax Payable	11,751.03
2450 - Current Portion Long-Term D...	102,781.61
2520 - AMEX Credit Card	267.68
2540 - VISA Credit Card	998.05
Net Cash provided by Operating Activities	**627,030.97**
INVESTING ACTIVITIES	
1415 - Furniture and Fixtures	(12,000.00)
1420 - Tools & Equipment	(556,023.63)
1435 - Vehicle	(177,762.89)
Net Cash provided by Investing Activities	**(745,786.52)**
FINANCING ACTIVITIES	
2600 - Long-Term Notes Payable	14,968.16
2605 - Payroll Liability - Tax	193,221.45
2610 - Payroll Liability - Other	(102,781.61)
3110 - Contributions	345,000.00
3120 - Withdrawals	(86,881.14)
Net Cash provided by Financing Activities	**363,526.86**
Net cash change for the Period	**244,771.31**
Cash at beginning of the period	**0.00**
Cash at end of the Period	**244,771.31**

BACKUP CHAPTER 7

Follow these steps to backup.

1. Click File; Utilities, Data Utilities.

2. In the Backup company data area, click Backup.

3. In the Backup file name field, click Browse ....

4. Type **Chapter 7** in the File name field.

5. Click Save.

6. When the Backup window appears, click OK.

7. When the window prompts, Backup was completed successfully, click OK.

8. Close the Microsoft Office Accounting Data Utilities window.

9. Exit MOA.

INTERNET ACTIVITY	
1.	From your Internet browser, go to the book's website at www.mhhe.com/yachtmoa.
2.	Link to Student Edition.
3.	Link to Internet Activities; then link to Part 1 Internet Activities for Chapters 1-7. Open or Save.
4.	Complete the Chapter 7 exercise, Search Engines
5.	Do a search for your school; for example, type your school's name in the Search field. Write a short summary (no more than 75 words) of what you found. Include the appropriate website address.

SUMMARY AND REVIEW

SOFTWARE OBJECTIVES: In Chapter 7, you used the software to:

1. Open the service based sample company, Fabrikam, Inc.

2. Backup Fabrikam, Inc. *before* any data is added.

3. Change company preferences.

4. Display the December 31, 2007 trial balance.

5. Pay vendor bills.

6. Look at the transaction journal.

7. Display the profitability by job summary report.

8. Display the profit and loss statement, balance sheet, and cash flow statement.

9. Backup and restore.

WEB OBJECTIVES: In Chapter 7, you did these Internet activities:

1.   Used your Internet browser to go to the book's website.

2.   Completed the Internet activity for search engines.

3.   Used a word processing program to write a summary about the website(s) that you visited.

GOING TO THE NET

Access the Google search engine at www.google.com.

1.   Link to <u>News</u>. Then click **>Business** . Link to an article of interest.

2.   Write a brief essay (no more than 75 words) of what you found. Include the appropriate website address.

FLASHCARD REVIEW

Create the following flashcards.

1. Display the 12/31/2007 trial balance.

2. Display the12/31/2007 transaction journal report.

3. Display the 1/1/2006 to 12/31/2007 profitability by job summary report.

True/Make True: Write the word True in the space provided if the statement is true. If the statement is *not* true, write the correct answer.

1. In Chapter 7, you use the product based sample company Fabrikam, Inc.

    _____

    _____

    _____

2. In order to have fresh, starting data for Fabrikam, Inc., you back up before adding data to the company.

    _____

    _____

3. The balance sheet lists the revenues and expenses of the business.

    _____

    _____

4. Service business items include service and non-inventory.

   _____

   _____

5. Service businesses resell inventory items.

   _____

   _____

6. Before completing transactions for Fabrikam's, Inc., Account No.
   1010, Checking, has a balance of $35,288.93.

   _____

   _____

7. The job profitability summary report shows all financial entries in a
   selected period of time.

   _____

   _____

Exercise 7-1: Answer the following questions.

If necessary, start MOA and open the service based sample company,
Fabrikam, Inc. Restore the Chapter 7.sbb backup file. This backup was
made on page 213. Open Fabrikam, Inc. Answers the questions that
follow.

1. When you start Fabrikam, Account No. 1100,
   Savings, has this balance: _____

2. The payment received from Jeff Low for Invoices in the
   No. 87 is in the amount of?   _____

3. After Jeff Low's customer payment is received,
   Account No. 1010, Checking has this balance: _____

4. After paying three vendors, Account No. 1010,
   Checking as this balance: _____

5. What total gross profit margin percentage
   does the profitability by job summary show: _____

Exercise 7-2: Answer the following questions about the cash flow
statement. Use the following abbreviations to identify the financial
statements: P& L (Profit and Loss); BS (Balance Sheet); CFS (Cash Flow
Statement.)

1. Net income is shown on which financial
   financial statement(s)?   _____

2. Total cash is shown on which financial
   financial statement (s)?   _____

3. Gross profit is shown on which financial
   Financial statement(s)?   _____

4. Retained earnings is shown on which financial
   statement(s)   _____

5. Withdrawals are shown on which financial
   statement(s).   _____

ANALYSIS QUESTION: Explain Fabrikam, Inc.'s business type. (a)
What are some examples of this type of business? (b) Does Fabrikam,
Inc. sell inventory? Explain your answer.

CHAPTER 7 INDEX

<table>
<tr>
<td>**Part**

2</td>
<td>**Microsoft Office Accounting for Service Businesses**</td>
</tr>
</table>

In Part 2 of *Computer Accounting with Microsoft Office Accounting 2007,* you are the owner of an accounting practice. Your accounting business does monthly record keeping for local service businesses.

Part 2 includes Chapters 8, 9, Projects 1 and 2. In Chapters 8 and 9, you maintain accounting records for Jessica Wood, Designer. You use MOA's Banking feature to make deposits, write checks, and reconcile accounts. MOA tracks banking activities so you can keep control on the flow of cash into and out of the business. Chapters 8 and 9 work together—you need to complete Chapter 8 *before* you start Chapter 9.

Chapters 8 and 9 include banking activities for the fourth quarter of the year—October, November, and December. At the end of the fourth quarter, you complete end-of-quarter adjusting entries, print the adjusted trial balance, print financial statements, close the fiscal year, and print a post-closing trial balance.

One of the best features of accounting software is how quickly ***posting*** is done. Once entries are recorded and checked for accuracy, posting is a click of the mouse. All entries are posted to the correct accounts in the general ledger and account balances are calculated–fast, easy, and accurate. Of course, the accuracy of your records depends on the accuracy of the entries. An added feature in MOA is that once entries are posted, account reconciliation can be completed.

In Project 1 you complete the accounting cycle for Fargo Medical Center, Inc. This project gives you an opportunity to apply what you have learned in Chapters 8 and 9. At the end of Project 1, there is a Check Your Progress assessment.

Project 1A is an opportunity to design a service business of your own. You select a chart of accounts, write and journalize transactions,

reconcile the bank statement, and complete the accounting cycle for your business.

The chart below shows the size of the backups made in Part 2— Chapters 8, 9, and Project 1. When using MOA, periodically copy data to external media. For instance backup data to the hard drive, then copy that data to USB media.

Chapter	Backup Name (.sbb extension)*	File Size	Page Nos.
8	Chapter 8 Begin	31,891 KB	241-242
	Chapter 8 Check Register October	32,032 KB	263
	Chapter 8 October	32,267 KB	265
	Exercise 8-1 Check Register November	32,114 KB	269
	Exercise 8-2 November	32,102 KB	271
9	Chapter 9 December UTB	32,062 KB	283-283
	Chapter 9 December 2007	32,219 KB	290
	Chapter 9 EOY	32,201 KB	292
	Asset depreciation.xls[1]	24 KB	297
	Exercise 9-1 January 2008	32,207 KB	303
Project 1	Fargo Medical Center Begin	31,849 KB	310
	Fargo Medical Center December Check Register	31,997 KB	312
	Fargo Medical Center UTB	32,127 KB	313
	Fargo Medical Center December	32,085 KB	313
	Fargo Medical Center EOY	32,267 KB	313

When backing up to external media, the authors suggest backing up to a USB drive. Backing up to USB media makes it possible to transfer data from one computer to another computer.

*MOA automatically adds the extension .sbb to backup file names.

---

[1]This is a Going to the Net exercise.

Chapter 8 | Maintaining Accounting Records for Service Businesses

SOFTWARE OBJECTIVES: In Chapter 8, you use the software to:

1. Set up a new company called Jessica Wood, Designer.
2. Edit the chart of accounts.
3. Enter beginning balances.
4. Record check register entries.
5. Complete account reconciliation.
6. Print the trial balance.
7. Print the financial statements.
8. Make five backups: 1) back up Chapter 8 beginning data; 2) back up the October check register; 3) back up October data; 4) back up Exercise 8-1; 5) back up Exercise 8-2.[1]

WEB OBJECTIVES: In Chapter 8, you do these Internet activities:

1. Use your Internet browser to go to the book's website. (Go online to www.mhhe.com/yachtmoa.
2. Go to the Internet Activities link on the book's website. Then, select Part 2 Internet Activities for Chapters 8 and 9. Complete the Chapter 8–Starting a Business exercise.
3. Use a word processing program to write summaries of the websites that you visited.

Chapter 8 begins Part 2 of the book—Microsoft Office Accounting for Service Businesses. In this part of the book you are the owner of an accounting practice that does the monthly record keeping for a service business. First, you set up a business using one of MOA's new company setup. Then, you complete the accounting cycle for the month of October and November using Jessica Wood, Designer's checkbook register and bank statement as source documents.

---

[1]Refer to the chart of page 220 for the size of backup files.

In accounting, you learn that source documents are used to show written evidence of a business transaction. For Jessica Wood, Designer, the source documents used are her checkbook register and bank statement.
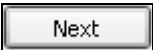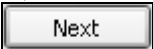
GETTING STARTED

1.   Start Microsoft Office Accounting. If a company starts; select File; Close Company.

2.   From the Start – Microsoft Office Accounting 2007 window, link to <u>Set up a new company</u>.
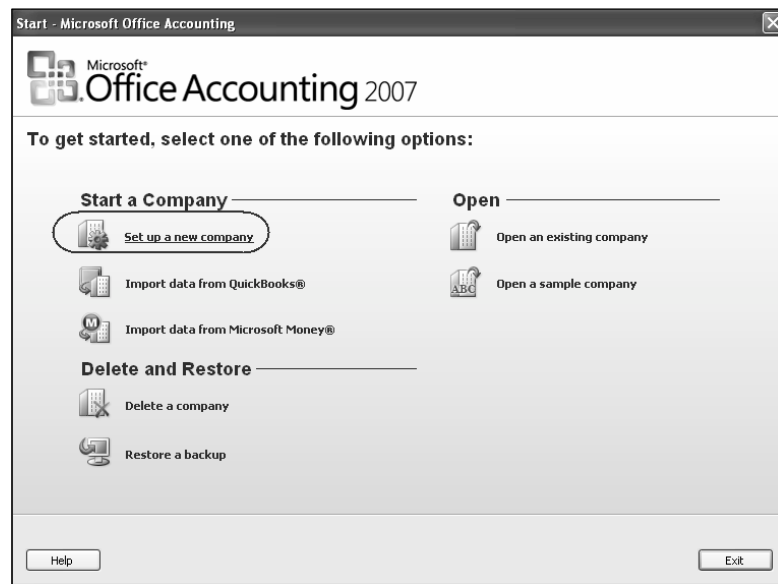
3.   The Company Setup; Company and Preferences window appears. Read the information. Observe that company setup includes the following lists on the left side of the window: Company (Introduction, Company Details, Accounts, Start Date); and Preferences (Introduction, Jobs, Sales Tax, Forms Layout, Numbering, Currency, Payroll Online Sales, Cash vs. Accrual, and Add-in packs). When you go through company setup, required fields are a different color. This means the field *must* be completed. Compare your Company Setup window to the one shown on the next page.
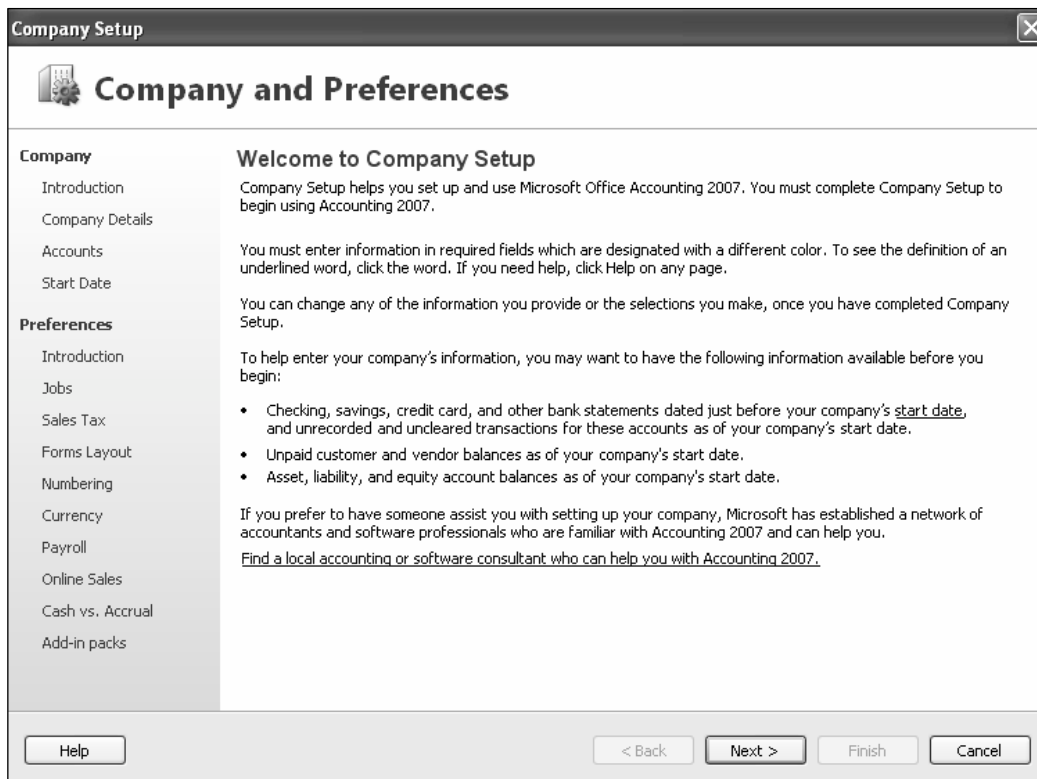
4.   Before you click Next, read the information below Welcome to Company Setup. Click [Next].

5.   Read the information on the Company Introduction window. This information includes adding company details, how to set up accounts, defining the fiscal year, and selecting preferences. After reviewing the information, click [Next]

6.   The Add company details window appears. Notice that in the Company list, Introduction is checked. This means you have completed the Company Setup's introduction. The completed Add company details window is shown on the next page. Complete each field shown on the next page. After you type the Company name, the Legal name field is automatically completed.

     For the Company name, type **your first and last name, Designer**.

7. The Company name and Legal name field should show your first and last name, Designer. Use your name for the E-Mail and Web site fields. Before you click [Next], review the information that you entered.

8. The Set up accounts window appears. The default selection is Select your business type and have Accounting 2007 suggest accounts.
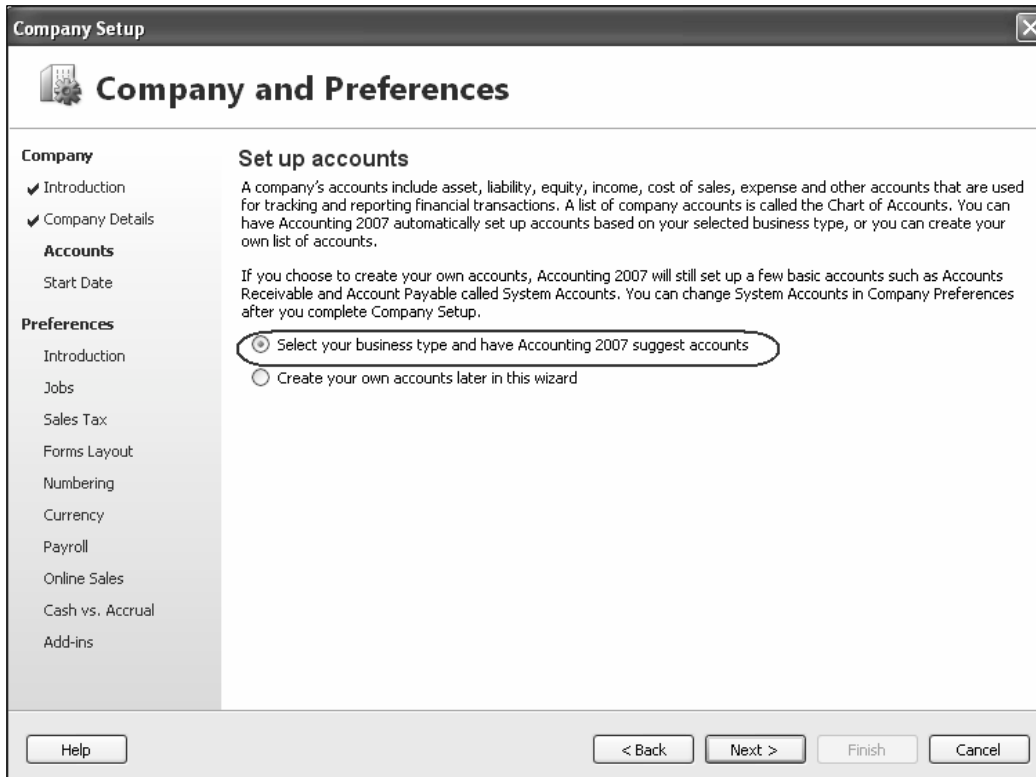
9. Read the information on the Set up accounts window. Click .
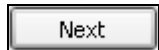
10. The Set up accounts (Cont.) window appears. In the Business type field, select Design. The list of accounts is based on the business type (Design) that you selected. You will edit the chart of accounts later.

11. Make sure that you selected Design as the Business type. Click
    [Next]
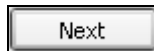
12. The Select a fiscal year and start date window appears. Make these
    selections:

Beginning of the first fiscal year:	**1/1/2007**
End of the first fiscal year:	12/31/2007
Start date:	**10/1/2007**

    Compare your Select a fiscal year and start date window with the
    one shown on the next page. **This is important! Make sure the
    dates selected are correct.**

Check the dates carefully. Observe that the Company list shows that you have completed three tasks: Introduction, Company Details, and Set Up Accounts.

13. Click [Next].

14. The Preferences introduction window appears. Read the information. Click [Next].

15. The Select jobs preferences window appears. Since you are *not* going to track jobs, accept the default selection for No. Click [Next].

16. The Select sales tax preferences window appears. Since you are *not* going to charge sales tax, accept the default selection for No. Click [Next].

17. The Select form layout preferences window appears. Accept the default for Sells services by clicking [Next].

18. The Select numbering preferences window appears. A checkmark is placed next to Accounts. Since you want account numbers, accept this default by clicking [Next].

19. The Currency preferences window appears. Since you are not going to use foreign currency, accept the default for No by clicking [Next].

20. The Set up payroll window appears. Since Jessica Wood, Designer is not going to use the ADP payroll service, accept the default for No by clicking [Next].

21. The Online Sales preferences window appears. Click on the radio button next to No, do not enable online sales at this point.
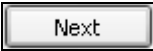
Online sales preferences

You can download your online sales transactions from sites like eBay.

If you sell online and want to download your transactions, select Yes. If you select No, you can enable the online sales feature in Company Preferences after you complete this wizard.

○ Yes, enable online sales
◉ No, do not activate online sales at this time

22. After selection No, click [Next].

23. The Select cash basis or accrual basis reporting window appears. Accept the default for Accrual basis reports (Recommended) by clicking [Next].

24. The Select Add-in packs window appears. Uncheck Fixed Asset Manager, PayPay Payments, Equifax Credit Profile, and ADP Payroll Addin. (*Hint:* Since you are not going to use these services, you should uncheck them.) Compare your selections to the one shown on the next page.
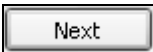
Select add-in packs
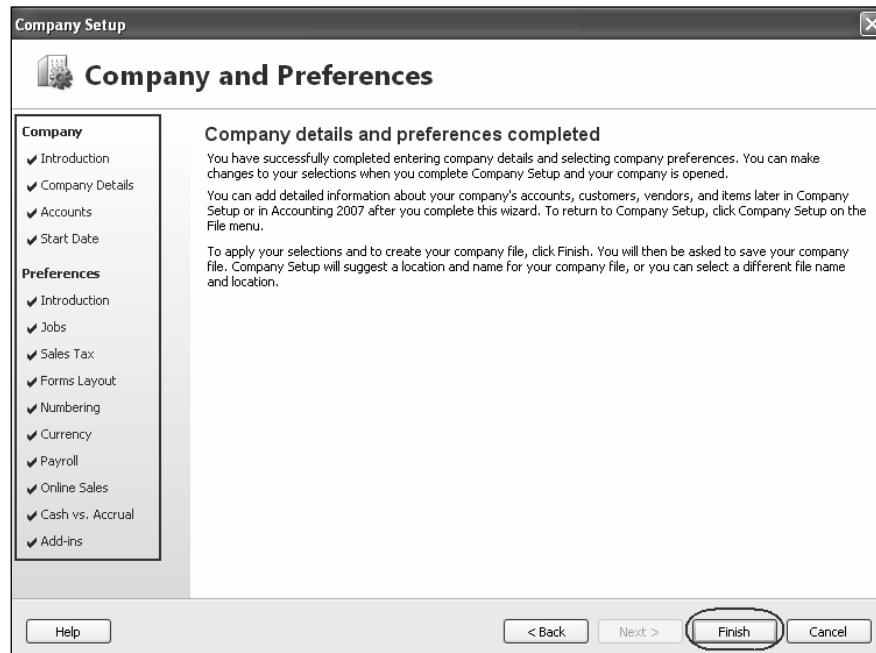
Add-in packs are additional programs from Microsoft or other software vendors that add features to Accounting 2007. Two examples are PayPal and Equifax.

The following table lists add-in packs that may be activated within Accounting 2007. Select the add-in packs that you want to use. To browse for additional add-ins not displayed here, click Add.

Enabled	Name	Description
☐	Fixed Asset Manager	Fixed Asset Manager
☐	PayPal Payments	Provides functionality to invoice, receive and apply paym…
☐	Equifax Credit Profile	Provides functionality to monitor credit data and obtain ri…
☐	ADP Payroll Addin	Allows access to ADP Online Payroll.
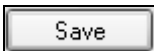
If these selections are enabled, the menu bar includes more selections.

25. After making sure you unchecked the boxes on the Select add-in packs window, click ⬜ Next

26. The Company details and preferences completed window appears. Observe that checkmarks are placed next to the Company list and Preferences list. You have completed all the company details and preferences.

Company Setup

Company and Preferences

Company
- ✔ Introduction
- ✔ Company Details
- ✔ Accounts
- ✔ Start Date

Preferences
- ✔ Introduction
- ✔ Jobs
- ✔ Sales Tax
- ✔ Forms Layout
- ✔ Numbering
- ✔ Currency
- ✔ Payroll
- ✔ Online Sales
- ✔ Cash vs. Accrual
- ✔ Add-ins

Company details and preferences completed

You have successfully completed entering company details and selecting company preferences. You can make changes to your selections when you complete Company Setup and your company is opened.

You can add detailed information about your company's accounts, customers, vendors, and items later in Company Setup or in Accounting 2007 after you complete this wizard. To return to Company Setup, click Company Setup on the File menu.

To apply your selections and to create your company file, click Finish. You will then be asked to save your company file. Company Setup will suggest a location and name for your company file, or you can select a different file name and location.

[Help]   [< Back] [Next >] ((Finish)) [Cancel]

27. Click [Finish].

28. The Select company file window appears. Observe that the Save in field shows the Companies folder. The File name field shows jessicawooddesigner.sbc. MOA has automatically assigned a company name to Jessica Wood, Designer. If you used your first and last name, your company name differs. MOA companies end in the extension .sbc. (*Hint:* Observe that the Save as type field shows Company files (*.sbc). This field indicates the extension used.)
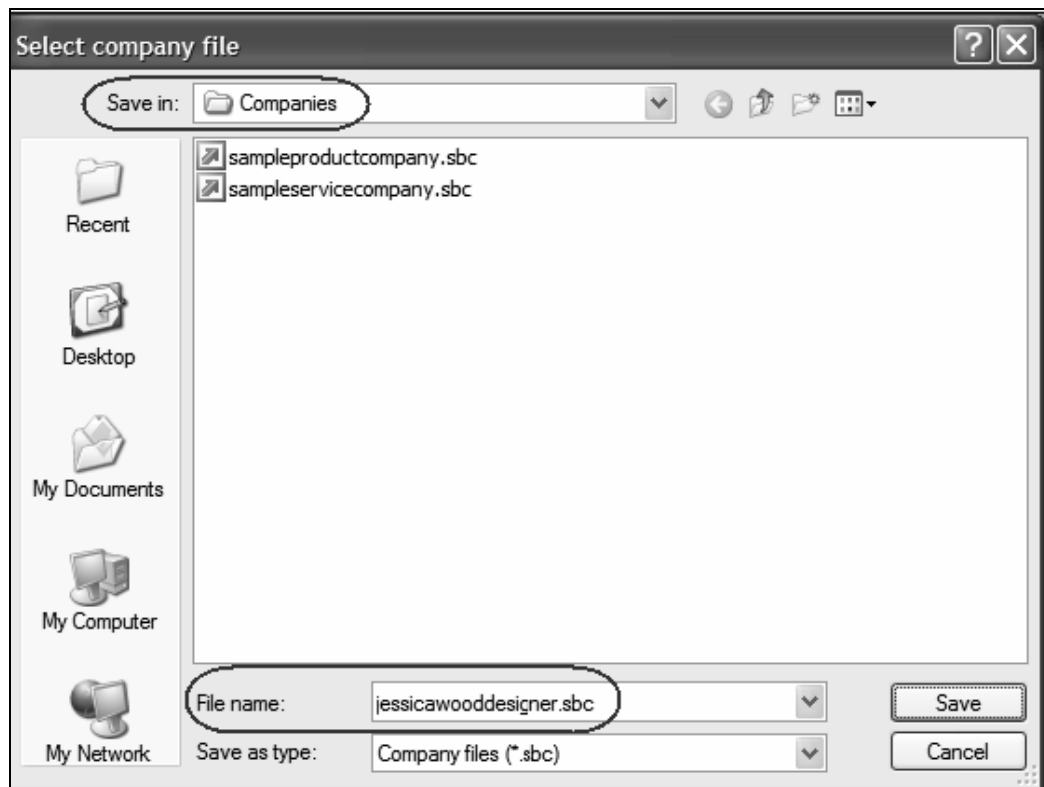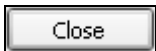
29. Click [Save]. A window prompts that a new company is being saved and that a company database is being created.

    The Microsoft Office Accounting Startup Wizard progress checklist appears. Observe that Company and Preferences is checked. In the next section of the book you will edit the chart of accounts.

Compare your Microsoft Office Accounting Startup Wizard progress checklist window with the one shown below.

Read the information on this window. In this chapter you will set up accounts. In Part 2 of the textbook, Chapters 10-13, you will set up Customers, Vendors, and Items.

30. Click [Close] . The Company home page for Jessica Wood, Designer – Microsoft Office Accounting 2007 window appears. (If you used your first and last name, your name, Designer is shown.)

COMPANY PREFERENCES

Before you edit the chart of accounts, make sure the following company preferences are set.

1. From the menu bar, select Company; Preferences.

a. Company tab: Use account number is checked.

b. System Accounts tab
   (1) Opening Balances: Select Account No. 3050, Owner's Equity. (*Hint:* Scroll up.)

   (2) Undeposited Funds: Select Account No. 1010, Checking

2. Compare your Company Preferences window to the one shown below.

3. Click [OK] to save your company preferences and close the window.

CHART OF ACCOUNTS
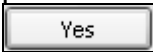
Examine the Company home page. (If necessary, click
[Company] on the Navigation Pane.) Observe that there
is no information recorded in the Reminders, Cash Flow, and Bank
Account Summary sections. Since you have not entered any
transactions, the company home page's sections are mostly blank.
In accounting you learn that the chart of accounts is a list of all accounts
in the general ledger. Follow these steps to add, edit, and change
accounts.

Delete Accounts

Follow these steps to delete accounts.

1. If necessary, on the Navigation pane click [Company]; in
    the Find list, select Chart of Accounts. The Chart of Accounts
    appears.

2. Right-click on Account No. 1005, Undeposited Funds. Left-click
    Delete.

3. When the window prompts Are you sure that you want to
    permanently delete the selected items(s)? appears, click
    [Yes]. Account No. 1005, Undeposited Funds, is removed.

4. MOA's chart of accounts is extensive. For now, delete the accounts
    shown on the table below.

No.	Name	
1220	Employee Advances	
1260	Purchased Receivables	
1405	Bld/Bldg Improvements	
1410	Land	
1415	Leasehold Improvements	
1430	Professional Equip	
1465	A/D Bldg/Bldg Improvements	
1470	A/D Leasehold Improvements	
1710	Goodwill	
1720	Organizational Costs	*continued*
1730	Start-up Costs	

1745	Accum. Amort-Goodwill
1750	Accum Amort-Org Costs
1755	Accum Amort-Start-up Costs
3010	Common Stock
4030	Product Review
5030	Material Purchases
5140	Outsourced Labor
6025	Amortization
6070	Contract Labor

Make an Account Inactive

Follow these steps to make Account No. 1000, Petty Cash, inactive.

1. Right click on Account No. 1000, Petty Cash. Left-click Open selected items.

2. Click on the box next to Active to uncheck it.

3. Click [Save and Close]. The Chart of Accounts list starts with Account No. 1010, Checking. Petty Cash is *not* shown because it is inactive.

4. Make the following account inactive.

1250	Inventory

Change Accounts

Follow these steps to change an account name.

1. Right-click on Account No. 1420, Office Equipment.

2. Left-click Open Selected Items.

3.   Change the Account name field to Computer Equipment. Press
     <Tab> to change the Hierarchy field.

4.   Click [Save and Close] . Observe that Account No. 1420 name is
     Computer Equipment.
5.   Change the following accounts. When necessary, change the
     Account name *and* Hierarchy fields.

No.	Name
1425	Furniture & Fixtures
1475	A/D-Computer Equipment
1480	A/D-Furniture & Fixtures
2400	Publisher Advances
3050	Jessica Wood, Capital (Use your first and last name, Capital)
4020	Royalties
4026	Teaching Income
6090	Depr. Exp.-Computer Equipment

Add Accounts

1. Link to ⊹ Add a new Account . (*Hint:* Under Chart of Accounts title bar.)

2. To add Account No. 3155, Jessica Wood, Withdrawals (use your first and last name), select Equity.

3. Click OK . Complete the following field.

   Account no.:   3155
   Account Name: Jessica Wood, Withdrawals (use your first and last name, Withdrawals)
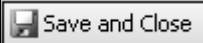
4. Click [Save and Close] . Observe that Account No. 3155 has been added to the chart of accounts.

5. Add the following accounts.

No.	Name	Account Type
1450	Supplies	Other Current Asset
1812	Prepaid Insurance	Other Current Asset
1814	Prepaid Rent	Other Current Asset
2010	VISA Payable (Click [No] when the window prompts, Are you creating a line of credit...."	Current Liability
6094	Depr. Exp.-Furniture & Fixtures	Expense
6096	Depr. Exp.-Vehicle	Expense

6. Observe that your chart of accounts has three depreciation expense accounts. (*Hint:* Click [image] to refresh the chart of account.)

🔲	✓	6090	Depr. Exp.-Computer Equipment		Expense
🔲	✓	6094	Depr. Exp.-Furniture & Fixtures		Expense
🔲	✓	6096	Depr. Exp.-Vehicle		Expense

7. Scroll through your chart of accounts to make sure you have made the changes shown on page 233-238. If necessary, click [image] [Refresh] to see the accounts deleted, added, and changed. If necessary, click on the header, No., to see the accounts in numeric order.

BEGINNING BALANCES

Ms. Wood hired you to do her monthly record keeping. In order to begin accounting tasks for Ms. Wood, you asked her for a ***Balance Sheet****.* In accounting you learn that a Balance Sheet lists the types and amounts of assets, liabilities, and equity as of a specific date. A balance sheet is also called a ***statement of financial position***. The October 1, 2007 balance sheet is shown on the next page.
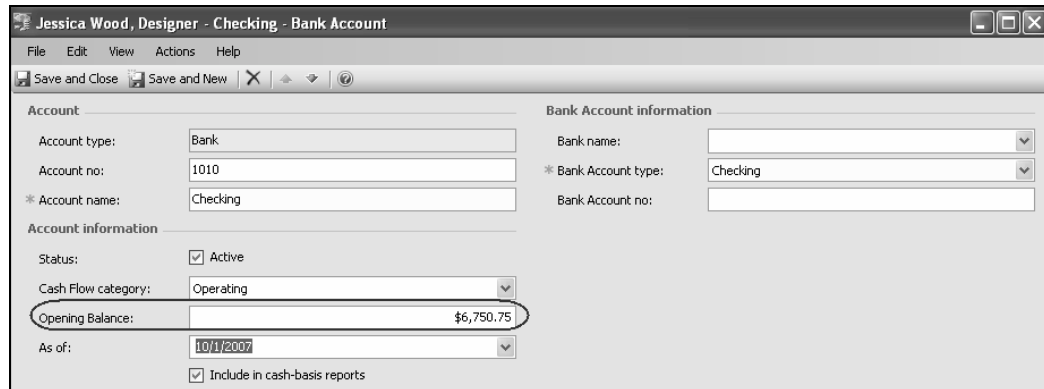
Jessica Wood, Designer Balance Sheet **October 1, 2007**		
ASSETS		
Current Assets		
1010 - Checking	$ 6,750.75	
1100 - Savings	33,612.00	
1150 - Money Market	26,700.35	
1450 - Supplies	1,771.83	
1812 - Prepaid Insurance	2,100.00	
1814 - Prepaid Rent	600.00	
Total Current Assets		$ 71,534.93
Fixed Assets		
1420 - Computer Equipment	$ 7,500.00	
1425 - Furniture & Fixtures	6,000.00	
1435 - Vehicle	21,000.00	
Total Fixed Assets		34,500.00
Total Assets		$ 106,034.93

LIABILITIES AND CAPITAL		
Current Liabilities		
2010 - VISA Payable	$ 5,500.85	
Total Current Liabilities		$ 5,500.85
Equity		
3050 - Jessica Wood, Capital		100,534.08
Total Liabilities & Equity		$ 106,034.93

The information on the October 1, 2007 balance sheet will be the basis for recording Ms. Wood's beginning balances.

Follow the steps shown on the next page to enter opening balances for Jessica Wood, Designer.

1. The Chart of Accounts list should be displayed. (If *not*, click

   [Company] ; in the Find list, select Chart of Accounts.)

2. Right-click Account No. 1010, Checking; left-click Open Selected Items.

3. Type **6750.75** in the Opening Balance field. This is the Checking balance from the October 1, 2007 balance sheet shown on page 239. Press <Tab>.
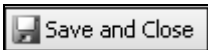
4. Click [Save and Close]. Record the account balances shown on the balance sheet on page 239.

   Observe that the balance, $100,534.08, for Account No. 3050, Jessica Wood, Capital is automatically completed.
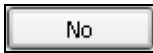
   October 1, 2007 Balance Sheet

   To make sure that you have entered the October 1, 2007 balances correctly, display a balance sheet and compare it to page 239. Follow these steps to do that.

1. From the menu bar, select Reports; Company and Financial, Balance Sheet.

2. Type **10/1/2007** in the Date field. Press <Tab>. The 10/1/2007 balance sheet appears. Compare the account balances to the one shown on page 239.

Jessica Wood, Designer
Balance Sheet
As of: 10/1/2007
Report Basis: Accrual

	As of 10/1/07
Assets	
Current Assets	
Cash	
1010 - Checking	6,750.75
1100 - Savings	33,612.00
1150 - Money Market	26,700.35
Total Cash	**67,063.10**
Other Current Assets	
1450 - Supplies	1,771.83
1812 - Prepaid Insurance	2,100.00
1814 - Prepaid Rent	600.00
Total Other Current Assets	**4,471.83**
Total Current Assets	**71,534.93**
Fixed Assets	
1420 - Computer Equipment	7,500.00
1425 - Furniture & Fixtures	6,000.00
1435 - Vehicle	21,000.00
Total Fixed Assets	**34,500.00**
Total Assets	**106,034.93**
Liabilities & Equity	
Liabilities	
Current Liabilities	
Other Current Liabilities	
2010 - VISA Payable	5,500.85
Total Other Current Liabilities	**5,500.85**
Total Current Liabilities	**5,500.85**
Total Liabilities	**5,500.85**
Equity	
3050 - Jessica Wood, Capital	100,534.08
Total Equity	**100,534.08**
Total Liabilities & Equity	**106,034.93**
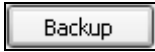
3. Click [X] on the Balance Sheet's title bar to close.
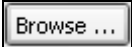
4. Click [No] when the screen prompts do you want to save.

BACKING UP COMPANY DATA

Follow these steps to backup Chapter 8 data.

1. Click File; Utilities, Data Utilities.

2. In the Backup company data area, click [Backup].
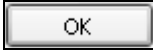
3. In the Backup file name field, click [Browse ...]. Browse to the appropriate location for your backup file.

4. Type **Chapter 8 Begin** in the File name field.

5. Click [Save].

6. When the Backup window appears, click [OK].

7. When the window prompts, Backup was completed successfully, click [OK].

8. Close the Microsoft Office Accounting Data Utilities window.

9. Exit MOA.

RESTORING COMPANY DATA

After setting up a new company, editing the chart of accounts, and entering beginning balances, you backed up (saved) Jessica Wood, Designer company information. In order to start where you left off the last time you backed up, you use MOA's Restore a backup feature.

Remember, backing up data saves to the current point in MOA. Restoring a backup file allows you to start where you left off the last time you used MOA. If you exited MOA, and want to restore your file, follow these steps.

1. From the Start – Microsoft Office Accounting window, select Restore a backup. (If a company is open, click File; Close Company to go to the Start window.)

2. In the Backup filename field, click [Browse ...]. Go to the location of the Chapter 8 Begin.sbb file. Select the Chapter 8 Begin.sbb file. Click [Open].

3. In the Restore backup file to field, click [Browse ...]. Select jessicawooddesigner.sbc. (*Hint:* If you used your first and last name, your company name differs.)

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4. Click Save . A window appears saying that
    C:\......\jessicawooddesigner.sbc already exists. Do you want to
    replace it? Click Yes .

5. You are returned to the Database Restore window. Review the
    information in the Backup filename field and Restore backup file to
    field. Check the filename at the end of both fields: ....\Chapter 8
    Begin-2.sbb *and* .....\jessicawooddesigner.sbc. Click OK .

6. The Restore Complete window appears. Click OK .

7. You are returned to the Start – Microsoft Office Accounting window.
    Select Open an existing company; then double-click
    jessicawooddesigner.sbc to open it. The Jessica Wood, Designer –
    Microsoft Office Accounting home page appears. (*Hint:* If you used
    your first and last name for the company name, your name appears
    on the title bar.)

ACCOUNT REGISTER

MOA's account register is a listing of all deposits and checks. It is similar
to Ms. Wood's checkbook register. Jessica Wood, Designer's check
register is shown on the next page.

Check Number	Date	Description of Transaction	Payment	Deposit	Balance
					6,750.75
	10/1	*Deposit* (Acct. No. 2400, Publisher Advances)		*11,000.00*	*17,750.75*
	10/2	*Money Market Account* (Acct. No. 1150, Money Market)	*6,000.00*		*11,750.75*
	10/3	**ATM** (Account No. 3155, Withdrawals)	**200.00**		**11,550.75**
	10/4	Deposit (Acct. 4020, Royalties)		3,965.05	15,515.80
4002	10/4	Office Equipment & More (Acct. No. 1420, Computer Equipment)	1,105.68		14,410.12
4003	10/4	U.S. Post Office (Acct. No. 7210, Postage & Delivery)	37.00		14,373.12
4004	10/9	Independent News (Acct. No. 6100, Dues, Publications, Books)	45.00		14,328.12
4005	10/9	Central Utilities (Acct. No. 7815, Electricity/Gas)	39.64		14,288.48
4006	10/10	Dept. of Water (Acct. No. 7820, Water/Garbage)	98.59		14,189.89
4007	10/10	Madison Bell (Acct. No. 7525, Telephone)	35.00		14,154.89
4008	10/10	Cell Service. (Acct. No. 7515, Cell)	46.20		14,108.69
	10/11	ATM2 (Account No. 3155, Withdrawals)	400.00		13,708.69
	10/14	Deposit (Acct. No. 4026, Teaching Income)		2,716.19	16,424.88
4009	10/14	Auto Parts (Acct. No. 7825, Vehicle Expense)	201.00		16,223.88
4010	10/14	David Wilder (Acct. No. 7915, Vehicle Repairs & Maintenance)	110.00		16,113.88
4011	10/29	Dept. of Motor Vehicles (Acct. No. 6180, Licenses & Permits)	210.00		15,903.88
4012	10/29	Office Supply Store (Acct. No. 1450 Supplies)	215.98		15,687.90
4013	10/30	ISP (Acct. No. 7520, Internet)	19.95		15,667.95

In accounting, you learn that source documents are used to show written evidence of a business transaction. Examples of source documents are sales invoices, purchase invoices, and in this case, Ms. Wood's check register for her checking account.

Make Deposits

Follow these steps to use MOA's Account Register to record Ms. Wood's check register entries.

1. On the Navigation Pane, click [Banking]. The Banking home page appears. Observe that the Banking Start a Task flowchart shows icons for Write Checks, Credit Card Charge, Make Deposit, Transfer Funds, and Import Bank Files.

2. Since the first transaction on Ms. Wood's check register, page 244, is a deposit, click [Make Deposit].

3. Type **10/1/2007** in the date field.

4. Observe that there is an asterisk (*) next to the Deposit in field. This means it is a required field. In the Deposit in field, select Account No. 1010, Checking. Press the <Tab> key four times. Your cursor is on the second row of the Deposit field.

5. In the Account field (second blank row), select Account No. 2400, Publisher Advances. Press <Tab> two times. (To see where to select Account No. 2400, Publisher Advances, refer to the Untitled – Deposit window on page 246.)

6. Type **11000** in the Amount field. Press <Enter>. Compare your Untitled – Deposit window to the one shown on the next page.

7. Click [Save and Close]. You are returned to the Banking home page. Close the Deposit window.

Transfer Funds

The October 2 transaction on Ms. Wood's check register is a transfer of $6,000 to Account No. 1150, Money Market Account. Follow these steps to transfer $6,000 from Account No. 1010 to Account No. 1150, Money Market. These steps are also shown in Chapter 5, pages 146-147.

1. From the Banking Start a Task flowchart, click [Transfer Funds].

2. Type **10/2/2007** in the Date field. (Observe that it is a required field, which is indicated by an asterisk next to it.)

3. In the Transfer from area, select Account No. 1010, Checking. Observe that the Balance field shows $17,750.75. This is consistent with the check register balance on page 244.

4. In the Transfer to area, select Account No. 1150, Money Market. Observe that the Balance field shows $26,700.35. This is consistent with the October 1, 2007 balance sheet shown on page 241.

5. Type **6000** in the Amount field. Press <Tab>.

6. Click <Enter> or [Transfer].

Write Checks

Follow these steps to record an ATM withdrawal. Detailed steps for writing checks are also shown in Chapter 5 on pages 147-149.

1. From the Banking Start a Task flowchart, click [Write Checks].

2. The Untitled – Check window appears. In the Bank Account field, select Account No. 1010, Checking. Observe that the Balance field shows $11,750.75. This is the same balance as the check register, page 244.

3. Click on the To be printed box to uncheck it.

4. Type **ATM** in the No. field. (*Hint*: Click on the box next to To be printed to uncheck it.)

5. Type **10/3/2007** in the Date field.

6. Type **200** in the Amount field.

7. In the Pay to field, type Jessica Wood (or your first and last name). Press <Tab>. When the window appears asking to add the payee to the list, click [Yes]. Add yourself as an employee.[2] Click [OK]. When the Untitled Employee window appears, click [Save and Close]. You are returned to the Untitled – Check window.

8. In the Items and expenses table, Expense should be selected in the first column (next to the Name field). Select Account No. 3155, Jessica Wood (*or* your name), Withdrawals.

9. Type **200** in the Unit Price field. Press <Tab>. The Line Total field is completed automatically. Compare your Check window to the one shown on the next page.

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[2]Since Jessica Wood (or your name) is the owner of the company, the payee classification for ATM withdrawals is employee. Checks issued for expenses and assets are classified as vendors.
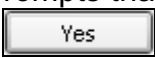
10.   Click Save and Close .

11.   When the window prompts that you have changed the Home
       Address field, click Yes .

12.   Close the Check window.

Checking Account Register

Periodically check the account register to make sure the account balance
equals what is shown on the check register, page 244.

To view the Account Register, follow these steps.

1. From the Banking Home page, More Tasks area, link to
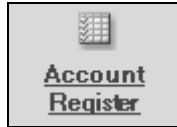
2. The Checking – Account Register window appears. Select Account No. 1010, Checking, in the Bank Account field. Compare the account register to Ms. Wood's check register, page 244. The balance of $11,550.75 is the same.

3. The last row shows the current date or ***system date***. Yours will differ from what is show above. Close the Checking – Account Register window. You are returned to the Banking Home page.

Starting with the October 4, 2007 deposit, continue recording transactions from the check register, page 244. Periodically check the Account Register to make sure the balances match. Remember to type the appropriate check number on the Write Checks window. When checks are written for expenses, add vendors in the Pay to field. Complete the Pay to field the same way you would complete a check. In

other words, use the company name. When you write checks for November and December, you will be able to select the vendors and/or the employee (Jessica Wood) added. The vendor name is shown in the Description of Transaction field on the check register on page 244.

Hint: When you record successive checks, the Untitled – Check window will show a balance. Compare the Balance field on the Check window to the check register on page 244. After completing the transaction, click the [Save and New] icon to record successive checks; for example, Check Nos. 4002 - 4008.

Once you have completed the check register, compare your account register to the one shown below. (In the Banking Start a Task list, link to Account Register.)

The ending balance of $15,667.95 on the account register is the same as the ending balance on the check register, page 244. Close the account register window.

Date	Type	Check No.	Pay To	Memo	Account	Payment	Deposit	Balance
10/1/2007	Opening Balance			Opening Balance	Jessica Wood,...	$0.00	$6,750.75	$6,750.75
10/1/2007	Deposit				Publisher Adva...	$0.00	$11,000.00	$17,750.75
10/2/2007	Fund Transfer				Money Market	$6,000.00	$0.00	$11,750.75
10/3/2007	Check	ATM	Jessica Wood		Multiple	$200.00	$0.00	$11,550.75
10/4/2007	Deposit				Royalties	$0.00	$3,965.05	$15,515.80
10/4/2007	Check	4002	Office Equipmen...		Multiple	$1,105.68	$0.00	$14,410.12
10/4/2007	Check	4003	U.S. Post Office		Multiple	$37.00	$0.00	$14,373.12
10/9/2007	Check	4004	Independent Ne...		Multiple	$45.00	$0.00	$14,328.12
10/9/2007	Check	4005	Central Utilities		Multiple	$39.64	$0.00	$14,288.48
10/10/2007	Check	4006	Dept. of Water		Multiple	$98.59	$0.00	$14,189.89
10/10/2007	Check	4007	Madison Bell		Multiple	$35.00	$0.00	$14,154.89
10/10/2007	Check	4008	Cell Service		Multiple	$46.20	$0.00	$14,108.69
10/11/2007	Check	ATM2	Jessica Wood		Multiple	$400.00	$0.00	$13,708.69
10/14/2007	Deposit				Teaching Inco...	$0.00	$2,716.19	$16,424.88
10/14/2007	Check	4009	Auto Parts		Multiple	$201.00	$0.00	$16,223.88
10/14/2007	Check	4010	David Wilder		Multiple	$110.00	$0.00	$16,113.88
10/29/2007	Check	4011	Dept. of Motor V...		Multiple	$210.00	$0.00	$15,903.88
10/29/2007	Check	4012	Office Supply St...		Multiple	$215.98	$0.00	$15,687.90
10/30/2007	Check	4013	ISP		Multiple	$19.95	$0.00	$15,667.95
1/22/2007						$0.00	$0.00	

Ending balan... $15,667.95

BACKING UP THE OCTOBER CHECK REGISTER

Before you complete account reconciliation, back up your data.

1. Click File; Utilities, Data Utilities.

2. In the Backup company data area, click [Backup].

3. In the Backup file name field, click [Browse ...]. Browse to the appropriate location.

4. Type **Chapter 8 Check Register October** in the File name field.

5. Click [Save].

6. When the Backup window appears, click [OK].

7. When the Backup was completed successfully window appears, click [OK].

8. Close the Microsoft Office Accounting Data Utilities window.

9. Exit MOA or continue with Account Reconciliation.

ACCOUNT RECONCILATION

Jessica Wood receives a bank statement every month for her checking account (Account No. 1010, Checking) from Bank One. The bank statement shows which checks and deposits have cleared the bank. MOA's Reconcile Account feature allows you to reconcile her bank statement. Ms. Wood's bank statement for her Checking Account is shown on the next page.

Statement of Account			Jessica Wood, Designer
Bank One			1381 North Broadway
October 1 to October 31, 2007 Account # 89123631			Madison, WI 53704
REGULAR CHECKING			
Previous Balance		$ 6,750.75	
3 Deposits (+)		17,681.24	
9 checks (-)		7,678.47	
2 Other Deductions (-)		600.00	
Service Charges (-)	10/31/07	10.00	
Ending Balance	10/31/07	**$16,143.52**	
DEPOSITS			
	10/4/07	11,000.00	
	10/7/07	3,965.05	
	10/17/07	2,716.19	
CHECKS (Asterisk * indicates break in check number sequence)			
	10/2/07	Transfer	6,000.00	
	10/6/07	4002	1,105.68	
	10/15/07	4003	37.00	
	10/16/07	4004	45.00	
	10/16/07	4006*	98.59	
	10/17/07	4007	35.00	
	10/20/07	4008	46.20	
	10/23/07	4009	201.00	
	10/30/07	4010	110.00	
OTHER DEDUCTIONS (ATM's)			
	10/3/07	ATM	200.00	
	10/13/07	ATM2	400.00	

Follow these steps to reconcile Ms. Wood' bank statement balance to Account No. 1010, Checking.

1. Go to the Banking home page. Click [Reconcile Account].

2. In the Account field, select Account No. 1010, Checking.

3. Type **10/31/2007** in the Statement date field.

4. Type **6750.75** in the Beginning balance field.

5. Type **16143.52** in the Ending balance field.

6. Click [Next]. The Reconcile Account – Checking window appears.

7. Click on the box next to the checks and deposits that have cleared the bank. Make sure the checks that have *not* cleared the bank remain unchecked; for example, Check Nos. 4005, 4011, 4012, and 4013 should *not* be checked. Observe that the Difference shows ($10.00). This is the amount of the service charge.

8. Link to [Click here to add a new Transaction] to add the bank service charge.

9. On the Select Transaction window, select Enter bank fee.
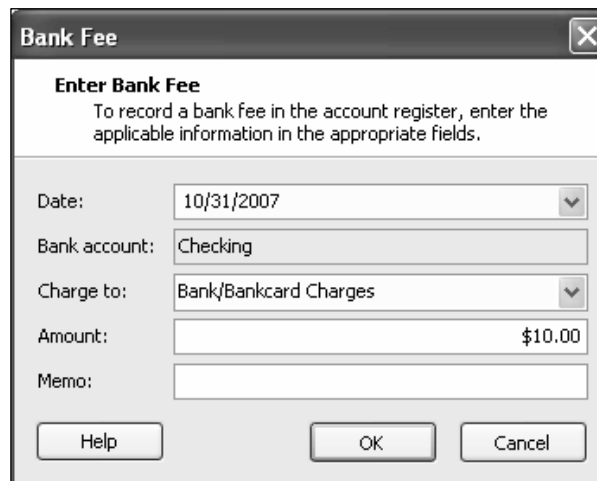
10. Click [OK].

11. Type **10/31/2007** in the Date field.

12. Make sure Checking is selected in the Bank account field.

13. In the Charge to field, select 7232, Bank/Bankcard Charges.

14. Type **10** in the Amount field.

15. Click [OK].

16. You are returned to the Reconcile Account – Checking window. Click on the box next to 10/31/2007, Bank/Bankcard Charges to place a checkmark in it. Observe that the Difference field shows $0.00. Compare your Reconcile Account – Checking window to the one shown on the next page.

17. Click <u>Reconcile</u>. The Reconcile completed window appears.

18. Click <u>Display Report</u>. The Reconciliation Detail report appears. Compare your Reconciliation Detail report to the one shown on the next page.

Jessica Wood, Designer
Reconciliation Detail
Amount: Any, Bank Account: Checking, Statement date: 10/31/2007

Type	Date	No.	Name	Amount
Checking				
Opening Balance				**6,750.75**
Cleared Deposits				
Deposit	10/1/2007	1	Checking	11,000.00
Deposit	10/4/2007	2	Checking	3,965.05
Deposit	10/14/2007	3	Checking	2,716.19
Total Cleared Deposits				**17,681.24**
Cleared Withdrawals				
Fund Transfer	10/2/2007	11	Money Market	(6,000.00)
Check	10/3/2007	ATM	Jessica Wood	(200.00)
Check	10/4/2007	4002	Office Equipment & More	(1,105.68)
Check	10/4/2007	4003	U.S. Post Office	(37.00)
Check	10/9/2007	4004	Independent News	(45.00)
Check	10/10/2007	4006	Dept. of Water	(98.59)
Check	10/10/2007	4007	Madison Bell	(35.00)
Check	10/10/2007	4008	Cell Service	(46.20)
Check	10/11/2007	ATM2	Jessica Wood	(400.00)
Check	10/14/2007	4009	Auto Parts	(201.00)
Check	10/14/2007	4010	David Wilder	(110.00)
Bank Fee	10/31/2007	12	Bank/Bankcard Charges	(10.00)
Total Cleared Withdrawals				**(8,288.47)**
Total Cleared Transactions				**9,392.77**
Reconciled Balance As Of Statement Date				**16,143.52**
Uncleared Withdrawals				
Check	10/9/2007	4005	Central Utilities	(39.64)
Check	10/29/2007	4011	Dept. of Motor Vehicles	(210.00)
Check	10/29/2007	4012	Office Supply Store	(215.98)
Check	10/30/2007	4013	ISP	(19.95)
Total Uncleared Withdrawals				**(485.57)**
Total Uncleared Transactions				**(485.57)**
Balance As Of Statement Date				**15,657.95**
Ending Balance				**15,657.95**

Compare the Ending Balance of $15,657.95 to the check register on page 244. If you deduct the bank service charge of $10 from the check register's balance, it agrees with the Account Reconciliation report: $15,667.95 - $10 = **$15,657.95** (ending balance on reconciliation report).

19.   Close the Reconciliation Detail window.

You have successfully completed Ms. Wood's transactions for October 2007. Now let's look at how these transactions were debited and credited.

PRINTING THE TRANSACTION JOURNAL

To see MOA's transaction journal, follow these steps.

1. From the menu bar, select Reports; Company and Financial, Transaction Journal.

2. Type **10/1/2007** in the From field.

3. Type **10/31/2007** in the To field.

4. The first transaction on the check register, page 244, is shown as Deposit 1, dated 10/1/2007. The other transactions dated 10/1/2007 are the beginning balances that you entered from the October 1, 2007 balance sheet on page 239. Scroll down the Transaction Detail report to see all of it. A partial Transaction Journal is shown below.

Jessica Wood, Designer

Transaction Journal
Date Range: October 1, 2007 - October 31, 2007
Transaction type: All, No.: Any, Name: All, Account: All

Type	Status	No.	Name	Date	Account	Debit	Credit	Void
Opening Balance		1		10/1/2007				
					Jessica Wood, Capital	0.00	6,750.75	
					Checking	6,750.75	0.00	
Opening Balance		2		10/1/2007				
					Jessica Wood, Capital	0.00	33,612.00	
					Savings	33,612.00	0.00	
Opening Balance		3		10/1/2007				
					Jessica Wood, Capital	0.00	26,700.35	
					Money Market	26,700.35	0.00	
Opening Balance		4		10/1/2007				
					Jessica Wood, Capital	0.00	1,771.83	
					Supplies	1,771.83	0.00	
Opening Balance		5		10/1/2007				
					Jessica Wood, Capital	0.00	2,100.00	
					Prepaid Insurance	2,100.00	0.00	
Opening Balance		6		10/1/2007				
					Jessica Wood, Capital	0.00	600.00	
					Prepaid Rent	600.00	0.00	
Opening Balance		7		10/1/2007				
					Computer Equipment	7,500.00	0.00	
					Jessica Wood, Capital	0.00	7,500.00	
Opening Balance		8		10/1/2007				
					Furniture & Fixtures	6,000.00	0.00	
					Jessica Wood, Capital	0.00	6,000.00	
Opening Balance		9		10/1/2007				
					Vehicle	21,000.00	0.00	
					Jessica Wood, Capital	0.00	21,000.00	
Opening Balance		10		10/1/2007				
					Jessica Wood, Capital	5,500.85	0.00	
					VISA Payable	0.00	5,500.85	
Deposit		1		10/1/2007				
					Publisher Advances	0.00	11,000.00	
					Checking	11,000.00	0.00	
Fund Transfer		11		10/2/2007				
					Checking	0.00	6,000.00	
					Money Market	6,000.00	0.00	
Check	Paid	ATM	Jessica Wood	10/3/2007				
					Checking	0.00	200.00	
					Employee Payroll Liabi…	0.00	200.00	
					Employee Payroll Liabi…	200.00	0.00	
					Jessica Wood, Withdra…	200.00	0.00	

ATM transactions are debited to Account No. 3155, Jessica Wood, Withdrawals and credited to Account No. 1010, Checking. The 10/3/2007 ATM withdrawal also shows the Employee Payroll Liabilities account. Since the owner, Jessica Wood, was added as an employee, MOA automatically debits and credits the Employee Payroll Liabilities account. The Employee Payroll Liabilities account balance is zero because it is debited and credited. (Refer to page 248, step 7.)

VOID AN ENTRY

If you notice a mistake, you can void an entry. In Chapter 6, pages 182-185, detailed steps are shown for editing a transaction. Remember, MOA includes an audit trail. MOA keeps track of every transaction. If you void a transaction, MOA's transaction journal shows the original entry (with a checkmark next to it); the reversing entry (with checkmark); and the new entry.

1. The Transaction Journal should be displayed. Move your mouse over the transaction you want to change. Observe that the mouse changes to a hand icon.

2. Double-click on the transaction. This takes you to the original entry. To void an entry, select Actions; Void. Make the needed changes then save.

3. Close the Transaction Journal without saving.

TRANSACTION DETAIL BY ACCOUNT

MOA's Transaction Detail by Account report is similar to a general ledger. The general ledger is the Company and Financial report selection for GL Report. For purposes of seeing each account balance, follow the steps below to display the Transaction Detail by Account report.

1. From the menu bar, select Reports; Company and Financial, Transaction Detail by Account.

2. Type **10/1/2007** in the From field.

3. Type **10/31/2007** in the To field.

4. A partial Transaction Detail by Account report is shown below. Scroll down the window to see the entire report.

Jessica Wood, Designer
Transaction Detail by Account
Date Range: October 1, 2007 - October 31, 2007
Amount: Any, Name: All, Account: All, No.: Any, Transaction type: All, Class: All, Closing Postings: Included, Report Basis: Accrual

Type	Date	No.	Name	Memo	Amount	Balance
1010 - Checking						0.00
Opening Balance	10/1/2007	1		Opening Balance	6,750.75	6,750.75
Deposit	10/1/2007	1			11,000.00	17,750.75
Fund Transfer	10/2/2007	11			(6,000.00)	11,750.75
Check	10/3/2007	ATM	Jessica Wood		(200.00)	11,550.75
Deposit	10/4/2007	2			3,965.05	15,515.80
Check	10/4/2007	4002	Office Equipment & More		(1,105.68)	14,410.12
Check	10/4/2007	4003	U.S. Post Office		(37.00)	14,373.12
Check	10/9/2007	4004	Independent News		(45.00)	14,328.12
Check	10/9/2007	4005	Central Utilities		(39.64)	14,288.48
Check	10/10/2007	4006	Dept. of Water		(98.59)	14,189.89
Check	10/10/2007	4007	Madison Bell		(35.00)	14,154.89
Check	10/10/2007	4008	Cell Service		(46.20)	14,108.69
Check	10/11/2007	ATM2	Jessica Wood		(400.00)	13,708.69
Deposit	10/14/2007	3			2,716.19	16,424.88
Check	10/14/2007	4009	Auto Parts		(201.00)	16,223.88
Check	10/14/2007	4010	David Wilder		(110.00)	16,113.88
Check	10/29/2007	4011	Dept. of Motor Vehicles		(210.00)	15,903.88
Check	10/29/2007	4012	Office Supply Store		(215.98)	15,687.90
Check	10/30/2007	4013	ISP		(19.95)	15,667.95
Bank Fee	10/31/2007	12			(10.00)	15,657.95
Total 1010 - Checking					**15,657.95**	**15,657.95**
1100 - Savings						0.00
Opening Balance	10/1/2007	2		Opening Balance	33,612.00	33,612.00
Total 1100 - Savings					**33,612.00**	**33,612.00**
1150 - Money Market						0.00
Opening Balance	10/1/2007	3		Opening Balance	26,700.35	26,700.35
Fund Transfer	10/2/2007	11			6,000.00	32,700.35
Total 1150 - Money Market					**32,700.35**	**32,700.35**
1450 - Supplies						0.00
Opening Balance	10/1/2007	4		Opening Balance	1,771.83	1,771.83
Check	10/29/2007	4012	Office Supply Store		215.98	1,987.81
Total 1450 - Supplies					**1,987.81**	**1,987.81**
1812 - Prepaid Insurance						0.00
Opening Balance	10/1/2007	5		Opening Balance	2,100.00	2,100.00
Total 1812 - Prepaid Insurance					**2,100.00**	**2,100.00**

5. Close the Transaction Detail by Account report without saving.

TRIAL BALANCE

To display Jessica Wood, Designer's trial balance follow these steps.

1. From the menu bar, select Reports; Company and Financial, Trial Balance.

2. Type **10/31/2007** in the Date field. Press <Enter>. Compare your Trial Balance with the one shown on the next page.

Jessica Wood, Designer
Trial Balance
As of: 10/31/2007

Account Name	Account No.	Debit	Credit
Checking	1010	15,657.95	
Savings	1100	33,612.00	
Money Market	1150	32,700.35	
Supplies	1450	1,987.81	
Prepaid Insurance	1812	2,100.00	
Prepaid Rent	1814	600.00	
Computer Equipment	1420	8,605.68	
Furniture & Fixtures	1425	6,000.00	
Vehicle	1435	21,000.00	
VISA Payable	2010		5,500.85
Publisher Advances	2400		11,000.00
Jessica Wood, Capital	3050		100,534.08
Jessica Wood, Withdrawals	3155	600.00	
Royalties	4020		3,965.05
Teaching Income	4026		2,716.19
Dues, Publications, Books	6100	45.00	
Licenses & Permits	6180	210.00	
Postage & Delivery	7210	37.00	
Bank/Bankcard Charges	7232	10.00	
Cell	7515	46.20	
Internet	7520	19.95	
Telephone	7525	35.00	
Electricity/Gas	7815	39.64	
Water/Garbage	7820	98.59	
Vehicle Expense	7825	201.00	
Vehicle Repairs & Maintenance	7915	110.00	
Total		**123,716.17**	**123,716.17**

3. Close the Trial Balance without saving.

FINANCIAL STATEMENTS

To display Jessica Wood, Designer's balance sheet follow these steps.

1. From the menu bar, select Reports; Company and Financial, Balance Sheet.

2. Type **10/31/2007** in the Date field. Press <Enter>. Compare your Balance Sheet with the one shown on the next page.

Jessica Wood, Designer

Balance Sheet
As of: 10/31/2007
Report Basis: Accrual

	As of 10/31/07
Assets	
Current Assets	
Cash	
1010 - Checking	15,657.95
1100 - Savings	33,612.00
1150 - Money Market	32,700.35
Total Cash	**81,970.30**
Other Current Assets	
1450 - Supplies	1,987.81
1812 - Prepaid Insurance	2,100.00
1814 - Prepaid Rent	600.00
Total Other Current Assets	**4,687.81**
Total Current Assets	**86,658.11**
Fixed Assets	
1420 - Computer Equipment	8,605.68
1425 - Furniture & Fixtures	6,000.00
1435 - Vehicle	21,000.00
Total Fixed Assets	**35,605.68**
Total Assets	**122,263.79**
Liabilities & Equity	
Liabilities	
Current Liabilities	
Other Current Liabilities	
2010 - VISA Payable	5,500.85
2400 - Publisher Advances	11,000.00
Total Other Current Liabilities	**16,500.85**
Total Current Liabilities	**16,500.85**
Total Liabilities	**16,500.85**
Equity	
3050 - Jessica Wood, Capital	100,534.08
3155 - Jessica Wood, Withdrawals	(600.00)
Net Income	5,828.86
Total Equity	**105,762.94**
Total Liabilities & Equity	**122,263.79**

3.   Close the balance sheet without saving.

4.   Print MOA's profit and loss report from 10/1/2007 to 10/31/2007 and compare with the one shown.

Jessica Wood, Designer

Profit and Loss

Date Range: October 1, 2007 - October 31, 2007

Account: All, Report Basis: Accrual, Class: All, Name: All, Closing Postings: Not Included

	10/1/07 - 10/31/07
Ordinary Income/Expense	
Income	
4020 - Royalties	3,965.05
4026 - Teaching Income	2,716.19
Total Income	**6,681.24**
Gross Profit	**6,681.24**
Expense	
6100 - Dues, Publications, Books	45.00
6180 - Licenses & Permits	210.00
7210 - Postage & Delivery	37.00
7230 - Processing Services	
7232 - Bank/Bankcard Charges	10.00
Total 7230 - Processing Services	**10.00**
7510 - Telecommunications	
7515 - Cell	46.20
7520 - Internet	19.95
7525 - Telephone	35.00
Total 7510 - Telecommunications	**101.15**
7810 - Utilities	
7815 - Electricity/Gas	39.64
7820 - Water/Garbage	98.59
Total 7810 - Utilities	**138.23**
7825 - Vehicle Expense	
7825 - Vehicle Expense - Other	201.00
7915 - Vehicle Repairs & Maintenance	110.00
Total 7825 - Vehicle Expense	**311.00**
Total Expense	**852.38**
Net Ordinary Income	**5,828.86**
Net Income	**5,828.86**

5. Close the Profit and Loss report without saving.

6. Print the 10/1/2007 to 10/31/2007 cash flow statement.

Jessica Wood, Designer

Cash Flow Statement

Date Range: October 1, 2007 - October 31, 2007

Closing Postings: Not Included

	10/1/07 - 10/31/07
OPERATING ACTIVITIES	
Net Income	**5,828.86**
Adjustments to reconcile net income to...	
1450 - Supplies	(1,987.81)
1812 - Prepaid Insurance	(2,100.00)
1814 - Prepaid Rent	(600.00)
2010 - VISA Payable	5,500.85
2400 - Publisher Advances	11,000.00
Net Cash provided by Operating Activities	**17,641.90**
INVESTING ACTIVITIES	
1420 - Computer Equipment	(8,605.68)
1425 - Furniture & Fixtures	(6,000.00)
1435 - Vehicle	(21,000.00)
Net Cash provided by Investing Activities	**(35,605.68)**
FINANCING ACTIVITIES	
3050 - Jessica Wood, Capital	100,534.08
3155 - Jessica Wood, Withdrawals	(600.00)
Net Cash provided by Financing Activities	**99,934.08**
Net cash change for the Period	**81,970.30**
Cash at beginning of the period	**0.00**
Cash at end of the Period	**81,970.30**

7. Close the cash flow statement without saving.

BACKING UP CHAPTER 8 DATA

Follow these steps to backup Chapter 8 data.

1. Click File; Utilities, Data Utilities.

2. In the Backup company data area, click [Backup].

3. In the Backup file name field, click [Browse ...]. Browse to the appropriate location.

4. Type **Chapter 8 October** in the File name field.

5. Click [Save].

6. When the Backup window appears, click [OK].

7. When the Backup was completed successfully window appears, click [OK].

8. Close the Microsoft Office Accounting Data Utilities window.

9. Exit MOA.

	INTERNET ACTIVITY
1.	From your Internet browser, go to the book's website at www.mhhe.com/yachtmoa.
2.	Link to Student Edition.
3.	Link to Internet Activities; then link to Part 2 Internet Activities for Chapters 8 and 9. Open or Save.
4.	Complete the Chapter 8 exercise, Starting a Business.
5.	Explore three links. Using a word processing program, write a summary about the site(s) you selected. Remember to include the website address(es) of each link. Your summary should be no more than 75 words or less than 50 words.

SUMMARY AND REVIEW

SOFTWARE OBJECTIVES: In Chapter 8, you used the software to:

1.   Set up a new company called Jessica Wood, Designer.

2.   Edit the chart of accounts.

3.   Enter beginning balances.

4.   Record check register entries.

5.   Complete account reconciliation.

6.   Print the trial balance.

7.   Print the financial statements.

8.   Make five backups: 1) back up Chapter 8 beginning data; 2) back up the October check register; 3) back up October data; 4) back up Exercise 8-1; 5) back up Exercise 8-2

WEB OBJECTIVES: In Chapter 8, you did these Internet activities:

1.   Used your Internet browser to go to the book's website. (Went online to www.mhhe.com/yachtmoa.

   ➢ Went to the Internet Activities link on the book's website. Then, selected Part 2 Internet Activities for Chapters 8 and 9. Completed the Chapter 8–Starting a Business exercise.

2.   Used a word processing program to write summaries of the websites that you visited.

GOING TO THE NET

Access information about a chart of accounts at www.allianceonline.org. Type **chart of accounts** in the search field. Link to What should our chart of accounts include? Then, link to What are the Features of a Simple Chart of Accounts?. The URL is http://www.allianceonline.org/FAQ/financial_management/what_should_our_chart.faq/#features .

1.   List the standard order that accounts are presented on the balance sheet and income statement.

2.   How are account numbers organized? Why are they organized that way?

FLASHCARD REVIEW

Create the following flashcards.

1.   Display the 10/31//2007 transaction journal report.

2.   Display the 10/1/2007 to 10/31/2007 trial balance.

3.   Display the 10/31/2007 balance sheet.

4.   Display the 10/31/2007 profit and loss report.

5.   Display the 10/31/2007 cash flow statement.

True/Make True: Write the word True in the space provided if the statement is true. If the statement is *not* true, write the correct answer.

1.   In Chapter 8, the checkbook register and October 1, 2007 balance sheet are used as source documents.

   _____

   _____

   _____

2.   In accounting, written evidence of a business transaction is called an account register.

   _____

   _____

3. To set up a new service business, use MOA's Startup Wizard.

_____

_____

4. In Chapter 8, the type of business set up is Accountant/CPA.

_____

_____

5. The first date for recording transactions is 10/1/2007.

_____

_____

6. The company preference set up for undeposited funds is Account No. 1010, Checking.

_____

_____

7. The total cash balance on 10/31/2007 is $15,657.95.

_____

_____

Exercise 8-1: Follow the instructions to complete Exercise 8-1. You
must complete Chapter 8 activities *before* you can do Exercise 8-1.

1.   Restore the Chapter 8 October.sbb backup file. This backup was
     made on page 265.

2.   Open Jessica Wood, Designer. (Or, your name, Designer.)

3.   Use MOA's account register to complete the November 3 through
     28, 2007 check register transactions shown below. (*Hint:* In the Pay
     to field, select the appropriate vendor.) Before entering
     transactions, you may want to write down the appropriate account
     numbers in the Description of Transaction column.

Check Number	Date	Description of Transaction	Payment	Deposit	Balance
	10/31	*Bank Service Charge*	*10.00*		*15,657.95*
	11/3	Royalties		2,455.85	18,113.80
	11/5	ATM3	200.00		17,913.80
	11/6	Teaching Income		2,716.19	20,629.99
4014	11/10	Dept. of Water (water/garbage)	90.50		20,539.49
4015	11/10	Central Utilities (electricity/gas)	53.90		20,485.59
4016	11/12	Madison Bell (telephone)	45.08		20,440.51
4017	11/14	Cell Service (cell)	81.50		20,359.01
	11/16	ATM4	200.00		20,159.01
4018	11/27	VISA card payment[3]	5,250.65		14,908.36
4019	11/28	ISP	19.95		14,888.41
	11/28	ATM5	200.00		14,688.41

4.   Backup. The suggested file name is **Exercise 8-1 Check Register
     November.sbb**.

---

[3]Add new vendor.

Exercise 8-2: Follow the instructions below to complete Exercise 8-2.

1. If necessary, restore the Exercise 8-1 Check Register November.sbb file.

2. To reconcile Account No. 1010, Checking, use the bank statement shown below.

Statement of Account			Jessica Wood, Designer	
Bank One			1381 North Broadway	
November 1 to November 30, 2007		Account # 89123631	Madison, WI 53704	
REGULAR CHECKING				
Previous Balance	10/31/07	16,143.52		
2 Deposits(+)		5,172.04		
8 checks (-)		756.55		
3 Other deduction (-)		600.00		
Service Charges (-)	11/30/07	10.00		
Ending Balance	11/30/07	**19,949.01**		
DEPOSITS				
	11/3/07	2,455.85		
	11/8/07	2,716.19		
CHECKS (Asterisk * indicates break in check number sequence)				
	11/3/07	4005*	39.64	
	11/3/07	4011	210.00	
	11/3/07	4012	215.98	
	11/5/07	4013	19.95	
	11/17/07	4014	90.50	
	11/27/07	4015	53.90	
	11/28/07	4016	45.08	
	11/28/07	4017	81.50	
OTHER DEDUCTIONS (ATM's)				
	11/5/07	ATM3	200.00	
	11/14/07	ATM4	200.00	
	11/28/07	ATM5	200.00	

3. Print the Reconciliation Detail report.

4. Print the 11/1/2007 to 11/30/2007 transaction journal.

5.   Print the 11/1/2007 to 11/30/2007 transaction detail by account.

6.   Print the 11/30/2007 trial balance.

7.   Print the 11/30/2007 balance sheet.

8.   Print the 11/1/2007 to 11/31/2007 profit and loss report.

9.   Print the 11/1/2007 to 11/30/2007 cash flow statement.

10.   Backup. The suggested filename is **Exercise 8-2 November.sbb**.

 Analysis Question: Why is November's net income less than October's?

CHAPTER 8 INDEX

Chapter 9 | Completing Quarterly Activities & Closing the Fiscal Year

SOFTWARE OBJECTIVES: In Chapter 9, you will use the software to:

1. Restore data from the Exercise 8-2 November.sbb file.[1] (This backup was made on page 271.)
2. Record and post transactions for December.
3. Complete account reconciliation.
4. Print a trial balance (unadjusted).
5. Record and post quarterly adjusting entries in the Journal.
6. Print adjusted trial balance and financial statements.
7. Close the fiscal year.
8. Print a Postclosing Trial Balance.
9. Make four backups: 1) December's unadjusted trial balance; 2) December 2007; 3) End-of-Year; and 4) Exercise 9-1 January 2008.[2]

WEB OBJECTIVES: In Chapter 9, you will do these Internet activities:

1. Use your Internet browser to go to the book's website.

2. Go to the Internet Activities link on the book's website. Then, select Part 2 Internet Activities for Chapters 8 and 9. Complete the Chapter 9–Understanding Accounting Terms exercise.

3. Use a word processing program to write summaries of the websites that you visited.

Chapters 8 and 9 work together. In Chapter 9 you continue recording financial information for Jessica Wood, Designer. You complete the Computer Accounting Cycle for December. Ms. Wood's checkbook register and bank statement are used as source documents. At the end of December, which is also the end of the fourth quarter, you complete

---

[1]All activities in Chapter 8 on pages 221-272, including Exercises 8-1 and 8-2, must be completed before starting Chapter 9.

[2]For the size of backup files, refer to the chart on page 220.

adjusting entries for Ms. Wood, print financial statements, and close the fiscal year.

The steps of the Computer Accounting Cycle that are completed in Chapters 8 and 9 are:

MOA's Computer Accounting Cycle
1. Set up a company.
2. Record transactions.
3. Post entries.
4. Account Reconciliation.
5. Print the Trial Balance (unadjusted).
6. Record and post adjusting entries.
7. Print the Trial Balance (adjusted).
8. Print the financial statements: balance sheet, profit and loss, cash flow statement.
9. Close the fiscal year.
10. Interpret accounting information.

GETTING STARTED
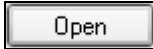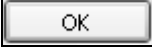
Follow these steps to continue using Jessica Wood's company data.

Read me: Continuing from Exercise 8-2, page 271

If you are using your own individual computer (for example a laptop), you may *not* need to restore data from the Exercise 8-2 November.sbb file. In other words, you are *not* transporting backup data from one computer to another one but continuing your work on your own computer. If that is the case, skip ahead to step 2, page 275.

---

1. Follow the steps below to restore the Exercise 8-2 November.sbb backup file. This backup was made on page 271.

    a. From the Start – Microsoft Office Accounting window, select Restore a backup. (If a company is open, click File; Close Company to go to the Start window.) *Hint:* Remember, restore from the Start window.

b. In the Backup filename field, click [Browse ...]. Go to the location of the Exercise 8-2 November.sbb file. Select the Exercise 8-2 November.sbb file, then click [Open].

c. In the Restore backup file to field, click [Browse ...]. Select jessicawooddesigner.sbc.sbc. (*Hint:* If necessary, substitute your name.)

d. Click [Save]. A window appears saying that C:\......\jessicawooddesigner.sbc already exists. Do you want to replace it? Click [Yes].

e. You are returned to the Database Restore window. Review the information in the Backup filename field and Restore backup file to field. Check the filename at the end of both fields: ….\Exercise 8-2 November.sbb *and* …..\jessicawooddesigner.sbc. Click [OK].

f. The Restore Complete window appears. Click [OK].

g. You are returned to the Start – Microsoft Office Accounting window. Select Open an existing company; then open Jessica Wood (or your name), Designer.

2. To make sure you are starting in the right place, display the November 30, 2007 trial balance. This trial balance was completed in Exercise 8-2, step 6, page 271.

Check these selected account balances:

Account Name	Account No.	Balance
Checking	1010	14,678.41
Supplies	1450	1,987.81
Jessica Wood, Withdrawals	3155	1,200.00
Internet	7520	39.90

Total Debits equal credits of $123,637.56.

3. Close the trial balance without saving.

If your trial balance does not agree with the one completed in Exercise 8-2, refer to Void an Entry, page 259.

CHECKBOOK REGISTER AND BANK STATEMENT: DECEMBER 2007

1. Use Ms. Wood's checkbook register to record and post transactions for the month of December. Her checkbook register is shown below.

> **Comment**
>
> Before you start recording entries, make sure that you are starting with correct data. To do that, display the November 30, 2007 trial balance. Compare it to the Exercise 8-2 trial balance, step 6, page 271.
>
> To make recording transaction quicker, write the account number next to the transaction.

Check Number	Date	Description of Transaction	Payment	Deposit	Balance
	11/30	*Bank Service Charge*	*10.00*		*14,678.41*
	12/3[3]	ATM6	400.00		14,278.41
	12/8	Deposit (teaching income)		2,716.19	16,994.60
4020	12/10	Dept. of Water (water/garbage)	45.72		16,948.88
4021	12/11	Central Utilities (electricity/gas)	73.19		16,875.69
4022	12/12	Madison Bell (telephone)	45.95		16,829.74
4023	12/15	VISA	250.20		16,579.54
4024	12/18	ISP	19.95		16,559.59
	12/19	ATM7	400.00		16,159.59
	12/29	ATM8	400.00		15,759.59

2. Use Ms. Wood's bank statement to reconcile Account No. 1010, Checking. (*Remember to record the bank service charge by adding a new transaction*.)

---

[3]Start entering transactions with the December 3 ATM6 transaction.

Statement of Account			Jessica Wood, Designer	
Bank One			1381 North Broadway	
December 1 to December 31, 2007 Account # 89123631			Madison, WI 53704	
REGULAR CHECKING				
Previous Balance	11/30/07	19,949.01		
1 Deposit(+)		2,716.19		
6 Checks (-)		5,685.66		
3 Other Deduction (-)		1,200.00		
Service Charges (-)	12/31/07	10.00		
Ending Balance	12/31/07	**15,769.54**		
	12/8/07	2,716.19		
CHECKS (Asterisk * indicates break in check number sequence)				
	12/8/07	4018	5,250.65	
	12/8/07	4019	19.95	
	12/22/07	4020	45.72	
	12/29/07	4021	73.19	
	12/29/07	4022	45.95	
	12/31/07	4023	250.20	
OTHER DEDUCTIONS (ATM's)				
	12/3/07	ATM6	400.00	
	12/19/07	ATM7	400.00	
	12/29/07	ATM8	400.00	

3. Print or display the Reconciliation Detail report. Compare it to the one shown on the next page.

Jessica Wood, Designer
Reconciliation Detail
Amount: Any, Bank Account: Checking, Statement date: 12/31/2007

Type	Date	No.	Name	Amount
Checking				
Opening Balance				19,949.01
Cleared Deposits				
Deposit	12/8/2007	6	Checking	2,716.19
Total Cleared Deposits				2,716.19
Cleared Withdrawals				
Check	11/27/2007	4018	VISA	(5,250.65)
Check	11/28/2007	4019	ISP	(19.95)
Check	12/3/2007	ATM6	Jessica Wood	(400.00)
Check	12/10/2007	4020	Dept. of Water	(45.72)
Check	12/11/2007	4021	Central Utilities	(73.19)
Check	12/12/2007	4022	Madison Bell	(45.95)
Check	12/15/2007	4023	VISA	(250.20)
Check	12/19/2007	ATM7	Jessica Wood	(400.00)
Check	12/29/2007	ATM8	Jessica Wood	(400.00)
Bank Fee	12/31/2007	14	Bank/Bankcard Charges	(10.00)
Total Cleared Withdrawals				(6,895.66)
Total Cleared Transactions				(4,179.47)
Reconciled Balance As Of Statement Date				15,769.54
Uncleared Withdrawals				
Check	12/18/2007	4024	ISP	(19.95)
Total Uncleared Withdrawals				(19.95)
Total Uncleared Transactions				(19.95)
Balance As Of Statement Date				15,749.59
Ending Balance				15,749.59

4.   Close the Reconciliation Detail report.

5.   Display the Account Register (Banking; Start a Task, Account Register. Compare the Checking – Account Register window to the check register on pages 276. Use drill down to make any needed corrections. The account register shows transactions from October through December 31, 2007. The December portion of the account register is shown on the next page.

Observe that the 12/31/2007 balance on the Account Register is $15,749.59. If you deduct the bank service charge of $10.00 from the check register shown on page 276, both registers agree.

Check register balance, page 276	$15,759.59
Minus bank service charge	10.00
Ending balance	$15,749.59

✓	12/3/2007	Check	ATM6	Jessica Wood		Multiple	$0.00	$400.00	$14,278.41
✓	12/8/2007	Deposit				Teaching Income	$2,716.19	$0.00	$16,994.60
✓	12/10/2007	Check	4020	Dept. of Water		Multiple	$0.00	$45.72	$16,948.88
✓	12/11/2007	Check	4021	Central Utilities		Multiple	$0.00	$73.19	$16,875.69
✓	12/12/2007	Check	4022	Madison Bell		Multiple	$0.00	$45.95	$16,829.74
✓	12/15/2007	Check	4023	VISA		Multiple	$0.00	$250.20	$16,579.54
	12/18/2007	Check	4024	ISP		Multiple	$0.00	$19.95	$16,559.59
✓	12/19/2007	Check	ATM7	Jessica Wood		Multiple	$0.00	$400.00	$16,159.59
✓	12/29/2007	Check	ATM8	Jessica Wood		Multiple	$0.00	$400.00	$15,759.59
✓	12/31/2007	Bank Fee				Bank/Bankcard Charges	$0.00	$10.00	$15,749.59

		Ending balance:		**$15,749.59**

6.   Close the Checking – Account Register window.

7.   Print the 12/1/2007 to 12/31/2007 transaction journal. The transaction journal is shown on this page and the next page.

Jessica Wood, Designer
Transaction Journal
Date Range: December 1, 2007 - January 4, 2008
Transaction type: All, No.: Any, Name: All, Account: All

Type	Status	No.	Name	Date	Account	Debit	Credit	Void
Check	**Paid**	**ATM6**	**Jessica Wood**	**12/3/2007**				
					Checking	0.00	400.00	
					Employee Payroll Liabi...	0.00	400.00	
					Employee Payroll Liabi...	400.00	0.00	
					Jessica Wood, Withdra...	400.00	0.00	
Deposit		**6**		**12/8/2007**				
					Teaching Income	0.00	2,716.19	
					Checking	2,716.19	0.00	
Check	**Paid**	**4020**	**Dept. of Water**	**12/10/2007**				
					Accounts Payable	0.00	45.72	
					Accounts Payable	45.72	0.00	
					Water/Garbage	45.72	0.00	
					Checking	0.00	45.72	
Check	**Paid**	**4021**	**Central Utilities**	**12/11/2007**				
					Accounts Payable	0.00	73.19	
					Accounts Payable	73.19	0.00	
					Electricity/Gas	73.19	0.00	
					Checking	0.00	73.19	
Check	**Paid**	**4022**	**Madison Bell**	**12/12/2007**				
					Accounts Payable	0.00	45.95	
					Accounts Payable	45.95	0.00	
					Telephone	45.95	0.00	
					Checking	0.00	45.95	
Check	**Paid**	**4023**	**VISA**	**12/15/2007**				
					Accounts Payable	0.00	250.20	
					Accounts Payable	250.20	0.00	
					Checking	0.00	250.20	
					VISA Payable	250.20	0.00	
Check	**Paid**	**4024**	**ISP**	**12/18/2007**				
					Accounts Payable	0.00	19.95	
					Accounts Payable	19.95	0.00	
					Internet	19.95	0.00	
					Checking	0.00	19.95	
Check	**Paid**	**ATM7**	**Jessica Wood**	**12/19/2007**				
					Checking	0.00	400.00	
					Employee Payroll Liabi...	0.00	400.00	
					Employee Payroll Liabi...	400.00	0.00	
					Jessica Wood, Withdra...	400.00	0.00	

Check	Paid	ATM8	Jessica Wood	12/29/2007			
					Checking	0.00	400.00
					Employee Payroll Liabi...	0.00	400.00
					Employee Payroll Liabi...	400.00	0.00
					Jessica Wood, Withdra...	400.00	0.00
Bank Fee		14		12/31/2007			
					Bank/Bankcard Charges	10.00	0.00
					Checking	0.00	10.00

8. Close the Transaction Journal without saving.

9. Print or display the 12/1/2007 to 12/31/2007 Transaction Detail by Account report. The Transaction Detail by Account report is shown on this page and the next page.

Jessica Wood, Designer
Transaction Detail by Account
Date Range: December 1, 2007 - December 31, 2007
Amount: Any, Name: All, Account: All, No.: Any, Transaction type: All, Class: All, Closing Postings: Included, Report Basis: Accrual

Type	Date	No.	Name	Memo	Amount	Balance
1010 - Checking						14,678.41
Check	12/3/2007	ATM6	Jessica Wood		(400.00)	14,278.41
Deposit	12/8/2007	6			2,716.19	16,994.60
Check	12/10/2007	4020	Dept. of Water		(45.72)	16,948.88
Check	12/11/2007	4021	Central Utilities		(73.19)	16,875.69
Check	12/12/2007	4022	Madison Bell		(45.95)	16,829.74
Check	12/15/2007	4023	VISA		(250.20)	16,579.54
Check	12/18/2007	4024	ISP		(19.95)	16,559.59
Check	12/19/2007	ATM7	Jessica Wood		(400.00)	16,159.59
Check	12/29/2007	ATM8	Jessica Wood		(400.00)	15,759.59
Bank Fee	12/31/2007	14			(10.00)	15,749.59
Total 1010 - Checking					**1,071.18**	**15,749.59**
2000 - Accounts Payable						0.00
Check	12/10/2007	4020	Dept. of Water		45.72	45.72
Check	12/10/2007	4020	Dept. of Water		(45.72)	0.00
Check	12/11/2007	4021	Central Utilities		73.19	73.19
Check	12/11/2007	4021	Central Utilities		(73.19)	0.00
Check	12/12/2007	4022	Madison Bell		45.95	45.95
Check	12/12/2007	4022	Madison Bell		(45.95)	0.00
Check	12/15/2007	4023	VISA		250.20	250.20
Check	12/15/2007	4023	VISA		(250.20)	0.00
Check	12/18/2007	4024	ISP		19.95	19.95
Check	12/18/2007	4024	ISP		(19.95)	0.00
Total 2000 - Accounts Payable					**0.00**	**0.00**
2010 - VISA Payable						250.20
Check	12/15/2007	4023	VISA		(250.20)	0.00
Total 2010 - VISA Payable					**(250.20)**	**0.00**
2110 - Employee Payroll Liabilities						0.00
Check	12/3/2007	ATM6	Jessica Wood		(400.00)	(400.00)
Check	12/3/2007	ATM6	Jessica Wood		400.00	0.00
Check	12/19/2007	ATM7	Jessica Wood		(400.00)	(400.00)
Check	12/19/2007	ATM7	Jessica Wood		400.00	0.00
Check	12/29/2007	ATM8	Jessica Wood		(400.00)	(400.00)
Check	12/29/2007	ATM8	Jessica Wood		400.00	0.00
Total 2110 - Employee Payroll Liabilities					**0.00**	**0.00**
3155 - Jessica Wood, Withdrawals						(1,200.00)
Check	12/3/2007	ATM6	Jessica Wood		(400.00)	(1,600.00)
Check	12/19/2007	ATM7	Jessica Wood		(400.00)	(2,000.00)
Check	12/29/2007	ATM8	Jessica Wood		(400.00)	(2,400.00)
Total 3155 - Jessica Wood, Withdrawals					**(1,200.00)**	**(2,400.00)**

4026 - Teaching Income					5,432.38
Deposit	12/8/2007	6		2,716.19	8,148.57
Total 4026 - Teaching Income				**2,716.19**	**8,148.57**
7230 - Processing Services					**20.00**
7232 - Bank/Bankcard Charges					**20.00**
Bank Fee	12/31/2007	14		10.00	30.00
Total 7232 - Bank/Bankcard Charges				**10.00**	**30.00**
Total 7230 - Processing Services				**10.00**	**30.00**
7510 - Telecommunications					**247.68**
7520 - Internet					**39.90**
Check	12/18/2007	4024	ISP	19.95	59.85
Total 7520 - Internet				**19.95**	**59.85**
7525 - Telephone					**80.08**
Check	12/12/2007	4022	Madison Bell	45.95	126.03
Total 7525 - Telephone				**45.95**	**126.03**
Total 7510 - Telecommunications				**65.90**	**313.58**
7810 - Utilities					**282.63**
7815 - Electricity/Gas					**93.54**
Check	12/11/2007	4021	Central Utilities	73.19	166.73
Total 7815 - Electricity/Gas				**73.19**	**166.73**
7820 - Water/Garbage					**189.09**
Check	12/10/2007	4020	Dept. of Water	45.72	234.81
Total 7820 - Water/Garbage				**45.72**	**234.81**
Total 7810 - Utilities				**118.91**	**401.54**

10.   Close the Transaction Detail by Account report without saving.

11.   Print or display the 12/31/2007 trial balance. This is the unadjusted trial balance. Compare your December 31, 2007 trial balance with the one shown on the next page.

Jessica Wood, Designer
Trial Balance
As of: 12/31/2007

Account Name	Account No.	Debit	Credit
Checking	1010	15,749.59	
Savings	1100	33,612.00	
Money Market	1150	32,700.35	
Supplies	1450	1,987.81	
Prepaid Insurance	1812	2,100.00	
Prepaid Rent	1814	600.00	
Computer Equipment	1420	8,605.68	
Furniture & Fixtures	1425	6,000.00	
Vehicle	1435	21,000.00	
Publisher Advances	2400		11,000.00
Jessica Wood, Capital	3050		100,534.08
Jessica Wood, Withdrawals	3155	2,400.00	
Royalties	4020		6,420.90
Teaching Income	4026		8,148.57
Dues, Publications, Books	6100	45.00	
Licenses & Permits	6180	210.00	
Postage & Delivery	7210	37.00	
Bank/Bankcard Charges	7232	30.00	
Cell	7515	127.70	
Internet	7520	59.85	
Telephone	7525	126.03	
Electricity/Gas	7815	166.73	
Water/Garbage	7820	234.81	
Vehicle Expense	7825	201.00	
Vehicle Repairs & Maintenance	7915	110.00	
Total		**126,103.55**	**126,103.55**

12. Close the Trial Balance without saving.
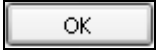
BACKING UP THE UNDADJUSTED TRIAL BALANCE

Follow these steps to back up the unadjusted trial balance.

1. Click File; Utilities, Data Utilities.

2. In the Backup company data area, click [Backup].

3. In the Backup file name field, click [Browse ...]. Browse to the appropriate location for your backup file.

4.   Type **Chapter 9 December UTB** in the File name field. (*Hint:* UTB is an abbreviation of unadjusted trial balance.)

5.   Click [Save].

6.   When the Backup window appears, click [OK].

7.   When the window prompts, Backup was completed successfully, click [OK].

8.   Close the Microsoft Office Accounting Data Utilities window.

9.   Exit MOA or continue with the next section.

You will print the financial statements after you record and post the end-of-quarter adjusting entries.

END-OF-QUARTER ADJUSTING ENTRIES

It is the policy of your accounting firm to record adjusting entries at the end of the quarter. Ms. Wood's accounting records are complete through December 31, 2007. The following adjusting entries need to be recorded in the Journal.

Follow these steps to record and post the adjusting entries in the journal.

1.   From the menu bar, select Company, New Journal Entry.

2.   If necessary, type **15** in the Journal No. field. (*Hint:* Fifteen is shown in the Journal number field. Use this number for the journal number. The Transaction Journal on page 280 showed 14 for the Bank Fee No.)

3.   Type **12/31/2007** in the Date field.

4.   In the Account field, select the appropriate account to debit. (See transactions 1-8 on pages 284-286.)

5.   Type the appropriate amount in the Debit field.
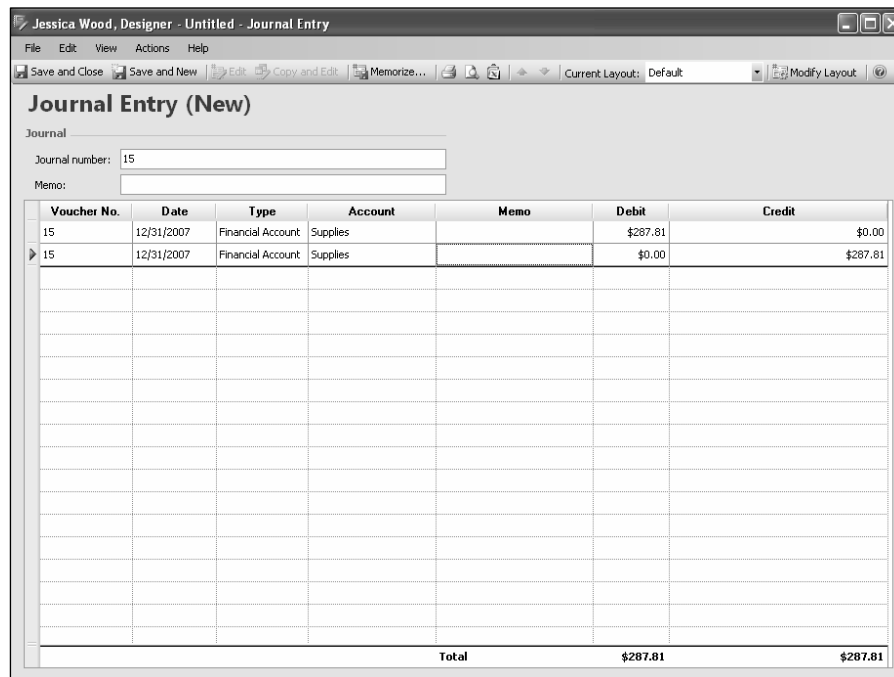
6. Select the appropriate account to credit. Make sure the Credit field shows the appropriate amount.

7. Click [Save and New] to go to the next journal entry.

Record and post the following December 31, 2007 adjusting entries:

1. Supplies on hand are $1,700.00. (This is Journal No. 15.)

Acct. #	Account Name	Debit	Credit
7340	Supplies (expense account)	287.81	
1450	Supplies		287.81

Computation: Supplies $1,987.81
                     Office supplies on hand   - 1,700.00
                     Adjustment $ 287.81

Hint: To post your transaction, click [Save and New] after each journal entry.

2. Adjust three months of prepaid insurance ($2,100 X 3/12 = $525). Ms. Wood paid a one year insurance premium on 10/1/07. (Journal No. 16.)

Acct. #	Account Name	Debit	Credit
6150	Insurance	525.00	
1812	Prepaid Insurance		525.00

3. Adjust three months of prepaid rent ($200 X 3 = $600.) (Journal No. 17.)

Acct. #	Account Name	Debit	Credit
7310	Rent	600.00	
1814	Prepaid Rent		600.00

4. Use straight-line depreciation for Ms. Wood's computer equipment. Her computer equipment has a four-year service life and a $1,000 salvage value. (Journal No. 18.)

    To depreciate computer equipment for the fourth quarter, use this calculation:

    $8,605.68 - $1,000 ÷ 4 years X 3/12 = $475.36
    Computer Equipment, 10/1/07 $7,500.00
    Hardware Upgrade, 10/4/07   1,105.68
    Total computer equipment, 12/31/07 $8,605.68

Acct. #	Account Name	Debit	Credit
6090	Depr. Exp.-Comp Equipment	475.36	
1475	A/D-Computer Equipment		475.36

5. Use straight-line depreciation to depreciate Ms. Wood's furniture. Her furniture has a 5-year service life and a $500 salvage value. (Journal No. 19.)

To depreciate furniture for the fourth quarter, use this calculation:

$6,000 - $1,000 ÷ 5 X 3/12 = $250.00

Acct. #	Account Name	Debit	Credit
6094	Depr. Exp-Furniture & Fixtures	250.00	
1480	A/D-Furniture & Fixtures		250.00

6.   Ms. Wood purchased her automobile on October 1, 2007. Use the following adjusting entry. (Journal No. 20.)

The computation is:

$21,000 X 20% X 3/12 = $1,050.00

Acct. #	Account Name	Debit	Credit
6096	Depr. Exp.-Vehicle	1,050.00	
1490	A/D-Vehicle		1,050.00

7.   Ms. Wood received an $11,000 advance from her publisher. This was recorded as ***unearned revenue*** on October 2, 2007. Unearned revenue is a liability account used to report advance collections from customers or clients. The amount of this adjusting entry is based on Ms. Wood's royalty statement. (Journal No. 21.)

Acct. #	Account Name	Debit	Credit
2400	Publisher Advances	3,500.00	
4020	Royalties		3,500.00

8.   After journalizing and posting the end-of-quarter adjusting entries, close the Journal Entry window, then display or print the Transaction Journal for 12/31/2007. The December 31, 2007 Bank Fee (Journal No. 14), along with the adjusting entries (Journal Nos. 15-21) are shown. If your Transaction Journal does *not* agree with the one shown below, void the appropriate journal entries. (*Hint*: Voiding entries is shown on page 259.)

Jessica Wood, Designer
Transaction Journal
Date Range: December 31, 2007 - December 31, 2007
Transaction type: All, No.: Any, Name: All, Account: All

Type	Status	No.	Name	Date	Account	Debit	Credit	Void
Bank Fee		14		12/31/2007				
					Bank/Bankcard Charges	10.00	0.00	
					Checking	0.00	10.00	
Journal Entry		15		12/31/2007				
					Supplies	287.81	0.00	
					Supplies	0.00	287.81	
Journal Entry		16		12/31/2007				
					Insurance	525.00	0.00	
					Prepaid Insurance	0.00	525.00	
Journal Entry		17		12/31/2007				
					Rent	600.00	0.00	
					Prepaid Rent	0.00	600.00	
Journal Entry		18		12/31/2007				
					A./D-Computer Equipm ...	0.00	475.36	
					Depr. Exp.-Computer ...	475.36	0.00	
Journal Entry		19		12/31/2007				
					A/D-Furniture & Fixtures	0.00	250.00	
					Depr. Exp.-Furniture &...	250.00	0.00	
Journal Entry		20		12/31/2007				
					A/D-Vehicle	0.00	1,050.00	
					Depr. Exp.-Vehicle	1,050.00	0.00	
Journal Entry		21		12/31/2007				
					Publisher Advances	3,500.00	0.00	
					Royalties	0.00	3,500.00	

9.   Close the Transaction Journal without saving.

10.   Print the 12/31/2007 Trial Balance (adjusted). Compare your adjusted trial balance to the one shown on the next page.
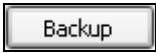
Jessica Wood, Designer
Trial Balance
As of: 12/31/2007

Account Name	Account No.	Debit	Credit
Checking	1010	15,749.59	
Savings	1100	33,612.00	
Money Market	1150	32,700.35	
Supplies	1450	1,700.00	
Prepaid Insurance	1812	1,575.00	
Computer Equipment	1420	8,605.68	
Furniture & Fixtures	1425	6,000.00	
Vehicle	1435	21,000.00	
A/D-Computer Equipment	1475		475.36
A/D-Furniture & Fixtures	1480		250.00
A/D-Vehicle	1490		1,050.00
Publisher Advances	2400		7,500.00
Jessica Wood, Capital	3050		100,534.08
Jessica Wood, Withdrawals	3155	2,400.00	
Royalties	4020		9,920.90
Teaching Income	4026		8,148.57
Depr. Exp.-Computer Equipment	6090	475.36	
Depr. Exp.-Furniture & Fixtures	6094	250.00	
Depr. Exp.-Vehicle	6096	1,050.00	
Dues, Publications, Books	6100	45.00	
Insurance	6150	525.00	
Licenses & Permits	6180	210.00	
Postage & Delivery	7210	37.00	
Bank/Bankcard Charges	7232	30.00	
Rent	7310	600.00	
Supplies	7340	287.81	
Cell	7515	127.70	
Internet	7520	59.85	
Telephone	7525	126.03	
Electricity/Gas	7815	166.73	
Water/Garbage	7820	234.81	
Vehicle Expense	7825	201.00	
Vehicle Repairs & Maintenance	7915	110.00	
Total		**127,878.91**	**127,878.91**

10. Print the 12/31/2007 balance sheet. Compare yours to the one shown on the next page.

Jessica Wood, Designer

Balance Sheet
As of: 12/31/2007
Report Basis: Accrual

	As of 12/31/07
Assets	
Current Assets	
Cash	
1010 - Checking	15,749.59
1100 - Savings	33,612.00
1150 - Money Market	32,700.35
Total Cash	**82,061.94**
Other Current Assets	
1450 - Supplies	1,700.00
1812 - Prepaid Insurance	1,575.00
Total Other Current Assets	**3,275.00**
Total Current Assets	**85,336.94**
Fixed Assets	
1420 - Computer Equipment	8,605.68
1425 - Furniture & Fixtures	6,000.00
1435 - Vehicle	21,000.00
1460 - Accumulated depreciation	
1475 - A/D-Computer Equipment	(475.36)
1480 - A/D-Furniture & Fixtures	(250.00)
Total 1460 - Accumulated depreciation	**(725.36)**
1490 - A/D-Vehicle	(1,050.00)
Total Fixed Assets	**33,830.32**
Total Assets	**119,167.26**
Liabilities & Equity	
Liabilities	
Current Liabilities	
Other Current Liabilities	
2400 - Publisher Advances	7,500.00
Total Other Current Liabilities	**7,500.00**
Total Current Liabilities	**7,500.00**
Total Liabilities	**7,500.00**
Equity	
3050 - Jessica Wood, Capital	100,534.08
3155 - Jessica Wood, Withdrawals	(2,400.00)
Net Income	13,533.18
Total Equity	**111,667.26**
Total Liabilities & Equity	**119,167.26**

11. Print the 12/1/2007 to 12/31/2007 Profit and Loss.

Jessica Wood, Designer

Profit and Loss

Date Range: December 1, 2007 - December 31, 2007

Account: All, Report Basis: Accrual, Class: All, Name: All, Closing Postings: Not Included

	12/1/07 - 12/31/07
Ordinary Income/Expense	
Income	
4020 - Royalties	3,500.00
4026 - Teaching Income	2,716.19
Total Income	**6,216.19**
Gross Profit	**6,216.19**
Expense	
6090 - Depr. Exp.-Computer Equip...	475.36
6094 - Depr. Exp.-Furniture & Fixtures	250.00
6096 - Depr. Exp.-Vehicle	1,050.00
6150 - Insurance	
6150 - Insurance - Other	525.00
Total 6150 - Insurance	**525.00**
7230 - Processing Services	
7232 - Bank/Bankcard Charges	10.00
Total 7230 - Processing Services	**10.00**
7310 - Rent	
7310 - Rent - Other	600.00
Total 7310 - Rent	**600.00**
7340 - Supplies	
7340 - Supplies - Other	287.81
Total 7340 - Supplies	**287.81**
7510 - Telecommunications	
7520 - Internet	19.95
7525 - Telephone	45.95
Total 7510 - Telecommunications	**65.90**
7810 - Utilities	
7815 - Electricity/Gas	73.19
7820 - Water/Garbage	45.72
Total 7810 - Utilities	**118.91**
Total Expense	**3,382.98**
Net Ordinary Income	**2,833.21**
Net Income	**2,833.21**

12. Print the 12/1/2007 to 12/31/2007 Cash Flow Statement.

Jessica Wood, Designer
Cash Flow Statement
Date Range: December 1, 2007 - December 31, 2007
Closing Postings: Not Included

	12/1/07 - 12/31/07
OPERATING ACTIVITIES	
Net Income	**2,833.21**
Adjustments to reconcile net income to…	
1450 - Supplies	287.81
1812 - Prepaid Insurance	525.00
1814 - Prepaid Rent	600.00
2010 - VISA Payable	(250.20)
2400 - Publisher Advances	(3,500.00)
Net Cash provided by Operating Activities	**495.82**
INVESTING ACTIVITIES	
1475 - A/D-Computer Equipment	475.36
1480 - A/D-Furniture & Fixtures	250.00
1490 - A/D-Vehicle	1,050.00
Net Cash provided by Investing Activities	**1,775.36**
FINANCING ACTIVITIES	
3155 - Jessica Wood, Withdrawals	(1,200.00)
Net Cash provided by Financing Activities	**(1,200.00)**
Net cash change for the Period	**1,071.18**
Cash at beginning of the period	**80,990.76**
Cash at end of the Period	**82,061.94**

Comment

If your cash flow statement or other financial statements shown on pages 289-291 *do not agree* with the textbook illustrations, drill-down to the appropriate entries. Edit the entries, then post and reprint your reports.

BACKING UP DECEMBER DATA

Follow these steps to back up the unadjusted trial balance.

1. Click File; Utilities, Data Utilities.

2. In the Backup company data area, click [Backup].

3. In the Backup file name field, click [Browse ...]. Browse to the appropriate location for your backup file.

4. Type **Chapter 9 December 2007** in the File name field.

5. Click [Save].

6. When the Backup window appears, click [OK].

7. When the window prompts, Backup was completed successfully, click [OK].

8. Close the Microsoft Office Accounting Data Utilities window.

9. Exit MOA or continue with the next section.

CLOSING THE FISCAL YEAR

When you close the fiscal year, all revenue and expense accounts are moved to Account No. 3200, Retained Earnings account. Moving the expense and revenue accounts to retained earnings is called *closing the fiscal year*.

Follow these steps to close the fiscal year.

1. From the menu bar, select Company; Manage Fiscal Year. The Manage Fiscal Year window appears.

2. Click [Close Fiscal Year...]. A warning window appears saying that net income will be moved to retained earnings.
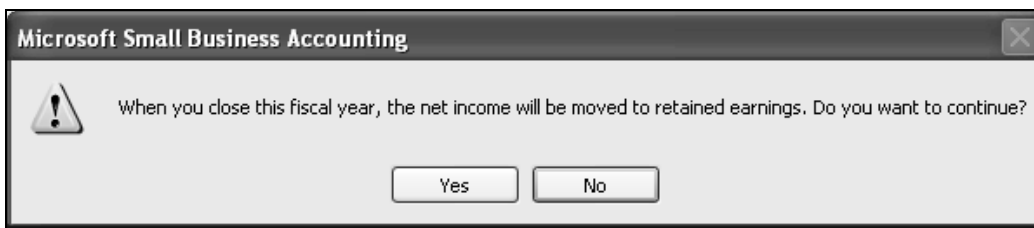
3. Read the information on the Warning window. Since you want to close the fiscal year and move net income to retained earnings, click [Yes].

4. Observe that the Manage Fiscal Year window shows Closed in the Status field.

5. Click [Close].

PRINTING THE POSTCLOSING TRIAL BALANCE

After the fiscal year is closed, a postclosing trial balance is printed. Observe that net income in the amount of $13,533.18 is moved to Retained Earnings. This net income amount is also shown on the Balance Sheet, page 289. Also, observe that the postclosing trial balance does *not* show revenue and expense accounts.

1. Display or print the 12/31/2007 trial balance.

Jessica Wood, Designer
Trial Balance
As of: 12/31/2007

Account Name	Account No.	Debit	Credit
Checking	1010	15,749.59	
Savings	1100	33,612.00	
Money Market	1150	32,700.35	
Supplies	1450	1,700.00	
Prepaid Insurance	1812	1,575.00	
Computer Equipment	1420	8,605.68	
Furniture & Fixtures	1425	6,000.00	
Vehicle	1435	21,000.00	
A/D-Computer Equipment	1475		475.36
A/D-Furniture & Fixtures	1480		250.00
A/D-Vehicle	1490		1,050.00
Publisher Advances	2400		7,500.00
Jessica Wood, Capital	3050		100,534.08
Jessica Wood, Withdrawals	3155	2,400.00	
Retained Earnings	3200		13,533.18
Total		**123,342.62**	**123,342.62**

2. Close the postclosing trial balance without saving.

BACKING UP YEAR-END DATA

Follow these steps to back up the unadjusted trial balance.

1. Click File; Utilities, Data Utilities.

2. In the Backup company data area, click   Backup .

3. In the Backup file name field, click   Browse ... . Browse to the appropriate location for your backup file.

4. Type **Chapter 9 EOY** in the File name field. (*Hint:* EOY is an abbreviation of end of year.)

5. Click [Save].

6. When the Backup window appears, click [OK].

7. When the window prompts, Backup was completed successfully, click [OK].

8. Close the Microsoft Office Accounting Data Utilities window.

9. Exit MOA or continue with the next section.

	INTERNET ACTIVITY
1.	From your Internet browser, go to the book's website at www.mhhe.com/yachtmoa.
2.	Link to Student Edition.
3.	In the Course-wide Content list, link to Part 2 Internet Activities for Chapters 8 and 9. Open or save. (You can also choose Chapter 9, then link to Internet Activities. If you Choose a Chapter, observe that other chapter-specific links are available; for example, Quizzes, PowerPoints, and Going to the Net Exercises.).
4.	Scroll down the window to UNDERSTANDING ACCOUNTING TERMS – Chapter 9. Read steps 1 – 3.
5.	Follow the steps shown on the book's website to complete this Internet activity.

SUMMARY AND REVIEW

SOFTWARE OBJECTIVES: In Chapter 9, you used the software to:
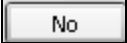
1. Restore data from the Exercise 8-2 November.sbb file. (This backup was made on page 271.)

2. Record and post transactions for December.

3. Complete account reconciliation.

4. Print a Trial Balance (unadjusted).

5. Record and post quarterly adjusting entries in the Journal.

6. Print adjusted trial balance and financial statements.

7. Close the fiscal year.

8. Print a Postclosing Trial Balance.

9. Make four backups: 1) December's unadjusted trial balance; 2) December 2007; 3) End-of-Year; and 4) Exercise 9-1 January 2008.

WEB OBJECTIVES: In Chapter 9, you did these Internet activities:

1. Used your Internet browser to go to the book's website.

2. Went to the Internet Activities link on the book's website. Then, selected Part 2 Internet Activities for Chapters 8 and 9. Completed the Chapter 9–Understanding Accounting Terms exercise.

3. Used a word processing program to write summaries of the websites hat you visited.

GOING TO THE NET

Access the asset depreciation schedule at http://office.microsoft.com/en-us/templates/TC010460991033.aspx. (*Hint:* Excel 2000 or later is required.) Click [Download Now]. If a window appears asking if you want to automatically download and display links in the Template Help pane, click [No]. An Asset Depreciation worksheet appears.

Complete the following fields. Press <Enter> to move between fields.

Date:	1/1/2004
Initial cost:	7000
Salvage value:	0
Useful life (years)	7

1. Click on Asset Depreciation. Type **Furniture** to replace it.

2. From Excel's menu bar, click File, Print.

3. Click File; Save. The suggested file name is **Asset depreciation.xls**; click [Save].

4. What depreciation methods are shown?

5. Close Excel; close Internet Explorer.

FLASHCARD REVIEW

1. What are the steps for recording and posting an adjusting entry?

2. How is the fiscal year closed?

True/Make True: Write the word True in the space provided if the statement is true. If the statement is not true, write the correct answer.

1. You can complete the activities in Chapter 9 without completing Chapter 8.

    _____

    _____

2. Step 4 of MOA's Computer Accounting Cycle is reconciling the bank statement.

    _____

    _____

3. The check register's balance does *not* show the bank service charge.

_____

_____

4. Jessica Wood's checkbook register and bank statement are used as source documents for recording entries.

_____

_____

_____

5. The account reconciliation feature can reconcile the cash account(s) only.

_____

_____

_____

6. In Chapter 9, accounting records are completed for November 1 - 30 and December 1 - 31, 2007.

_____

_____

7. MOA includes an editing feature so that entries can be corrected.

    _____

    _____

8. For the period of December 1 to 31, 2007, Ms. Wood's net income is
    $13,533.18.

    _____

    _____

9. At the end of the quarter, Ms. Wood's total assets are $119,167.26.

    _____

    _____

10. The 12/31/2007 balance sheet and the 12/31/2007 postclosing trial
    balance show the same balance for net income and retained
    earnings, respectively.

    _____

    _____

    _____

Exercise 9-1: Follow the instructions below to complete Exercise 9-1. You must complete Chapters 8 and 9, including the end-of-chapter exercises, *before* you can do Exercise 9-1.
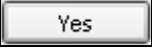
1.   Start Microsoft Office Accounting.

2.   If necessary, restore the Chapter 9 EOY.sbb file and open Jessica Wood, Designer. This backup was made on pages 294-295. To make sure you are starting in the right place, compare your 12/31/2007 postclosing trial balance to the one shown on page 294.
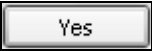
Change the Fiscal Year

The bank statement below shows transaction for January 2008. Before you can record transactions, you need to change the fiscal year. Follow these steps to do that.

a.   From the menu bar, select Company; Manage Fiscal Year.

b.   Click | Change Start Date... |.

c.   Select or type **1/1/2008** in the Start date field

d.   Click | OK |.

e.   When the window prompts, This will create all necessary fiscal years to include the selected start day. Do you want to continue?, click | Yes |.

f. When the window prompts, Do you want to set the first valid posting date to the new start date?, click ⟦ Yes ⟧ .

g. Close the Manage Fiscal Year window.

3. Use the check register below to record and post transactions. (*Hint:* You may want to write down the appropriate account number in the description of transaction column.)

Check Number	Date	Description of Transaction	Payment/ Dr (-)	Deposit/ Cr. (+)	Balance
	12/31/07	Bank Service Charge	10.00		15,749.59
	1/2/08	ATM9	100.00		15,649.59
	1/3/08	Deposit (design fees)[4]		2,200.00	17,849.59
4025	1/3/08	Albert Repairs[5]	75.00		17,774.59
	1/8/08	Deposit (teaching income)		2,716.19	20,490.78
4026	1/9/08	Central Utilities (electricity/gas)	55.75		20,435.03
4027	1/9/08	Dept. of Water (water/garbage)	86.35		20,348.68
4028	1/10/08	Cell Service	48.65		20,300.03
4029	1/13/08	U.S. Post Office	39.00		20,261.03
4030	1/15/08	Madison Bell (telephone)	41.97		20,219.06
4031	1/16/08	ISP (cell)	19.95		20,199.11
	1/20/08	ATM10	100.00		20,099.11
4032	1/29/08	Green Rentals[6] (Prepaid Rent)	600.00		19,499.11
4033	1/29/08	Office Supply Store[7]	85.80		19,413,31

---

[4]Add Account No. 4010, Design Fees. This is an Income account.

[5]Add a new vendor. Debit Account No. 7290, Repairs & Maintenance.

[6]Add a new vendor.

[7]Debit Account No. 1450, Supplies.

4034	1/29/08	Office Equipment & More[8]	1,559.00		17,854.31
	1/30/08	ATM11	200.00		17,654.31

4. Use the Bank Statement below to reconcile Account No. 1010, Checking on January 31, 2008. (*Hint: Remember to record the bank service charge.*)

Statement of Account				Jessica Wood, Designer
Bank One				1381 North Broadway
January 1 to January 31, 2007		Account # 89123631		Madison, WI 53704
REGULAR CHECKING				
Previous Balance	12/31/07	15,749.59		
2 Deposits(+)		4,916.19		
6 Checks (-)		366.67		
2 Other Deductions (-)		400.00		
Service Charges (-)	1/31/08	10.00		
Ending Balance	1/31/09	**$19,889.11**		
DEPOSITS				
	1/6/08	2,200.00		
	1/10/08	2,716.19		
CHECKS (Asterisk * indicates break in check number sequence)				
	1/10/08	4024	19.95	
	1/10/08	4025	75.00	
	1/24/08	4026	55.75	
	1/24/08	4027	86.35	
	1/27/08	4028	48.65	
	1/30/08	4029	39.00	
	1/30/08	4030	41.97	
OTHER DEDUCTIONS (ATM's)				
	1/2/08	ATM9	100.00	
	1/20/08	ATM10	100.00	
	1/30/08	ATM11	200.00	

5. Print a Reconciliation Detail report.

---

[8]Debit Account No. 1420.

6. Print the 1/31/2008 Trial Balance.

7. Backup your data. The suggested file name is **Exercise 9-1 January 2008.sbb**.

8. Continue with Exercise 9-2.

Exercise 9-2: Follow the instructions below to complete Exercise 9-2. Chapters 8, 9, Exercises 8-1, 8-2, and 9-1 *must* be completed before starting Exercise 9-2.

1. Start MOA.

2. If necessary restore the Exercise 9-1 January 2008.sbb backup file. Open Jessica Wood, Designer.

3. Print the 1/1/2008 to 1/31/2008 Transaction Journal.

4. Print the January 1-31, 2008 Transaction Detail by Account report.

5. Check with your instructor to see if he or she would like a printout of the 10/1/2007 to 1/31/2008 GL Report. (*Hint:* Reports; Company and Financial, GL Report. This is an *optional* report and shows all the accounts in the chart of accounts.)

6. Print the financial statements: Balance Sheet (as of 1/31/2008); Profit and Loss (from 1/1/2008 to 1/31/2008); Cash Flow Statement (from 1/1/2008 to 1/31/2008). (*Hint:* there is no need to backup Exercise 9-2. The data included in Exercise 9-1 includes the reports necessary for Exercise 9-2.)

ANALYSIS QUESTION:

a) How is the December 31, 2007 retained earnings balance computed? Show the computation.
b) What report(s) show the end-of-fourth quarter retained earnings balance?

CHAPTER 9 INDEX

Project

1

Fargo Medical Center

In Project 1, you will complete the Computer Accounting Cycle for Fargo Medical Center. Fargo Medical Center started their medical practice on December 1, 2007 in Fargo, ND. Fargo Medical Center employs two lab technicians and one administrative assistant. The employees are independent contractors.

In this project you complete the accounting cycle for the month of December 2007. Fargo Medical Center's balance sheet, checkbook register, and bank statement are provided as source documents.
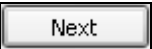
At the end of Project 1, a checklist is shown listing the printed reports you should have. The step-by-step instructions remind you to print reports at certain intervals. Your instructor may require these printouts for grading purposes. Remember to make backups at periodic intervals.

SET UP THE COMPANY

Follow these steps to complete Project 1:

Step 1:   Start MOA. If a company starts, select File; Close Company.
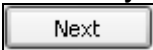
Step 2:   From the Start – Microsoft Office Accounting 2007 window, link to <u>Set up a new company</u>.

Step 3:   Read the information on the Welcome to Company Setup window. Click   Next .
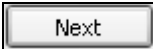
Step 4:   Read the information on the Company introduction window. Click   Next .

Step 5:   The Add company details window appears. Complete the following fields

Company name:	**Fargo Medical Center**
Legal name:	Fargo Medical Center
Street:	**1215 36th Street, South**
City, State, Zip	**Fargo**
State/Province:	**ND**
Zip/Postal code:	**58103**
Country/Region:	United States
Phone:	**701-555-7654**
Fax:	**701-555-3563**
E-mail:	**info@fargomedicalcenter.com**
Web Site:	**www.fargomedicalcenter.com**

Step 6:   Check the information that you entered on the Add company details form. Click | Next |.

Step 7:   The Set up accounts window appears. Accept the default for Select your business type and have Accounting 2007 suggest accounts, by clicking by clicking | Next |
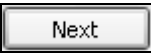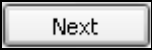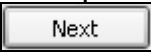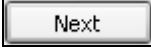
Step 8:   The Set up accounts (Cont.) window appears. In the Business type field, select Healthcare, General. Click | Next |.

Step 9:   The Select a fiscal year and start date window appears. Make these selections:

Beginning of the first fiscal year:	**1/1/2007**
End of first fiscal year:	12/31/2007
Start date:	**12/1/2007**
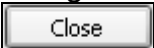
Step 10:   Make sure the dates on the Select a fiscal year and start date window are correct. Click | Next |.

Step 11:   The Preferences introduction window appears. Read the information. Click | Next |.

Step 12:   The Select jobs preferences window appears. Accept the default for No by clicking | Next |

Step 13:   The Select sales tax preferences window appears. Accept the default for No by clicking | Next |.

Step 14:   The Select form layout preferences appears. Accept the default for Sells services by clicking | Next |.

Step 15:   The Select numbering preferences window appears. A checkmark is placed next to Accounts. Accept this default by clicking | Next |.

Step 16:   The Currency preferences window appears. Accept the default for No by clicking | Next |.

Step 17:   The Set up payroll window appears. Fargo Medical Center is *not* going to use the ADP payroll service. Accept the default for No by clicking | Next |.

Step 18:   The Online sales preferences window appears. Click on the radio button next to No, do not activate online sales at this point. Click | Next |.

Step 19:   The Select cash basis or accrual basis reporting window appears. Accept the default for Accrual basis reports (Recommended) by clicking | Next |.

Step 20:   The Select add-in packs window appears. Uncheck the four boxes in the Enabled column. Click | Next |.

Step 21:   The Company details and preferences completed window appears. Click | Finish |.

Step 22:   The Select company file window appears. Observe that the Companies folder is shown in the Save in field. The File name field shows fargomedicalcenter.sbc. Click [Save].

Step 23:   When the Microsoft Office Accounting Startup Wizard progress window appears, click [Close].

CHANGING THE COMPANY NAME

To add your name to printouts, follow these steps to go to the Company Information window.

Step 24:   From the menu bar, select Company; Company Information.

Step 25:   In the Company name field, add your first and last name at the end of the field. For example, the Company name field should show, Fargo Medical Center – Your first name and last name. Press <Tab>.

Step 26:   Click [OK].

COMPANY PREFERENCES

Step 27:   From the menu bar, select Company; Preferences.

Company tab: Use account numbers should be checked.

System Accounts tab: Opening balances: Account No. 3050, Owner's Equity

Undeposited funds: Account No. 1010, Checking

Step 28:   Click [OK] to save company preferences.

CHART OF ACCOUNTS

Step 29:   Delete the following accounts.

No.	Name
1000	Petty Cash (Make Petty Cash an inactive account. Refer to page 234.)
1005	Undeposited Funds
1220	Employee Advances
1250	Purchased Receivables
1405	Bld/Bldg Improvements
1410	Land
1415	Leasehold Improvements
1430	Professional Equip
1465	A/D Bldg/Bldg Improvements
1470	A/D Leasehold Improvements
1710	Goodwill
1720	Organizational Costs
1730	Start-up Costs
1745	Accum. Amort-Goodwill
1750	Accum Amort-Org Costs
1755	Accum Amort-Start-up Costs
3010	Common Stock
5140	Outsourced Labor
6025	Amortization

Step 30: Change the following accounts.

No.	Name
1010	Fargo Bank
1810	Prepaid Rent
2055	Notes Payable
3050	Your first and last name, Capital
4020	Medical Fees
6090	Depr. Exp.-Office Equipment
7260	Wages Exp.–Admin. Asst.
7265	Wages Exp.-Lab Technician
7340	Supplies Expense

Step 31: Add the following accounts.

No.	Name	Account Type
1250	Supplies	Other Current Asset
3055	Your first and last name, Withdrawals	Equity
6094	Depr. Exp.-Office Furniture & Fixtures	Expense
6096	Depr. Exp.-Vehicle	Expense

Step 32: Print the Chart of Accounts.

BEGINNING BALANCES

Use Fargo Medical Center's December 1, 2007 balance sheet to record opening balances.

Fargo Medical Center, Balance Sheet December 1, 2007		
ASSETS		
Current Assets		
1010 - Fargo Bank	$29,000.00	
1150 – Money Market	11,350.00	
1250 – Supplies	3,300.00	
Total Current Assets		43,650.00
Fixed Assets		
1420 – Office Equipment	12,600.00	
1425 - Office Furniture &Fixtures	15,000.00	
1435 - Vehicle	21,500.00	
Total Fixed Assets		49,100.00
Other Assets		
1810 - Prepaid Rent		4,000.00
Total Assets		$ 96,750.00
LIABILITIES AND CAPITAL		
Current Liabilities		
2055 - Notes Payable	19,600.00	
Total Current Liabilities		19,600.00
Equity		
3050 - Student Name, Capital		77,150.00
Total Liabilities and Equity		$ 96,750.00

Step 33: Print the December 1, 2007 balance sheet.

Step 34: Back up the beginning data. The suggested file name is **Fargo Medical Center Begin.sbb**.

Step 35: The Fargo Bank checkbook register below provides you with the information necessary for December's transactions. Remember to post after each transaction. (Add vendors and employees as needed.)

Check Number	Date	Transaction Description	Payment/ Dr. (-)	Deposit/ Cr. (+)	Balance
		Balance forward			29,000.00
	12/1	Deposit (medical fees)		3,900.00	32,900.00
9001	12/1	First Interstate Bank (notes payable)	2,700.00		30,200.00
9002	12/1	The Office Store - laser printer (office equipment)	625.87		29,574.13
9003	12/6	Administrative Asst. (wages exp.-admin. asst.)	1,250.00		28,324.13
9004	12/6	Lab Technician (wages exp.-lab technician)	690.00		27,634.13
9005	12/11	Morehead Office Supplies (letterhead - supplies)	105.65		27,528.48
9006	12/13	Administrative Asst.	1,250.00		26,278.48
9007	12/13	Lab Technician	690.00		25,588.48
	12/15	Deposit (medical fees)		4,000.00	29,588.48
9008	12/17	Midwestern Telephone Service (telephone bill)	71.09		29,517.39
9009	12/19	U.S. Post Office (postage & delivery)	39.00		29,478.39
9010	12/19	Journal of Medicine (dues, publications, books)	545.00		28,933.39
9011	12/20	Administrative Asst.	1,250.00		27,683.39
9012	12/20	Lab Technician	620.00		27,063.39
	12/23	Deposit (medical fees)		3,950.00	31,013.39
9013	12/24	Lonetree Electric Co. (electricity/gas)	145.20		30,868.19
	12/26	Deposit (medical fees)		3,500.00	34.368.19
9014	12/27	Administrative Asst.	1,250.00		33,118.19
9015	12/27	Lab Technician	750.00		32,368.19
	12/29	Deposit (medical fees)		1,500.00	33,868.19
9016	12/29	Internet Service Provider	70.39		33,797.80

Step 36: Backup. The suggested File name is **Fargo Medical Center December Check Register.sbb**.

Step 37: Fargo Medical Center's bank statement is shown below. (*Hint:* Remember to record the bank service charge.)

Statement of Account Fargo Bank December 1 to December 31, 2007 Account #08389265-844		Fargo Medical Center 1215 36th Street, South Fargo, ND 58103		
REGULAR CHECKING				
Previous Balance	11/30/07	29,000.00		
4 Deposits(+)		15,350.00		
12 Checks (-)		10,647.81		
Service Charges (-)	12/31/07	25.00		
Ending Balance	12/31/07	**33,677.19**		
DEPOSITS				
	12/3/07	3,900.00	12/26/07	3,950.00
	12/17/07	4,000.00	12/30/07	3,500.00
CHECKS (Asterisk * indicates break in check number sequence)				
	12/10/07	9001	2,700.00	
	12/11/07	9002	625.87	
	12/15/07	9003	1,250.00	
	12/15/07	9004	690.00	
	12/15/07	9005	105.65	
	12/15/07	9006	1,250.00	
	12/15/07	9007	690.00	
	12/21/07	9008	71.09	
	12/21/07	9011*	1,250.00	
	12/19/07	9012	620.00	
	12/29/07	9013	145.20	
	12/30/07	9014	1,250.00	

Step 38: Print the reconciliation detail report.

Step 39: Print Fargo Bank's account register.

Step 40: Print the trial balance (unadjusted).

Step 41:   Back up. The suggested file name is **Fargo Medical Center UTB.sbb**. (UTB is an abbreviation for unadjusted trial balance.)

Step 42:   If necessary, edit the fiscal year. See Open Fiscal Year, pages 273-275). Complete these adjusting entries.

   a. Supplies on hand: $3,030.00; Journal No.10 (Debit supplies expense.)
   b. Depreciation for Office Equipment: $353.50; Journal No. 11.
   c. Depreciation for Office Furniture & Fixtures: $166.67; Journal No. 12.
   d. Depreciation for the Vehicle: $358.33; Journal No. 13.
   e. Rent was paid for two months on November 30, 2007. Adjust one month's rent.[1] (Journal No. 14.)

Step 43:   Print the trial balance (adjusted).

Step 44:   Print the transaction journal.

Step 45:   Print the transaction detail by account.

Step 46:   Print the financial statements: balance sheet, profit and loss, cash flow statement.

Step 47:   Back up December data. The suggested file name is **Fargo Medical Center December.sbb**.

Step 48:   Close the fiscal year.

Step 49:   Print the Post-Closing Trial Balance.

Step 50:   Back up year-end data. The suggested file name is **Fargo Medical Center EOY.sbb**.

---

[1]Refer to the December 1, 2007, Balance Sheet for the account balance in the Prepaid Rent account.

Your instructor may want to collect this project. A Checklist of Printouts is shown below.

Checklist of Printouts, Project 1: Fargo Medical Center
Chart of Accounts
Reconciliation Detail
Fargo Bank – Account Register
Trial Balance (unadjusted)
Transaction Journal
Transaction Detail by Account
Trial Balance (adjusted)
Balance Sheet
Profit and Loss
Cash Flow Statement
Postclosing Trial Balance

Student Name_____ **Date**_____

CHECK YOUR PROGRESS: PROJECT 1, Fargo Medical Center

1. According to your account reconciliation report,
    what is the Ending Balance?   _____

2. What are the total debit and credit balances on your
    unadjusted trial balance?   _____

3. What are the total debit and credit balances on your
    adjusted trial balance?   _____

4. What is the depreciation expense for office furniture
    and fixtures on December 31?   _____

5. What is the depreciation expense for office
    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 notes payable
    account on December 31?   _____

10. What is the total capital balance on December 31?

11. Is there an increase or decrease in cash for
    the month of December?   _____

12. Were any notes payable incurred during the
    month of December? (Circle your answer)   YES   NO

Student-Designed Service Business

In Chapters 9, 10 and Project 1, you learned how to complete the Computer Accounting Cycle for a service business. Project 2 gives you a chance to design a service business of your own.

You will select the type of service business you want, edit your business's Chart of Accounts, create source documents, and complete MOA's Computer Accounting Cycle. Project 2 also gives you an opportunity to review the software features learned so far.

You should think about the kind of business you want to create. Since you have been working on sole proprietorship service businesses in Part 2, you might want to design a business similar to these. Service businesses include: accountants, architects, consultants, cleaners, doctors, etc. If you have a checking account and receive a monthly bank statement, you could use your own records for this project.

Before you begin you should design your business. You will need the following:

1. Company information that includes business name, address, and telephone number. (*Hint: Set your company up for Period 12, December 1 - 31, so that you can close the fiscal year.*)

2. One of MOA's business types.

3. A Chart of Accounts: 25 accounts minimum; 30 maximum.

4. One month's transactions for your business. You will need a Balance Sheet, checkbook register, and bank statement. Your checkbook register should include a minimum of 15 transactions and a maximum of 25. You should have at least four adjusting entries.

If you don't want to use a checkbook register and bank statement, you could write 15 to 25 narrative transactions.

After you have designed your business, you should follow the steps of MOA's Computer Accounting Cycle to complete Project 2.

For grading purposes, Project 2 should include the following printouts:

Checklist of Printouts Project 2 Student-Designed Business	
	Chart of Accounts
	Reconciliation Detail
	Account Register
	Trial Balance (unadjusted)
	Transaction Journal
	Transaction Detail by Account
	Trial Balance (adjusted)
	GL Report (*optional*)
	Balance Sheet
	Profit and Loss
	Cash Flow Statement
	Post-Closing Trial Balance

Part	Microsoft Office
3	**Accounting for Merchandising Businesses**

In Part 3 of *Computer Accounting with Microsoft Office Accounting 2007*, your accounting business is hired to do the monthly record keeping for two merchandising businesses: Online Retail Sales, Inc. and Neymark's Sporting Goods.

Part 3 includes four chapters and two projects.

Chapter 10: Vendors and Inventory

Chapter 11: Acquisition and Payments

Chapter 12: Sales and Collections

Chapter 13: Account Reconciliation and Financial Statements

Project 3: Neymark's Sporting Goods

Project 4: Student-Designed Merchandising Business

In accounting you learn that merchandising businesses purchase products from vendors and then resell these products to their customers. Items purchased by a merchandising business for resale are referred to as merchandise or inventory. A merchandising business earns revenue from buying and selling goods. Items such as office supplies or computer equipment are *not* merchandise because they are *not* purchased for resale but are used by the business.

In Part 1 you are shown how the sample product-based company, Northwind Traders, used MOA's customer, vendor, inventory, payroll, and banking features. The chapters that follow illustrate these features in more detail.

Chapters 10 through 13 are cumulative. This means that the business you set up in Chapter 10, Online Retail Sales, Inc., is continued in Chapters 11, 12, and 13.

At the end of Part 3, you complete Project 3, Neymark's Sporting Goods, which reviews all the features of MOA that apply to merchandising businesses. At the end of Project 3, there is a Check Your Progress

assessment that your instructor may want you to turn in.

Project 4, Student-Designed Merchandising Business, gives you an opportunity to create a merchandising business.

The chart below shows the size of the backups made in Part 3–Chapters 10, 11, 12, 13 and Project 3. When using MOA, periodically copy data to external media. For instance backup data to the hard drive, then copy that data to USB media.

Chapter	Backup Name (.sbb extension)	File Size	Page Nos.
10	Chapter 10	31,847 KB	341
	Exercise 10-2	31,843 KB	349
11	Chapter 11	32,062 KB	371
	Exercise 11-2	32,150 KB	377
12	Chapter 12	32,162 KB	399-400
	Exercise 12-2	32,164 KB	407
13	Chapter 13	32,224 KB	424
Project 3	Neymark's Sporting Goods Begin	31,861 KB	442
	Neymark's Sporting Goods January	32,139 KB	444
	Neymark's Sporting Goods Financial Statements	32,289 KB	446

The size of your backup files may differ from the amounts shown on the chart.

When backing up to external media, the authors suggest backing up to a USB drive. Backing up to USB media makes it possible to transfer data from one computer to another computer.

Chapter

10 | Vendors and Inventory

SOFTWARE OBJECTIVES: In Chapter 10, you will use the software to:

1. Set up the company, Online Retail Sales, Inc.
2. Edit the chart of accounts.
3. Enter beginning balances.
4. Enter vendor records.
5. Enter inventory items.
6. Print the vendor list and item list.
7. Make two backups: 1) backup Chapter 10 data; 2) backup Exercise 10-2.[1]

WEB OBJECTIVES: In Chapter 10, you will do these Internet activities:

1. Use your Internet browser to go to the book's website. (Go online to www.mhhe.com/yachtmoa.)
2. Go to the Internet Activities link on the book's website. Then, select Part 3 Internet Activities for Chapters 10-13. Complete the Chapter 10–Accounting List exercise.
3. Use a word processing program to write summaries of the websites that you visited.

Chapter 10 begins Part 3 of the book–Microsoft Office Accounting for Merchandising Businesses. Merchandising businesses are retail stores that resell goods and services. In this chapter, you will set up a merchandising business called Online Retail Sales, Inc.

Merchandising businesses purchase the merchandise they sell from suppliers known as *vendors*. A vendor is a person or company from whom Online Retail Sales, Inc. buys products or services. When Online Retail Sales, Inc. makes purchases on account from vendors, the transactions are known as *accounts payable transactions*. Purchases made on account involve payment terms; for example, Online Retail

---

[1]The chart on page 320 shows you the size of each backup file. Refer to this chart for backing up data. Remember, you can back up to a hard drive location or external media.

Sales purchases inventory on account from a vendor. The vendor offers the Online Retail Sales, Inc. 30 days to pay for the purchase. This is shown as Net 30 in the Payment terms field of the vendor record

MOA organizes and monitors Online Retail Sales, Inc.'s **accounts payable**. Accounts Payable is a group of posting accounts that show the amounts owed to vendors or creditors for goods, supplies, or services purchased on account.

When entering a purchase, you select the vendor's name and item. The vendor's address information, payment terms, and appropriate accounts are automatically debited and credited. This works similarly for accounts receivable.

Using the Vendors home page selections, the diagram below illustrates entering and paying a vendor bill.

A vendor sends Online Retail Sales, Inc. a bill.

Enter the invoice as a bill by selecting

Enter Bills

When it is time to pay the bill, select

Pay Bills
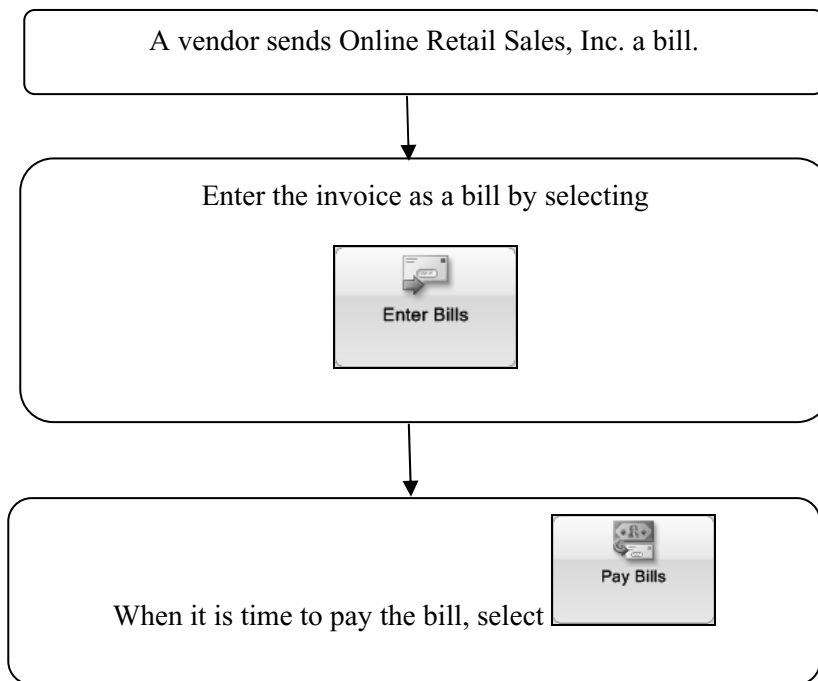
In Chapter 10, the business that you set up is continued in Chapters 11, 12, and 13.

GETTING STARTED

Online Retail Sales, Inc. started operations on January 1, 2007 in Reno, NV. The company is organized as a corporation. Customers purchase products from Online Retail Sales, Inc. via the Internet. The three products sold by Online Retail Sales, Inc. are:

> ➢ Podcasts (audio files).

> ➢ ebooks (PDF files). PDF is an abbreviation of portable document format.

> ➢ TV programs (video files).

Follow these steps to set up a retail sales company.

1. Start MOA. If a company opens, from the menu bar select File; Close. The Start – Microsoft Office Accounting 2007 window appears.

2. Link to Set up a new company.
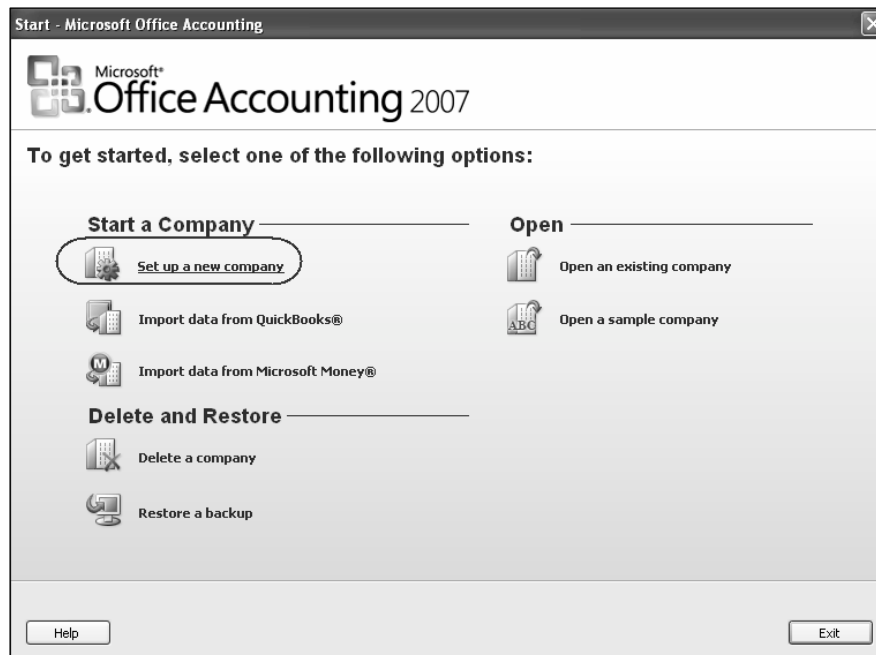
3. The Company Setup; Company and Preferences window appears. Read the information on this window, click [Next].

4. The Company Introduction window appears, click [Next]. Complete the following fields.

Company Name:	[Your Name] **Online Retail Sales, Inc.** *(use your first and last name then Online Retail Sales, Inc.)*
Street:	**1764 North Clark Street**
City:	**Reno**
State/Province:	**NV**
ZIP/Postal Code:	**89557**
Country/Region:	United States
Phone:	**775-555-2800**
Fax:	**775-555-2802**
E-Mail	**info@onlineretailsales.biz**
Web site:	**www.onlineretailsales.biz**
Federal Tax ID:	**27-5662211**
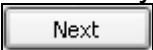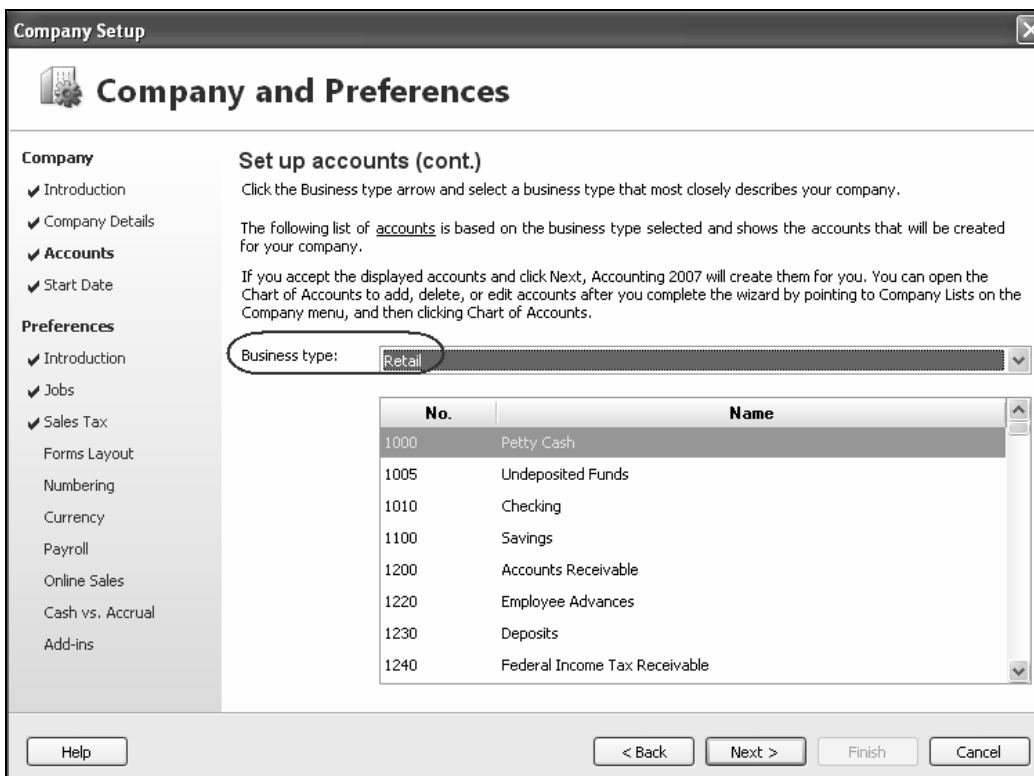
Comment

If you use your name in the Company Name field, the name of your company will appear on all printouts.

---

5. Check the information you just typed, then click Next .

6. The Set up Accounts window appears. Accept the default for Select your business type and have Accounting 2007 suggest accounts. Click Next .

7. The Set up accounts (Cont.) window appears. In the Business Type field, select Retail.

8. Click Next .

9. The Select a fiscal year and start date window appears. Read the information. Make these selections:

    Beginning of the first fiscal year: **1/1/2007**
    End of the first fiscal year: 12/31/2007
    Start date: 1/1/2007

10.   Click [Next].

11.   Read the information on the Preferences introduction window. Click [Next].

12.   The Select jobs preferences window appears. Accept the default for No by clicking [Next].

13.   The Select sales tax preferences window appears. Accept the default for No by clicking [Next]. (The company is located in Nevada where there are no sales taxes.)

14.   The Select form layout preferences window appears. Select Sells products, or both products and services.

15. Click ⬚ Next ⬚.

16. The Select numbering preferences window appears. Click on the boxes next to Customers, Vendors, Employees, Products and Services to place a checkmark. This allows for numbering.

17. Click ⬚ Next ⬚.

18. The Currency window appears. Accept the default for No by clicking
     | Next | .

19. The Setup payroll window appears. Accept the default for no by
     clicking | Next | .

20. The Online Sales window appears.. For now, make the selection,
     No, do not enable online sales at this point. Remember, you can
     change preferences. Later in Part 3, you will see how online sales
     work. For now, select No.

21. Click | Next | .

22.   The Select cash basis or accrual basis reporting window appears. Accept the default for Accrual basis reports by clicking [Next].

23.   The Select add-in packs window appears. Uncheck the four boxes.

If these selections are enabled, the menu bar includes more selections.

24.   The Company details and preferences completed window appears. Observe there are checkmarks next to Company and Preferences on the right side of the window. Click [Finish].

25.   The Select company file window appears. Observe that the File name field shows onlineretailsalesinc.sbc. (If you added your first and last name, your file name field differs.)
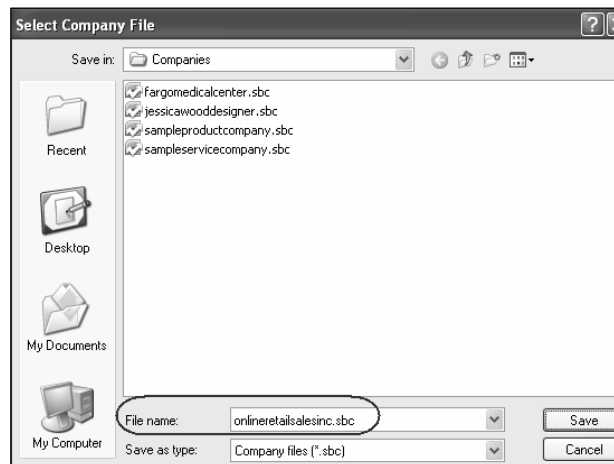
26.   Click [Save]. The Please wait, saving new company window appears. A new company account is being created. This will take a few minutes.

27.   The Microsoft Office Accounting Startup Wizard progress window appears. Company and Preferences is checked.
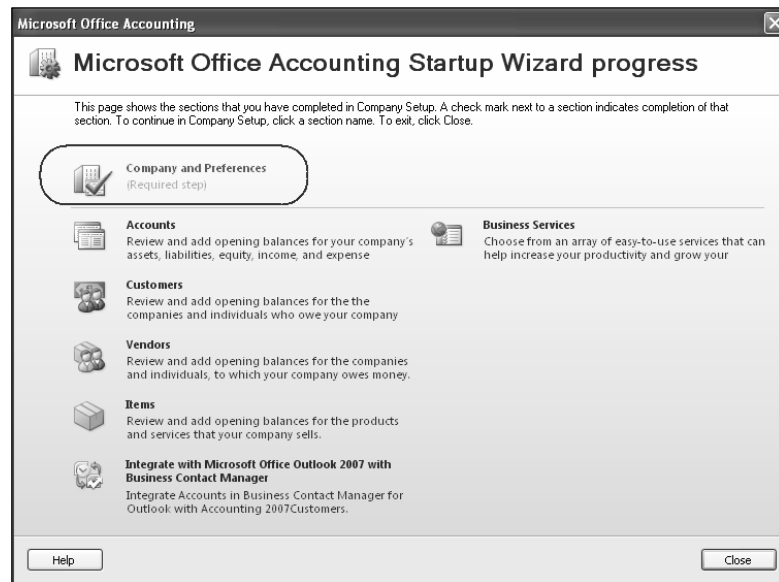
28.   You could add defaults for Accounts, Customers, Vendors, and Items on this window. Instead, you will add defaults from the appropriate home pages. Click [Close]. The title bar for your company appears: Your first and last name Online Retail Sales, Inc. – Microsoft Office Accounting 2007.

COMPANY PREFERENCES

Follow these steps to check the company preferences.

1.   From the menu bar, select Company; Preferences. The Company tab shows Use account numbers checked.

2.   The Customers tab shows Use customer ID checked.

3. The Vendors tab shows Use vendor ID, Use item numbers, and Check for item quantity on hand is checked.

4. The Employees tab shows Use employee ID checked.

5. The Online Sales tab shows Enable online sales unchecked.

6. Click on System Accounts. In the Opening balances field, select Account No. 3010, Common Stock.
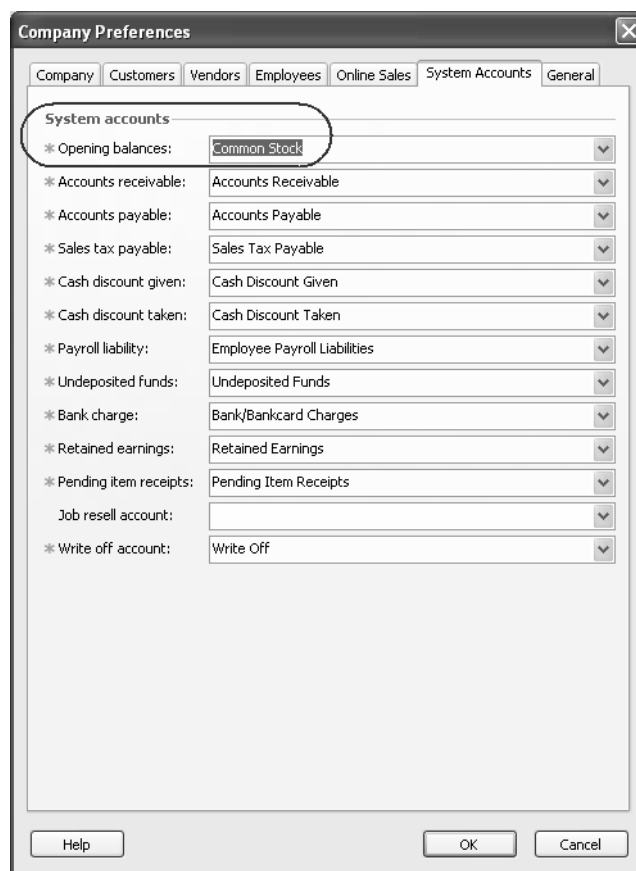
7. Click   OK   .

CHART OF ACCOUNTS

Follow these steps to edit the chart of accounts.

1. On the Navigation pane click [Company] ; in the Find list, select Chart of Accounts. The Chart of Accounts appears.

    Delete the following accounts:

    > **Comment**
    >
    > Detailed steps for deleting and changing accounts were shown in Chapter 8, pages 233-238.

1220	Employee Advances
2050	Trusts Payable
3050	Owner's Equity
3115	Distrib-Life Insurance
3120	Draws

    Change the following accounts:

1010	Checking	**Reno Bank**
1100	Savings	**Prime Savings & Loan**
1240	Federal Income Tax Receivable	**Supplies**
1250	Inventory	**Merchandise Inventory**
1420	Interior	**Computers & Equipment**
1450	Vehicle	**Building**
1475	A/D Interior	**A/D – Computers & Equipment**
1490	A/D - Vehicle	**A/D - Building**
1730	Start-up Costs	**Organization Costs**
1810	Prepaid Expense	**Prepaid Insurance**
2205	Payroll Liability: FWH; S/S; Medicare	**Payroll Liability: S/S and Medicare**
2225	Payroll Liability: 401K	**Payroll Liability: Federal WH**
5015	Purchases	**Cost of Goods Sold**
7232	Bank/Bankcard Charges	**Bank Service Charges**
7234	Employment Services Fees	**Credit Card Fees Expense**

Add the following account:

2650   Mortgage Payable   Long Term Liability

2. Use the Balance Sheet to record the Chart of Accounts Beginning Balances. (*Hint:* To review how to record beginning balances, see Chapter 8 pages 238-241.)

Online Retail Sales, Inc. Balance Sheet, January 1, 2007		
ASSETS		
Current Assets:		
1010 - Reno Bank	$61,500.00	
1100 - Prime Savings & Loan	20,500.00	
1240 - Supplies	1,750.00	
Total Current Assets		$83,750.00
Fixed Assets:		
1420 - Computers & Equipment	7,500.00	
1430 - Furniture & Fixtures	5,000.00	
1450 - Building	127,740.00	
Total Fixed Assets		140,240.00
Other Assets		
1730 – Organization Costs	1,000.00	
1810 – Prepaid Insurance	2,400.00	
Total Other Assets		3,400.00
Total Assets		$227,390.00
LIABILITIES AND CAPITAL		
Long-Term Liabilities:		
2600 - Long-Term Notes Payable	20,500.00	
2650 - Mortgage Payable	75,000.00	
Total Long-Term Liabilities		$95,500.00
		continued

Equity:		
3010 - Common Stock		131,890.00
Total Liabilities & Equity		$227,390.00

3. When you are finished entering the beginning balances, display or print the January 1, 2007 balance sheet. Compare your January 1, 2007 balance sheet to the one shown below.

Online Retail Sales, Inc.
Balance Sheet
As of: 1/1/2007
Report Basis: Accrual

	As of 1/1/07
Assets	
Current Assets	
Cash	
1010 - Reno Bank	61,500.00
1100 - Prime Savings & Loan	20,500.00
Total Cash	**82,000.00**
Other Current Assets	
1240 - Supplies	1,750.00
Total Other Current Assets	**1,750.00**
Total Current Assets	**83,750.00**
Fixed Assets	
1420 - Computers & Equipment	7,500.00
1430 - Furnitures & Fixtures	5,000.00
1450 - Building	127,740.00
Total Fixed Assets	**140,240.00**
Other Assets	
1730 - Organization Costs	1,000.00
1810 - Prepaid Insurance	2,400.00
Total Other Assets	**3,400.00**
Total Assets	**227,390.00**
Liabilities & Equity	
Liabilities	
Long Term Liabilities	
2600 - Long-Term Notes Payable	20,500.00
2650 - Mortgage Payable	75,000.00
Total Long Term Liabilities	**95,500.00**
Total Liabilities	**95,500.00**
Equity	
3010 - Common Stock	131,890.00
Total Equity	**131,890.00**
Total Liabilities & Equity	**227,390.00**

4. Close the Balance sheet.

VENDORS

On the Vendors home page, you perform all the tasks related to vendors and payables. MOA maintains vendor records and tracks their contact information and financial details and history. The Vendors home page is the starting point for managing vendor purchases and inventory.

The next section shows you how to set up vendors. Follow these steps to enter vendor default information.

1. On the Navigation Pane, select .

2. In the More Tasks area, select . The Untitled – Vendor window appears. Complete the following fields:

Vendor name:	**Podcast Specials**
Vendor ID:	**1PC**
Business address:	**1341 Farrington Road**
	Los Angeles, CA 90046
Business phone number:	**(213) 555-0100**
Business fax number:	**(213) 555-0300**
E-mail 1:	**info@podcastspecials.net**
Web page address:	**www.podcastspecials.net**
Vendor since:	**1/1/2007**
Primary contact name:	**James Hulgan**
Business Phone:	**(213) 555-0100, ext. 11**
E-mail:	**james@podcastspecials.net**

   Compare your Untitled – Vendor window to the one shown on the next page.

3. Click on the Details tab. Complete the following fields:

Credit limit:	**10,000.00**
Preferred payment method:	Check
Payment terms:	Net 30

4. Check the General and Details tab to make sure you have recorded the information correctly. Click [Save and New].

5. Add the following vendor:

Vendor name:	**eBooks 4 You**
Vendor ID:	**2BU**
Business address:	**10756 NW First Street**
	Corvallis, OR 97330
Business phone number:	**(541) 555-4320**

Business fax number: **(541) 555-8808**
E-mail 1:   **info@ebooks4you.com**
Web page address: **www.ebooks4you.com**
Vendor since: **1/1/2007**
Primary contact name: **Nancy Noe**
Business Phone: **(541) 555-4320, ext. 20**
E-mail: **nancy@ebooks4you.com**

Details tab:

Credit limit: **10,000.00**
Preferred payment method: Check
Payment terms: Net 30

6. Click [🖫 Save and Close] to return to the Vendors home page.

INVENTORY ITEMS

An ***inventory item*** is a product that is purchased for sale and is tracked
in Account No. 1250, Merchandise Inventory, on the balance sheet.
Because the Merchandise Inventory account is increased or decreased
for every purchase, sale or return, its balance in the general ledger is
current. In MOA, when you purchase and receive items, they are added
to inventory. When you add items to an invoice, they are subtraced from
inventory.

On the Vendors home page, you perform all the tasks related to vendors
and payables. MOA maintains vendor

1. In the More Tasks area, select
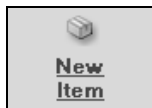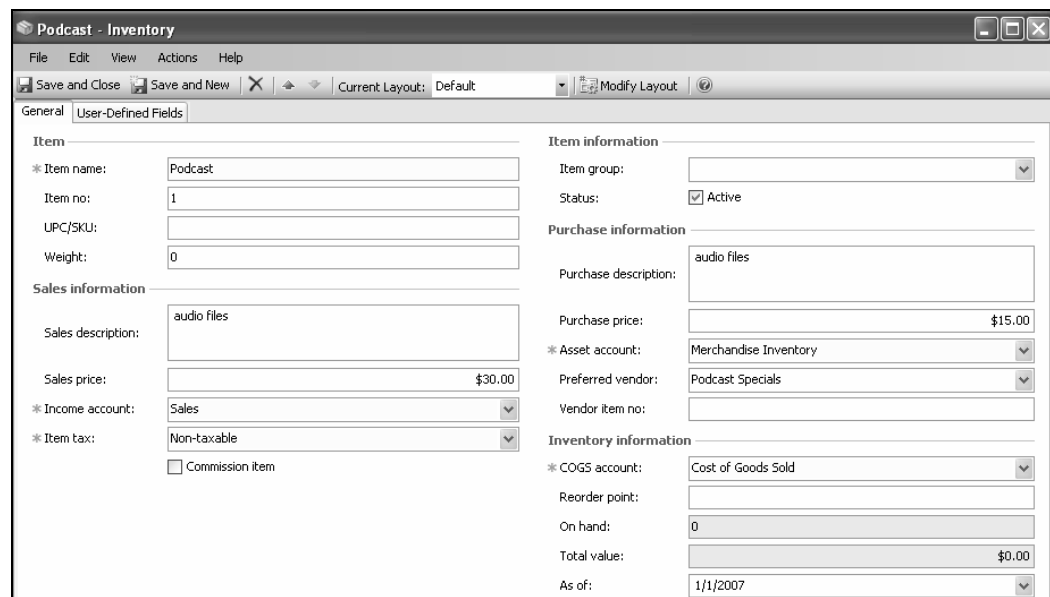
    [New Item]. The Select Item
    Type window appears. Select
    Inventory.

2. Click [OK]. The Untitled – Inventory window appears. Complete these fields:

Item name:	**Podcast**
Item no:	1 is completed automatically
Sales description:	**audio files**
Sales price:	**30.00**
Income account:	Account No. 4020, Sales
Item tax:	Non-taxable completed automatically
Purchase description:	audio files completed automatically
Purchase price:	**15.00**
Asset account:	Account No. 1250, Merchandise Inventory.
Preferred vendor:	Podcast Specials
COGS account:	Account No. 5015, Cost of Goods Sold

3. Click [Save and New]. When the Select Item Type window appears, make sure Inventory is selected. Click [OK]. The Untitled – Inventory window is ready for the next inventory item. Complete the fields shown below and on the next page.

Item name:	**eBook**
Item no:	2 is completed automatically
Sales description:	**PDF files**
Sales price:	**50.00**
Income account:	Account No. 4020, Sales
Item tax:	Non-taxable completed automatically
Purchase description:	PDF files completed automatically
Purchase price:	**25.00**
Asset account:	Account No. 1250, Merchandise Inventory.
Preferred vendor:	eBooks 4 You
COGS account:	Account No. 5015, Cost of Goods Sold

4. Click [Save and Close] to return to the Vendors home page.

LISTS

On pages 335-337 you added two vendors and two inventory items. MOA's list feature shows the details of each record.

Vendor List

The vendor list shows information about the vendors with whom you do business. When you open the list, you view the active vendors. Follow these steps to display the vendor list.

1. From the menu bar, select Vendors; Vendor Lists, Vendors. The Vendor List appears. Observe that a Tax Agency is shown. MOA includes the tax agency as a vendor. Since Online Retail Sales, Inc. is located in Nevada, there is no sales tax.

	Active	Vendor Name	Address	City	State	Zip Code	Phone	Fax	Balance	Vendor ID
Add a new Vendor										
		eBooks 4 You	10756 NW First Street	Corvallis	OR	97330	(541) 555-43...	(541) 555-8...	$0.00	2BU
	✓	Podcast Specials	1341 Farrington Road	Los Angeles	CA	90046	(213) 555-01...	(213) 555-0...	$0.00	1PC
	✓	Tax Agency							$0.00	1

Vendor List — Current View: Active

2. To see a vendor record, drill down. (*Hint:* Double-clock on the vendor.) Click [printer icon] to print the Vendor List.

Item List

The Item List shows information about inventory items including names, numbers, descriptions, types, prices, and stock status. When you open the list, you view the active items.

Follow the steps on below to display the item list.

1. From the menu bar, select Vendors; Vendor Lists, Items. The Item List appears. If necessary, double-click on the Item No. columns to list the items in numeric order.

Item List							Current View: Active ▾
Active	Item Name	Description	Type	Price	On Hand	Reorder	Item No.
➕ Add a new Item							
✓	Podcast	audio files	Inventory Item	$30.00	0		1
✓	eBook	PDF files	Inventory Item	$50.00	0		2

2. To see an item record, drill-down. Clicking 🖨 to print the Item List.
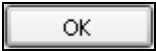
TRIAL BALANCE

Print or display the January 1, 2007 trial balance. Compare the account balances to the balance sheet on page 334. The January 1, 2007 trial balance is shown below.

Online Retail Sales, Inc.
Trial Balance
As of: 1/1/2007

Account Name	Account No.	Debit	Credit
Reno Bank	1010	61,500.00	
Prime Savings & Loan	1100	20,500.00	
Supplies	1240	1,750.00	
Computers & Equipment	1420	7,500.00	
Furnitures & Fixtures	1430	5,000.00	
Building	1450	127,740.00	
Organization Costs	1730	1,000.00	
Prepaid Insurance	1810	2,400.00	
Long-Term Notes Payable	2600		20,500.00
Mortgage Payable	2650		75,000.00
Common Stock	3010		131,890.00
Total		**227,390.00**	**227,390.00**

BACKING UP CHAPTER 10 DATA

Follow these steps to back up the unadjusted trial balance.

1. Click File; Utilities, Data Utilities.

2. In the Backup company data area, click Backup .

3. In the Backup file name field, click Browse ... . Browse to the appropriate location for your backup file.

4. Type **Chapter 10** in the File name field.

5. Click Save .

6. When the Backup window appears, click OK .

7. When the window prompts, Backup was completed successfully, click OK .

8. Close the Microsoft Office Accounting Data Utilities window.

9. Exit MOA or continue with the next section.

VENDOR SERVICES

MOA includes the following vendor services:

> ➢ Services Overview

> ➢ Buy Checks and Forms

> ➢ Bank Online

In order to complete the steps that follow, you need a live Internet connection. If needed, log on to Internet Explorer.

1. From the menu bar, select Vendors; Vendor Services, Services Overview. Websites are time and date sensitive, which means they change. As of this writing, this page appears.

2. Observe that there are links to payroll services, marketplace services, accept credit cards, payment services, buy checks and forms, accountant data transfer, credit profile services, online banking, and point of sales. These services are built into MOA. Link to Other Services to see more. (*Hint:* Remember, websites are time and date sensitive. Your website page may differ.)

3. If you select Printer-friendly version you can print the page.

Notice that one of the links is Sell Online. MOA includes the ability to build a complete online store and automatically list products on eBay as well as the company's web site.

4.   Close Internet Explorer.

5.   Exit MOA or continue.

	INTERNET ACTIVITY
1.	From your Internet browser, go to the book's website at www.mhhe.com/yachtmoa.
2.	Link to Student Edition.
3.	In the Course-wide Content list, link to Internet Activities. Then, select the Part 3 Internet Activities for Chapters 10-13. Open or Save. (You can also choose Chapter 11, then link to Internet Activities. If you Choose a Chapter, observe that other chapter-specific links are available; for example, Quizzes, Flashcard Templates, and Going to the Net Exercises.)
4.	Complete the ACCOUNTING LIST – Chapter 10 exercise. Read steps 1 – 4.
5.	Follow the steps shown on the book's website to complete this Internet activity.
6.	Using a word processing program write a brief summary of what you find. Include all appropriate website addresses.

SUMMARY AND REVIEW

SOFTWARE OBJECTIVES: In Chapter 10, you used the software to:

1.   Set up the company, Online Retail Sales, Inc.

2.   Edit the chart of accounts.

3.   Enter beginning balances.

4.   Enter vendor records.

5.   Enter inventory items.

6.   Print the vendor list and item list.

7. Make two backups: 1) backup Chapter 10 data; 2) backup Exercise 10-2.

WEB OBJECTIVES: In Chapter 10, you did these Internet activities:

1. Used your Internet browser to go to the book's website. (Go online to www.mhhe.com/yachtmoa.)

2. Went to the Internet Activities link on the book's website. Then, selected Part 3 Internet Activities for Chapters 10-13. Completed the Chapter 10–Accounting List exercise.

3. Use a word processing program to write summaries of the websites that you visited.

GOING TO THE NET

Access information about MOA's vendor services by going online to http://sba.microsoft.com/index.html. (*Hint:* From the menu bar, select Vendors; Vendor Services, Services Overview.)

Answer the following questions.

1. List four services offered by MOA.

2. Link to Other Services. List 10 types of available services.

FLASHCARD REVIEW

Create the following flashcards.

1. What are the steps for adding a vendor record?

2. What are the steps for adding an inventory item?

Multiple Choice Questions: In the space provided write the letter that best answers each questions.

_____1.   Merchandising businesses purchase the merchandise they sell from:

   a.   Customers.
   b.   Online companies.
   c.   Podcasts.
   d.   Vendors.
   e.   None of the above.

_____2.   A group of posting accounts that shows the amounts owed to vendors or suppliers is called:

   a.   Accounts receivable.
   b.   Merchandise inventory.
   c.   Accounts payable.
   d.   Entering bills.
   e.   All of the above.

_____3.   Online Retail Sales, Inc. describes podcasting as:

   a.   Video files.
   b.   PDF files.
   c.   Audio files.
   d.   None of the above.
   e.   All of the above.

_____4.   Online Retail Sales, Inc. describes eBooks as:

   a.   Video files.
   b.   PDF files.
   c.   Audio files.
   d.   None of the above.
   e.   All of the above.

_____5.   Online Retail Sales, Inc. is located in:

     a. Reno, Nevada.
     b. Los Angeles, California.
     c. Corvallis, Oregon.
     d. Burr Ridge, IL.
     e. None of the above.

_____6.   MOA stores new company files in the following folder:

     a. Backups.
     b. Student Name.
     c. onlineretailsales inc.sbc.
     d. Companies.
     e. None of the above.

_____7.   Products that are purchased for sale are tracked in the
      following account:

     a. Account No. 4020, Sales.
     b. Account No. 1200, Accounts Receivable.
     c. Account No. 1250, Merchandise Inventory.
     d. Account No. 4024, Merchandise.
     e. None of the above.

_____8.   The purchase price of podcasts is:

     a. $30.00.
     b. $50.00.
     c. $25.00.
     d. $15.00.
     e. None of the above.

_____9.   The purchase price of eBooks is:

     a. $30.00.
     b. $50.00.
     c. $25.00.
     d. $15.00.
     e. None of the above.

____10. Which of the following shows information about inventory
items?

    a. Vendor list.
    b. Trial Balance.
    c. Item list.
    d. Vendor record.
    e. None of the above.

Exercise 10-1: Follow the instructions below to complete Exercise 10-1.

1. If necessary start MOA and open Online Retail Sales, Inc. Restore
the Chapter 10.sbb file. This backup was made on page 341.

2. Set up the following vendor record.

Vendor name:	TV Flix
Vendor ID:	3TV
Business address:	7709 Sunset Boulevard
	Burbank, CA 91501
Business phone number:	(213) 555-1690
Business fax number:	(213) 555-6320
E-mail 1:	info@tvflix.com
Web page address:	www.tvflix.com
Vendor since:	1/1/2007
Primary contact name:	Petra Vandermeer
Business Phone:	(213) 555-1690, ext. 31
E-mail:	petra@tvflix.com

Details:

Credit limit:	10,000.00
Preferred payment method:	Check
Payment terms:	Net 30

2. Set up the following inventory item:

Item name:	TV Programs
Item no:	3 completed automatically
Sales description:	video files
Sales price:	60.00

Income account:	Account No. 4020, Sales
Item tax:	Non-taxable completed automatically
Purchase description:	video files completed automatically
Purchase price:	30.00
Asset account:	Account No. 1250, Merchandise Inventory.
Preferred vendor:	TV Flix
COGS account:	Account No. 5015, Cost of Goods Sold

Exercise 10-2: Follow the instructions below to complete Exercise 10-2. Exercise 10-1 *must* be completed before starting Exercise 10-2.

1. Print the vendor list.

2. Print the item list.

3. Print the January 1, 2007 trial balance.

4. Print the January 1, 2007 balance sheet.

5. Backup. The suggested file name is **Exercise 10-2.sbb**.

ANALYSIS QUESTION: List five reports that show the 1/1/2007 account balances?

CHAPTER 10 INDEX

Chapter

11 | Acquisition and Payments

SOFTWARE OBJECTIVES: In Chapter 11, you will use the software to:

1. Restore data from the Exercise 10-2.sbb file. (This backup was made on page 349.)
2. Enter bills.
3. Record purchase returns.
4. Pay bills.
5. Add a vendor and non-inventory item on the fly.
6. Print reports.
7. Make two backups: 1) backup Chapter 11 data; 2) backup Exercise 11-2.[1]

WEB OBJECTIVES: In Chapter 11, you will do these Internet activities:

1. Use your Internet browser to go to the book's website. (Go online to www.mhhe.com/yachtmoa.)
2. Go to the Internet Activities link on the book's website. Then, select Part 3 Internet Activities for Chapters 10-13. Complete the Chapter 11–WebCPA Tools and Resources for the Electronic Accountant exercise.
3. Use a word processing program to write summaries of the websites that you visited.

In Chapter 11, you record vendor transactions. When entering a purchase from a vendor, you first select Enter Bills from the Vendors home page. Vendor defaults were set up in Chapter 10. This means that vendor information is completed automatically on the Vendor Bill window.

Once you select the inventory item purchased, additional information is completed automatically. Transaction processing is dependent on which defaults are set for vendors and inventory items. In Chapter 11, you will see how MOA organizes vendor information.

---

[1]The chart on page 320 shows you the size of each backup file. Refer to this chart for backing up data. Remember, you can back up to a hard drive location or external media.

On the Vendors home page, you perform all the tasks related to vendors and payables. The Vendors home page is the starting point for managing vendor purchases and inventory. In Chapter 11, you work with some of these features.
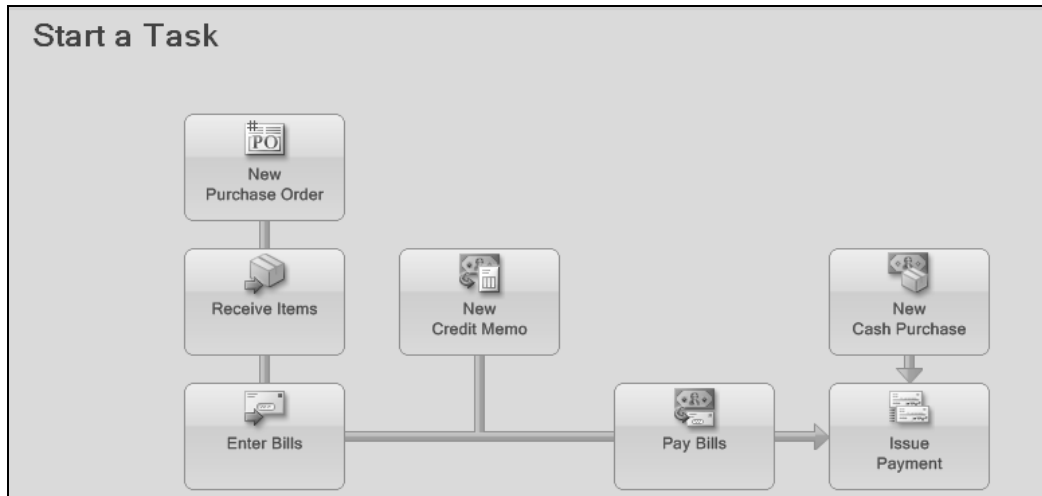
GETTING STARTED: ACCOUNTS PAYABLE TASKS

In MOA, all information about a purchase is recorded in the Vendor Bill window. Then, MOA takes the necessary information from the Vendor Bill window and automatically debits and credits the transaction in the Transaction Journal.

On the Vendor Bill window, you enter bills received from vendors. Purchases from vendors are posted to both the General Ledger and to the vendors and payables reports. In accounting, vendors and payables reports are called the *accounts payable ledger*. In MOA, vendors and payables reports track purchases. The vendors and payables reports include the following:

> ➢ A/P Aging Summary: An in-depth view of the amounts the company owes its vendors as of a selected date.

> ➢ A/P Aging Detail: Displays all the company's outstanding debt to vendors by the number of days outstanding as of a selected date.

➢ Vendor Transaction History: Shows all vendor transactions in a selected time period and calculates the vendor balance.

➢ 1099 Summary: Summarizes payments made to 1099 vendors during the last calendar year.

➢ 1099 Detail: Lists the details for all payments made to 1099 vendors.

➢ Vendor payments: Shows all vendor payments made for a selected period of time.

MOA also includes the following Purchase reports.

➢ Purchases by Vendor Summary: Summarizes items received from each vendor for a selected period of time.

➢ Purchases by Vendor Detail: Lists the items received from each vendor for a selected period of time.

➢ Purchases by Item Summary: Summarizes item purchases for a selected period of time.

➢ Purchases by Item Detail: Lists the payment status of each item received for a selected period of time.

When Online Retail Sales, Inc. pays vendors, MOA's pay bills feature is used. Purchases work hand in hand with payments. Once you have entered and saved (posted) a bill, it is available when you pay bills. Then, MOA distributes the appropriate amounts.

The next section explains how to enter bills. The term bill and invoice is used interchangeably. A *bill* or *invoice* is a request for payment for products or services.

Enter Bills

The transaction you are going to record is:

Date   *Description of Transaction*

1/02/2007   Invoice No. 56PS received from Podcast Specials for the purchase of 20 audio files, $15 each, for a total of $300..

Follow these steps to record this transaction.

1. From the Navigation Pane, select ;
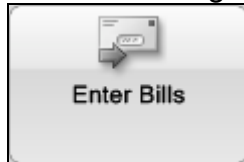
. The Untitled – Vendor Bill window appears. Complete the following fields:

Date:	**1/2/2007** (Press <Tab> between fields)
No.	**56PS**
Vendor name:	Podcast Specials
Name:	Podcast
Description:	audio files is completed automatically
Qty:	**20**
Unit Price:	$15.00 is completed automatically
Line Total:	$300.00 is completed automatically

Compare your Untitled – Vendor Bill window to the one shown on the next page.

2. Click [Save and Close]. Before completing the next transaction, let's see how MOA debited and credited this information.

3. From the menu bar, select Reports; Company and Financial, Transaction Journal. Type **1/2/2007** in the From field. The transaction was debited and credited as follows:

Acct. No.	Account	Debit	Credit
1250	Merchandise Inventory	300.00	
2000/ 1PC	Accounts Payable/ Podcast Specials		300.00

When the Merchandise Inventory account is debited, it is increased. When the Accounts Payable account is debited it is also increased. Online Retail Sales, Inc. owes Podcast Specials $300 for this purchase.

4. To see how this transaction is recorded in the accounts payable ledger, go to the Vendors home page. In the Select a report type field, select Vendors and Payables. In the Select a report area, select Vendor Transaction History; click [Display].

5. Type **1/2/2007** in the From field. Press <Tab>. The Vendor Bill for Podcast Specials appears. The Vendor Transaction History can be substituted for the accounts payable ledger.

Online Retail Sales, Inc.
Vendor Transaction History
Date Range: January 2, 2007 - January 2, 2007
Transaction type: All, Vendor group: All, Vendor name: All, Amount: Any, Void: Hide

Type	Date	No.	Transaction Amount	Paid Amount	Discount	Balance (Cr.)	Void
Podcast Specials							
Beginning balance						0.00	
Vendor Bill	1/2/2007	56PS	300.00			300.00	
Ending Balance				0.00		300.00	
TOTAL				0.00		300.00	

6. Close the Vendor Transaction History report without saving.

7. Complete the following transactions. Remember to save after each transaction. Saving posts the transaction to the appropriate accounts in the general ledger and accounts payable ledger.

Date   *Description of Transaction*

1/03/2007   Invoice No. 90eB received from eBooks 4 You for the purchase of 15 PDF files, $25 each, for a total of $375. (*Hint:* In the Name field, select eBook.)

1/03/2007   Invoice No. 210TV received from TV Flix for the purchase of 25 video files, $30 each, for a total of $750. (*Hint:* In the Name field, select TV Programs.)

1/5/2007   Invoice No. 78PS received from Podcast Specials for the purchase of 18 audio files, $15 each, for a total of $270.

Purchase Returns

Sometimes it is necessary to return merchandise that has been purchased from a vendor. When entering a purchase return, you need to record it as a new credit memo.

The following transaction is for merchandise returned to a vendor.

Date   *Description of Transaction*

1/10/2007   Returned two video files to TV Flix Credit
                                   Memo No. CM1, for a total of $60.

Follow these steps to record a credit memo.
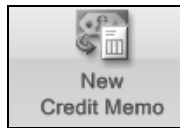
1.   Click

2.   Type **1/10/2007** in the date field.

3.   Type **CM1** in the No. field.

4.   Select TV Flix as the vendor.

5.   In the
       Name field,
       select TV
       Programs.

6.   Type **2** in
       the Qty.
       field.

7. Click ![Save and Close]. Let's see how this entry is journalized. Go to
    Reports; Company and Financial, Transaction Journal, date is
    1/10/2007. Observe that Accounts Payable/TV Flix is debited for
    $60. This reduces the accounts payable account balance by $60.
    Also, Merchandise Inventory is credited for $60. This reduces the
    merchandise inventory account balance by the amount of the
    return.

Acct. No.	Account	Debit	Credit
5015	Cost of Goods Sold	60.00	
2000/3TV	Accounts Payable/TV Flix	60.00	
5015	Cost of Goods Sold		60.00
1240	Merchandise Inventory		60.00

8. To see how the accounts payable ledger records this transaction,
    display the Vendor Transaction History report from 1/1/2007 to
    1/10/2007. Observe that the balance in the TV Flix account is
    reduced by $60. This is indicated by the parentheses around
    (60.00).

Online Retail Sales, Inc.
Vendor Transaction History
Date Range: January 1, 2007 - January 10, 2007
Transaction type: All, Vendor group: All, Vendor name: All, Amount: Any, Void: Hide

Type	Date	No.	Transaction Amount	Paid Amount	Discount	Balance (Cr.)	Void
eBooks 4 You							
Beginning balance						0.00	
Vendor Bill	1/3/2007	90eB	375.00			375.00	
Ending Balance				0.00		375.00	
Podcast Specials							
Beginning balance						0.00	
Vendor Bill	1/2/2007	56PS	300.00			300.00	
Vendor Bill	1/5/2007	78PS	270.00			570.00	
Ending Balance				0.00		570.00	
TV Flix							
Beginning balance						0.00	
Vendor Bill	1/3/2007	210TV	750.00			750.00	
Vendor Credit Memo	1/10/2007	CM1	(60.00)			690.00	
Ending Balance				0.00		690.00	
TOTAL				0.00		1,635.00	

9. Observe that the Total of the Vendor Transaction History report is
    $1,635. This should agree with the general ledger balance for
    accounts payable. (Reports; Company and Financial, GL Report,
    from 1/1/2007 to 1/10/2007.) The general ledger balance for
    accounts payable is 1,635.00. This is the *same* amount that is
    shown on the Vendor Transaction History report.

2000 - Accounts Payable						0.00
Vendor Bill	1/2/2007	56PS	Podcast Specials	audio files	0.00	300.00	300.00
Vendor Bill	1/3/2007	90eB	eBooks 4 You	PDF files	0.00	375.00	675.00
Vendor Bill	1/3/2007	210TV	TV Flix	video files	0.00	750.00	1,425.00
Vendor Bill	1/5/2007	78PS	Podcast Specials	audio files	0.00	270.00	1,695.00
Vendor Credit Memo	1/10/2007	CM1	TV Flix	video files	60.00	0.00	1,635.00
Total 2000 - Accounts Payable					**60.00**	**1,695.00**	**1,635.00**

10.   Close the GL Report.

Vendor Payments
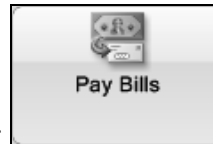
Use the Pay Bills windows to pay vendor bills. The Pay Bills form displays a list of the company's unpaid vendor bills. You can choose to pay individual bills or pay all of them.

In the transaction that follows, all vendor bills are paid.

Date   *Description of Transaction*

1/20/2007   Online Retail Sales, Inc. pays all outstanding vendor bills for a total of $1,635.
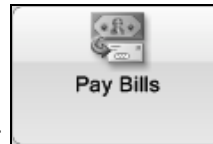
1.   From the Vendors home page, select [Pay Bills]. The Untitled – Pay Bills window appears.

2.   Type **1/20/2007** in the date field. Press <Tab>.

3.   In the Pay from field, select Account No. 1010, Reno Bank.

4.   In the Payment method field, select Check.

5.   Type **2/10/2007** in the Bills due on or before field.

6.   In the Due Date column, click on each vendor's bill.

7.   Since Online Retail Sales, Inc. returned merchandise to TV Flix, link to the $0.00 in the Credits column. The Apply Credits and Payments (for TV Flix) window appears. Click on the checkbox next to the credit memo. Observe that the Total credit amount field shows $60.00.

8. Click [Adjust]. You are returned to the Untitled – Pay Bill form. Observe that the Credits for TV Flix shows $60.00; the Payment column shows $690 (750 –60 = 690).

    Compare your Untitled – Pay Bills window to the one shown on the next page. Observe that the Totals row shows $1,635. This agrees with the accounts payable balance shown on page 359.

9. Click .

10. The Add memo and check number window appears. Read the information on this form. The Add memo and check number window is shown on the next page.

11. Either accept the default for Mark checks for printing, or select Write checks manually. If you select [Prefill Check Numbers], check numbers are added. Click [OK]. You are returned to the Vendors home page. (*Hint:* Prefill check numbers was selected.)

12. Display the GL Ledger account balance for Account No. 2000, Accounts Payable. (Reports; Company and Financial, GL Report, from 1/1/2007 to 1/20/2007. If necessary, click refresh). Observe that the balance in Accounts Payable is 0.00. Check numbers are shown in the No. column because Write Checks Manually; Prefill Check Numbers was selected.

2000 - Accounts Payable							0.00
Vendor Bill	1/2/2007	56PS	Podcast Specials	audio files	0.00	300.00	300.00
Vendor Bill	1/3/2007	90eB	eBooks 4 You	PDF files	0.00	375.00	675.00
Vendor Bill	1/3/2007	210TV	TV Flix	video files	0.00	750.00	1,425.00
Vendor Bill	1/5/2007	78PS	Podcast Specials	audio files	0.00	270.00	1,695.00
Vendor Credit Memo	1/10/2007	CM1	TV Flix	video files	60.00	0.00	1,635.00
Vendor Payment	1/20/2007	1	eBooks 4 You		375.00	0.00	1,260.00
Vendor Payment	1/20/2007	2	TV Flix		690.00	0.00	570.00
Vendor Payment	1/20/2007	3	Podcast Specials		570.00	0.00	0.00
Total 2000 - Accounts Payable					**1,695.00**	**1,695.00**	**0.00**

13. Display the Vendor Transaction History report from 1/1/2007 to 1/20/2007. Observe that each vendor account shows a zero balance. The Vendor Transaction History report is shown on the next page.

Online Retail Sales, Inc.
Vendor Transaction History
Date Range: January 1, 2007 - January 20, 2007
Transaction type: All, Vendor group: All, Vendor name: All, Amount: Any, Void: Hide

Type	Date	No.	Transaction Amount	Paid Amount	Discount	Balance	Void
eBooks 4 You							
Beginning balance						0.00	
Vendor Bill	1/3/2007	90eB	375.00			375.00	
Vendor Payment	1/20/2007	1		375.00		0.00	
Ending Balance				375.00		0.00	
Podcast Specials							
Beginning balance						0.00	
Vendor Bill	1/2/2007	56PS	300.00			300.00	
Vendor Bill	1/5/2007	78PS	270.00			570.00	
Vendor Payment	1/20/2007	3		570.00		0.00	
Ending Balance				570.00		0.00	
TV Flix							
Beginning balance						0.00	
Vendor Bill	1/3/2007	210TV	750.00			750.00	
Vendor Credit Memo	1/10/2007	CM1	(60.00)			690.00	
Vendor Payment	1/20/2007	2		690.00		0.00	
Ending Balance				690.00		0.00	
TOTAL				1,635.00		0.00	

Displaying the general ledger (GL report) and accounts payable ledger (Vendor Transaction History) confirms that the balance for both Account No. 2000, Accounts Payable, and each vendor is zero.

14. To see how the vendor payments are journalized, display the 1/20/2007 Transaction Journal. Observe that each vendor payment is journalized separately; for example, the January 20th vendor payment to eBooks 4 shows a debit to Account No. 2000 for $375; and a credit to Account No. 1010, Reno Bank for $375. If you add the three payments together they equal, $1,635, which is the total of the three payments—375+690+570=1,635.

Online Retail Sales, Inc.
Transaction Journal
Date Range: January 20, 2007 - January 20, 2007
Transaction type: All, No.: Any, Name: All, Account: All, Amount: Any, Void: Show

Type	Status	No.	Name	Date	Account	Debit	Credit	Void
Vendor Payment	**Applied**	**1**	**eBooks 4 You**	**1/20/2007**				
					Accounts Payable	375.00	0.00	
					Reno Bank	0.00	375.00	
Vendor Payment	**Applied**	**2**	**TV Flix**	**1/20/2007**				
					Accounts Payable	690.00	0.00	
					Reno Bank	0.00	690.00	
Vendor Payment	**Applied**	**3**	**Podcast Specials**	**1/20/2007**				
					Accounts Payable	570.00	0.00	
					Reno Bank	0.00	570.00	

Purchasing Assets from Vendors

Along with inventory purchases, assets can also be purchased from vendors. In the example that follows, you will see how to add a new vendor and non-inventory item on-the-fly (directly on the form) and purchase assets on account.

Date   *Description of Transaction*

1/21/2007   Purchased notebook computer equipment on account from
Best Office Equipment, Invoice BOS44, for a total of
$1,799, terms Net 30 days.

1. Record the 1/21/2007 using MOA's enter bills form. In the Vendor
   name field, select Add a new vendor. Complete these fields:

Vendor name:	**Best Office Equipment**
Vendor ID:	**4BOS**
Business address:	**81 South Broadway**
	Reno, NV 89557
Business phone:	**(775) 555-3268**
Business fax:	**(775) 555-3270**
E-mail 1:	**matt@bestofficeequipment.com**
Web page address:	**www.bestofficeequipment.com**
Vendor since:	**1/1/2007**
Contact name:	**Matt Lowery**

   Details:

Credit limit:	**7,000.00**
Preferred payment method:	Check
Payment terms:	Net 30

   Save the vendor record.

2. In the Name field, select Add a new Item. Select Non-Inventory
   item. Complete the following fields:

Item name:	**Computer**
Item no:	4 is completed automatically.
Sales information:	uncheck the I sell this item box.
Purchase information:	Make sure I buy this item is checked.
Expense account:	Account No. 1420, Computers & Equipment (*Hint:* Do *not* save as the default expense account.)
Preferred vendor:	Best Office Equipment.

3. Click [Save and Close]. A window appears saying a purchase is
    generally linked to a different account. Do you want to continue?
    Click [Yes]. (Since you are purchasing an asset, you do *not*
    want to link this purchase to an expense account.) Click [Yes]
    again when the window appears that says the purchase price is
    zero. You are returned to the Vendor Bill (Not Paid) window.
    Observe that the Name field shows Computer.

4. Type **1799** in the Unit Price field. Compare your Vendor Bill (Not
    Paid) form to the window shown below.

5. Click 🖫 Save and Close .

REPORTS

Print the following reports from 1/1/2007 to 1/21/2007.

1. Trial Balance.

2. Transaction Journal.

3. Vendor Transaction History.

4. Vendor list.

5. Item list.

6. Purchases by Vendor Detail.

7.   Purchases by Item Detail.

Compare your reports to the ones shown on this page and pages 368-370.

Trial Balance: 1/21/2007

Online Retail Sales, Inc.
Trial Balance
As of: 1/21/2007

Account Name	Account No.	Debit	Credit
Reno Bank	1010	59,865.00	
Prime Savings & Loan	1100	20,500.00	
Supplies	1240	1,750.00	
Merchandise Inventory	1250	1,635.00	
Computers & Equipment	1420	9,299.00	
Furnitures & Fixtures	1430	5,000.00	
Building	1450	127,740.00	
Organization Costs	1730	1,000.00	
Prepaid Insurance	1810	2,400.00	
Accounts Payable	2000		1,799.00
Long-Term Notes Payable	2600		20,500.00
Mortgage Payable	2650		75,000.00
Common Stock	3010		131,890.00
Total		**229,189.00**	**229,189.00**

Transaction Journal: 1/1/2007 to 1/21/2007

Online Retail Sales, Inc.
Transaction Journal
Date Range: January 1, 2007 - January 21, 2007
Transaction type: All, No.: Any, Name: All, Account: All, Amount: Any, Void: Show

Type	Status	No.	Name	Date	Account	Debit	Credit	Void
Opening Balance		1		1/1/2007				
					Reno Bank	61,500.00	0.00	
					Common Stock	0.00	61,500.00	
Opening Balance		2		1/1/2007				
					Prime Savings & Loan	20,500.00	0.00	
					Common Stock	0.00	20,500.00	
Opening Balance		3		1/1/2007				
					Supplies	1,750.00	0.00	
					Common Stock	0.00	1,750.00	
Opening Balance		4		1/1/2007				
					Prepaid Insurance	2,400.00	0.00	
					Common Stock	0.00	2,400.00	
Opening Balance		5		1/1/2007				
					Common Stock	0.00	7,500.00	
					Computers & Equipment	7,500.00	0.00	
Opening Balance		6		1/1/2007				
					Furnitures & Fixtures	5,000.00	0.00	
					Common Stock	0.00	5,000.00	
Opening Balance		7		1/1/2007				
					Common Stock	0.00	127,740.00	
					Building	127,740.00	0.00	
Opening Balance		8		1/1/2007				
					Organization Costs	1,000.00	0.00	
					Common Stock	0.00	1,000.00	
Opening Balance		9		1/1/2007				
					Long-Term Notes Paya...	0.00	20,500.00	
					Common Stock	20,500.00	0.00	
Opening Balance		10		1/1/2007				
					Common Stock	75,000.00	0.00	
					Mortgage Payable	0.00	75,000.00	
Vendor Bill	Paid	56PS	Podcast Specials	1/2/2007				
					Accounts Payable	0.00	300.00	
					Merchandise Inventory	300.00	0.00	
Vendor Bill	Paid	90eB	eBooks 4 You	1/3/2007				
					Accounts Payable	0.00	375.00	
					Merchandise Inventory	375.00	0.00	
Vendor Bill	Paid	210TV	TV Flix	1/3/2007				
					Accounts Payable	0.00	750.00	
					Merchandise Inventory	750.00	0.00	
Vendor Bill	Paid	78PS	Podcast Specials	1/5/2007				
					Accounts Payable	0.00	270.00	
					Merchandise Inventory	270.00	0.00	

Type	Status	No.	Name	Date	Account	Debit	Credit	Void
Vendor Credit Memo	Applied	CM1	TV Flix	1/10/2007				
					Accounts Payable	60.00	0.00	
					Cost of Good Sold	60.00	0.00	
					Cost of Good Sold	0.00	60.00	
					Merchandise Inventory	0.00	60.00	
Vendor Payment	Applied	1	eBooks 4 You	1/20/2007				
					Accounts Payable	375.00	0.00	
					Reno Bank	0.00	375.00	
Vendor Payment	Applied	2	TV Flix	1/20/2007				
					Accounts Payable	690.00	0.00	
					Reno Bank	0.00	690.00	
Vendor Payment	Applied	3	Podcast Specials	1/20/2007				
					Accounts Payable	570.00	0.00	
					Reno Bank	0.00	570.00	
Vendor Bill	Not Paid	BOS44	Best Office Equipment	1/21/2007				
					Accounts Payable	0.00	1,799.00	
					Computers & Equipment	1,799.00	0.00	

Vendor Transaction History: 1/1/2007 to 1/21/2007

Online Retail Sales, Inc.
Vendor Transaction History
Date Range: January 1, 2007 - January 21, 2007
Transaction type: All, Vendor group: All, Vendor name: All, Amount: Any, Void: Hide
Wednesday, August 23, 2006

Type	Date	No.	Transaction Amount	Paid Amount	Discount	Balance (Cr.)	Void
Best Office Equipment							
Beginning balance						0.00	
Vendor Bill	1/21/2007	BOS44	1,799.00			1,799.00	
Ending Balance				0.00		1,799.00	
eBooks 4 You							
Beginning balance						0.00	
Vendor Bill	1/3/2007	90eB	375.00			375.00	
Vendor Payment	1/20/2007	1		375.00		0.00	
Ending Balance				375.00		0.00	
Podcast Specials							
Beginning balance						0.00	
Vendor Bill	1/2/2007	56PS	300.00			300.00	
Vendor Bill	1/5/2007	78PS	270.00			570.00	
Vendor Payment	1/20/2007	3		570.00		0.00	
Ending Balance				570.00		0.00	
TV Flix							
Beginning balance						0.00	
Vendor Bill	1/3/2007	210TV	750.00			750.00	
Vendor Credit Memo	1/10/2007	CM1	(60.00)			690.00	
Vendor Payment	1/20/2007	2		690.00		0.00	
Ending Balance				690.00		0.00	
TOTAL				1,635.00		1,799.00	

Vendor List

	Active	Vendor Name	Address	City	State	Zip Code	Phone	Fax	Balance		Vendor ID
											Current View: Active
	Add a new Vendor										
	✓	Tax Agency							$0.00	1	
	✓	Podcast Specials	1341 Farrington Road	Los Angeles	CA	90046	(213) 555-01...	(213) 555-0...	$0.00	1PC	
	✓	eBooks 4 You	10756 NW First Street	Corvallis	OR	97330	(541) 555-43...	(541) 555-8...	$0.00	2BU	
	✓	TV Flix	7709 Sunset Boulevard	Burbank	CA	91501	(213) 555-16...	(213) 555-6...	$0.00	3TV	
	✓	Best Office Equipment	81 South Broadway	Reno	NV	89557	(775) 555-32...	(775) 555-3...	$1,799.00	4BOS	

Item List

	Active	Item Name	Description	Type	Price	On Hand	Reorder	Item No.
								Current View: Active
	Add a new Item							
	✓	Podcast	audio files	Inventory Item	$30.00	38		1
	✓	eBook	PDF files	Inventory Item	$50.00	15		2
	✓	TV Programs	video files	Inventory Item	$60.00	23		3
	✓	Computer		Non-Inventory Item	$0.00			4

Purchases by Vendor Detail

On the Vendors home page, select Purchases as the report type, then select Purchases by Vendor Detail.

Online Retail Sales, Inc.
Purchases by Vendor Detail
Date Range: January 1, 2007 - January 21, 2007
Amount: Any, Class: All, Vendor group: All, Vendor name: All, Void: Hide

Type	Date	No.	Item Name	Qty.	Amount	Void
Best Office Equipment						
Vendor Bill	1/21/2007	BOS44	Computer	1.00	1,799.00	
Total Best Office Equipment					1,799.00	
eBooks 4 You						
Vendor Bill	1/3/2007	90eB	eBook	15.00	375.00	
Total eBooks 4 You					375.00	
Podcast Specials						
Vendor Bill	1/2/2007	56PS	Podcast	20.00	300.00	
Vendor Bill	1/5/2007	78PS	Podcast	18.00	270.00	
Total Podcast Specials					570.00	
TV Flix						
Vendor Bill	1/3/2007	210TV	TV Programs	25.00	750.00	
Vendor Credit Memo	1/10/2007	CM1	TV Programs	(2.00)	(60.00)	
Total TV Flix					690.00	
TOTAL					3,434.00	

Purchases by Item Detail

Online Retail Sales, Inc.
Purchases by Item Detail
Date Range: January 1, 2007 - January 21, 2007
Amount: Any, Item: All, Class: All, Item group: All, Void: Hide
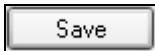
Type	No.	Date	Qty.	Unit Price	Amount	Void
Inventory Items						
eBook, 2						
Vendor Bill	90eB	1/3/2007	15.00	25.00	375.00	
eBook Total					375.00	
Podcast, 1						
Vendor Bill	56PS	1/2/2007	20.00	15.00	300.00	
Vendor Bill	78PS	1/5/2007	18.00	15.00	270.00	
Podcast Total					570.00	
TV Programs, 3						
Vendor Bill	210TV	1/3/2007	25.00	30.00	750.00	
Vendor Credit Memo	CM1	1/10/2007	(2.00)	30.00	(60.00)	
TV Programs Total					690.00	
Inventory Items Total					1,635.00	
Non-Inventory parts						
Computer, 4						
Vendor Bill	BOS44	1/21/2007	1.00	1,799.00	1,799.00	
Computer Total					1,799.00	
Non-Inventory parts Total					1,799.00	
TOTAL					3,434.00	

BACKING UP CHAPTER 11 DATA

Follow these steps to back up the unadjusted trial balance.

1. Click File; Utilities, Data Utilities.

2. In the Backup company data area, click [Backup].

3. In the Backup file name field, click [Browse ...]. Browse to the appropriate location for your backup file.

4. Type **Chapter 11** in the File name field.

5. Click [Save].

6. When the Backup window appears, click [OK].

7. When the window prompts, Backup was completed successfully, click [OK].

8. Close the Microsoft Office Accounting Data Utilities window.

9. Exit MOA or continue with the next section.

	INTERNET ACTIVITY
1.	From your Internet browser, go to the book's website at www.mhhe.com/yachtmoa.
2.	Link to Student Edition.
3.	In the Course-wide Content list, link to Internet Activities. Then, select the Part 3 Internet Activities for Chapters 10-13. Open or Save. (You can also choose Chapter 11, then link to Internet Activities. If you Choose a Chapter, observe that other chapter-specific links are available; for example, Quizzes, Flashcard Templates, and Going to the Net Exercises.)
4.	Complete the WebCPA–Tools and Resources for the Electronic Accountant exercise. Read steps1-3.
5.	Follow the steps shown on the book's website to complete this Internet activity.
6.	Using a word processing program write a brief summary of what you find. Include all appropriate website addresses.

SUMMARY AND REVIEW

SOFTWARE OBJECTIVES: In Chapter 11, you used the software to:

1. Restore data from the Exercise 10-2.sbb file. (This backup was made on page 349.)

2. Enter bills.

3. Record a purchase return.

4. Pay bills.

5. Add a vendor and non-inventory item on the fly.

6. Print reports.

7. Make two backups: 1) backup Chapter 11 data; 2) backup Exercise 11-2

WEB OBJECTIVES: In Chapter 11, you did these Internet activities:

1. Used your Internet browser to go to the book's website. (Go online to www.mhhe.com/yachtmoa.)

2. Went to the Internet Activities link on the book's website. Then, selected Part 3 Internet Activities for Chapters 10-13. Completed the Chapter 11–WebCPA Tools and Resources for the Electronic Accountant exercise.

3. Used a word processing program to write summaries of the websites that you visited.

GOING TO THE NET

Access the business owner's toolkit at http://www.toolkit.cch.com/text/p06_1440.asp. Read the accounts payable information. Answer the following questions.

1. How is accounts payable abbreviated?

2. How is the accounts payable balance in the general ledger computed?

3. What two reports show the accounts payable balance?

FLASHCARD REVIEW

Create the following flashcards.

1. What are the steps for entering a bill?

2. What are the steps for paying a bill?

Multiple Choice Questions: In the space provided write the letter that best answers each questions.

_____1. Vendors and payables reports are called:

   a. Accounts receivable ledger.
   b. Purchases by vendor summary
   c. Accounts payable ledger.
   d. Bill.
   e. None of the above.

_____2. An in-depth view of the amounts the company owes its vendors as of a selected date.

   a. Purchases by vendor detail.
   b. Invoice.
   c. Purchases by item detail.
   d. A/P aging summary.
   e. All of the above.

_____3. A request for payment for products or services is called a/an:

   a. Invoice.
   b. Bill.
   c. A/P.
   d. Both a. and b.
   e. None of the above.

_____4. After a purchase on account is recorded, the following accounts are debited and credited:

   a. Debit Account No. 2000/vendor; credit Account No. 5015, Cost of Goods Sold.
   b. Debit Account No. 1250, Merchandise Inventory; Credit Account No. 2000, Accounts Payable/vendor.
   c. Debit Account No. 5015, Cost of Goods Sold; Credit Account No. 1250, Merchandise Inventory.
   d. Debit Account No. 1250, Merchandise Inventory; Credit Account No. 1010, Reno Bank.
   e. All of the above.

_____5. When merchandise is returned to the vendor, the following accounts are debited and credited:

   a. Dr. Account No. 1250, Merchandise Inventory; Credit Account No. 5015, Cost of Goods Sold.
   b. Debit Account No. 5015, Cost of Goods Sold and Account No. 1250, Merchandise Inventory; Credit Account No. 5015, Cost of Goods Sold and Account No. 2000, Accounts Payable/vendor.
   c. Debit Account No. 5015, Cost of Goods Sold and Account No. 2000, Accounts Payable/vendor; Credit Account No. 5015, Cost of Goods Sold and Account No. 1250, Merchandise Inventory.
   d. Debit Account No. 2000/vendor; credit Account No. 5015, Cost of Goods Sold.
   e. None of the above.

_____6. To make vendor payments, use this form:

   a. Enter bills.
   b. Pay bills.
   c. New credit memo.
   d. Items.
   e. All of the above.

_____7. When a vendor payment is made, the following accounts are debited and credited:

    a. Dr. Account No. 2000, Accounts Payable/vendor; Credit Account No. 1010, Reno Bank.
    b. Credit Account No. 1010, Reno Bank; Debit Account No. 1240, Merchandise Inventory
    c. Debit Account No. 5015, Cost of Goods Sold and Credit Account No. 1010, Reno Bank.
    d. Debit Account No. 2000/vendor; credit Account No. 5015, Cost of Goods Sold.
    e. None of the above.

_____8. To record a purchase return, use this form:

    a. Enter bills.
    b. Pay bills.
    c. New credit memo.
    d. Items.
    e. All of the above.

_____9. The term used for adding a new vendor on the record or form is called:

    a. Drill-down.
    b. A/P.
    c. Inventory item.
    d. On-the-fly.
    e. None of the above.

____10. Which report(s) shows the accounts payable balance?

    a. Purchases by vendor detail.
    b. Item list.
    c. Vendor transaction history.
    d. Trial balance.
    e. Both c. and d.

Exercise 11-1: Follow the instructions below to complete Exercise 11-1.

1. If necessary start MOA and open Online Retail Sales, Inc. Restore the Chapter 11.sbb file. This backup was made on page 371.

2. Record the following transactions:

Date   *Description of Transaction*

1/21/2007   Invoice No. 101eB received from eBooks 4 You for the purchase of 16 PDF files, $25 each, for a total of $400.

1/21/2007   Invoice No. 352TV received from TV Flix for the purchase of 22 video files, $30 each, for a total of $660.

1/21/2007   Invoice No. 95PS received from Podcast Specials for the purchase of 12 audio files, $15 each, for a total of $180.

1/23/2007   Returned two PDF files to eBooks for You, Credit Memo No. CM2, for a total of $50.

1/30/2007   Online Retail Sales, Inc. pays all outstanding vendor bills for a total of $2,989. (*Hint:* Pay from the Reno Bank account; bills due on or before 2/22/2007. Remember to adjust for the 1/23/2007 return. Assign check numbers automatically.)

1/30/2007   Purchased color laser printer on account from Best Office Equipment, Invoice BOS89, for a total of $2,590. (*Hint:* Add a non-inventory item, Laser printer. Uncheck I sell this item. The expense account is Account No. 1420, Computers & Equipment. Do *not* complete the purchase price column.)

1/30/2007   Invoice No. 152PS received from Podcast Specials for the purchase of 10 audio files, $15 each, for a total of $150.

3. Continue with Exercise 11-2.

Exercise 11-2: Follow the instructions below to complete Exercise 11-2. Exercise 11-1 *must* be completed before starting Exercise 11-2.

1. Print the 1/30/2007 Trial Balance.

2. Print the Transaction Journal from 1/1/2007 to 1/30/2007.

3. Print the Vendor Transaction History from 1/1/2007 to 1/30/2007.

4. Print the Purchases by Vendor Detail from 1/1/2007 to 1/30/2007.

5. Print the Purchases by Item Detail from 1/1/2007 to 1/30/2007.

6. Backup. The suggested file name is **Exercise 11-2.sbb**.

ANALYSIS QUESTION: What is the balance in the accounts payable account? Why?

CHAPTER 11 INDEX

Chapter

12 Sales and Collections

SOFTWARE OBJECTIVES: In Chapter 12, you will use the software to:

1. Restore data from the Exercise 11-2.sbb file. (This backup was made on page 377.)
2. Enter customer records and defaults.
3. Record customer sales on account, credit card sales, and sales returns.
4. Receive customer payments.
5. Print reports.
6. Make two backups: 1) backup Chapter 12 data; 2) backup Exercise 12-2.[1]

WEB OBJECTIVES: In Chapter 12, you will do these Internet activities:

1. Use your Internet browser to go to the book's website. (Go online to www.mhhe.com/yachtmoa.)
2. Go to the Internet Activities link on the book's website. Then, select Part 3 Internet Activities for Chapters 10-13. Complete the Chapter 12–Accountant's World exercise.
3. Use a word processing program to write summaries of the websites that you visited.

In Chapter 11, you learned how to use vendors and payables. Now that you have purchased items from vendors, you are ready to sell that merchandise. To do that, you need to learn how to use MOA's customers and receivables tasks.

In Chapter 2, Customers & Receivables, when you entered a sales invoice for Northwind Traders, the unit price, description, and account number were automatically calculated for you. (See pages 41-73). The customers and receivables defaults allowed automatic completion of

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[1]The chart on page 320 shows you the size of each backup file. Refer to this chart for backing up data. Remember, you can back up to a hard drive location or external media.

many of the customer forms. It is the purpose of Chapter 12 to show you how to establish customer records and defaults.

Chapter 12 explains how MOA's accounts receivable system works. *Accounts receivable* is a group of posting accounts that show the amounts customers owe for services or sales made on credit. Credit transactions from customers are called *accounts receivable transactions*.

Customer receipts work similarly to paying vendor invoices. A *customer invoice* is defined as a request for payment to a customer for products or services sold. Once a new invoice is recorded, the receive payments form is used to record customer payments or collections.

MOA's Customers home page diagram shows the flow of information. You will work with some of these features in Chapter 12. From the Customers home page, MOA manages customers and receivables.
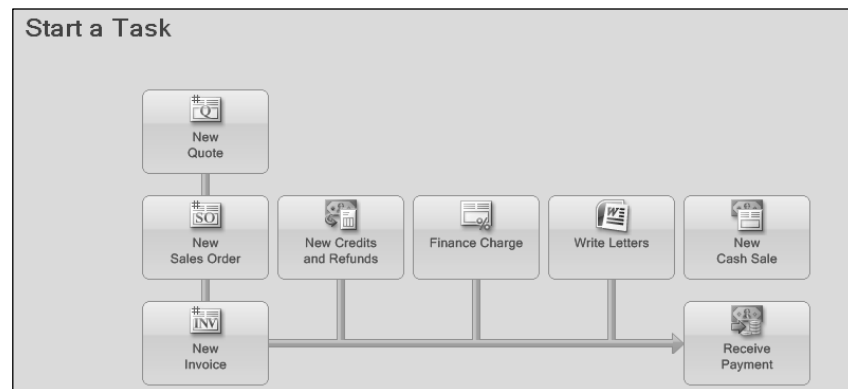
ACCOUNTS RECEIVABLE TASKS

In MOA, all information about a sale is recorded on the New Invoice forms. Then, MOA takes the necessary information from the Invoice (Not Paid) window and automatically debits and credits the transaction in the Transaction Journal.

On the Invoice (Not Paid) window, you enter customer invoices. Credit sales from customers are posted to both the General Ledger and to the customers and receivables reports. In accounting, customers and receivables reports are called the *accounts receivable ledger*. MOA's

customers and receivables tasks track credit sales. The customers and receivables reports include the following:

➢ A/R Aging Summary: Displays all the amounts owed to your company, by customer and by the number of days outstanding at a selected date.

➢ A/R Aging Detail: An in-depth view of the amounts your customers owe your company at a selected date.

➢ Customer Transaction History: Displays all customer transactions for a selected date range.

➢ Profitability by Customer Summary: Displays the profit made from each customer for a selected period of time.

➢ Profitability by Customer Detail: Calculated and details the profit margin for each customer for a selected period of time.

➢ Customer Refunds: Shows detailed information for all refunds that you have issued to customers in a selected date range.

MOA also includes the following Sales reports.

➢ Sales by Customer Summary: Displays the total sales made, by customer, for a selected period of time.

➢ Sales by Customer Detail: Lists all the items sold, by customer and job, for a selected period of time.

➢ Sales by Salesperson Summary: Displays each salesperson's total sales to customers for a selected period of time.

➢ Sales by Salesperson Detail: Lists net sales (before taxes) of items by each salesperson for a selected period of time.

➢ Sales by Item Summary: Displays total sales by item for a selected period of time.

➢ Sales by Item Detail: Lists all sales transactions for each item for a selected period of time.

When Online Retail Sales, Inc. receives payments from customers, MOA's receive payment feature is used. Sales work hand in hand with hand with customer payments. Once you have entered and saved (posted) a sales invoice, it is available when you receive payments. Then, MOA distributes the appropriate amounts.

GETTING STARTED

1. Start MOA. Open Online Retail Sales, Inc.

2. If necessary, restore the Exercise 11-2 sbb file. This backup was made on page 377.

3. To make sure you are starting in the correct place, display the 1/30/2007 trial balance. Compare your trial balance with the one completed in Exercise 11-2, step 1, page 377. Selected account balances on the 1/30/2007 trial balance are:

Account No. 1010, Reno Bank	56,876.00
Account No. 1250, Merchandise Inventory	2,975.00
TOTAL debits and credits:	230,130.00

4. Close the trial balance.

CUSTOMER RECORDS

On the Customers home page, you perform all the tasks related to customers and receivables. MOA maintains your customer records and tracks their contact information and financial details. The Customers home page is the starting point for managing customer sales.

Follow these steps to set up customer records and defaults.

1. On the Navigation Pane, select [Customers].

2. In the More Tasks area, link to [New Customer]. The Untitled – Customer window appears. Complete the fields shown on the next page.
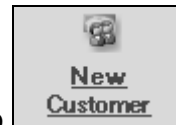
Customer name: **Audio Plus**
Customer ID: **AP001** (use zeroes)
Business address: **113 Aspen Drive**
                        Denver, CO 80010
Business phone: **(303) 555-9312**
Business fax: **(303) 555-1234**
E-mail 1:   **brice@audioplus.biz**
Web page address: **www.audioplus.bix**
Customer since: **1/1/2007**
Contact Name: **Brice McClure**
Business phone: **(303) 555-9312, ext. 1212**

Details tab:

Credit limit: **7,500.00**
Preferred payment method: Check
Payment terms: Net 30

3. Check the information recorded. Click [Save and New].

4. Enter the following customers:

   Customer name: **In Print Design**
   Customer ID: **IP002**
   Business address: **4900 Spaulding Drive**
                            Beverly Hills, CA 90212
   Business phone: **(310) 555-2367**
   Business fax: **(310) 555-2368**
   E-mail 1:   **roz@inprintdesign.com**
   Web page address: **www.inprintdesign.com**
   Customer since: **1/1/2007**
   Contact Name: **Roz Kalmar**
   Business phone: **(310) 555-2364, ext. 3201**

   Details tab:

   Credit limit: **7,500.00**
   Preferred payment method: Check
   Payment terms: Net 30

   Customer name: **MyVideo.com**
   Customer ID: **MV003**
   Business address: **86113 North Springs Blvd.**
                            Tarpon Springs, FL 34688
   Business phone: **(727) 555-0613**
   Business fax: **(727) 555-0615**
   E-mail 1:   **marc@myvideo.com**
   Web page address: **www.myvideo.com**

Customer since:	**1/1/2007**
Contact Name:	**Marc Lymer**
Business phone:	**(727) 555-0613, ext. 23**

Details tab:

Credit limit:	**7,500.00**
Preferred payment method:	Check
Payment terms:	Net 30

5.   Save and close the new customer form.

RECORDING CREDIT SALES

In MOA all the information about a credit sale is recorded on the Invoice (Not Paid) form. Then, MOA takes the necessary information from the window and automatically journalizes the transaction. You use MOA's New Invoice selection on the Customers home page to record credit sales to customers.

Credit sales refer to sales made to customers that will be paid for later. Online Retail Sales, Inc. offers customers payment terms of Net 30 days.

Sales Invoices

The transaction you are going to record is:

Date   *Description of Transaction*

1/15/2007   Sold 5 eBooks (PDF files) on account to In Print Design for a total credit sale of $250, Sales No. 1.

Follow these steps to enter the transaction.
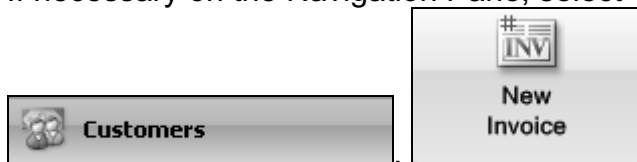
1.   If necessary on the Navigation Pane, select , . The Untitled – Invoice window appears. Complete the fields shown on the next page.

Date:	**1/15/2007**
No.:	1 is completed automatically
Customer name:	In Print Design
Name:	eBook
Description:	PDF files is completed automatically
Qty.:	**5**
Unit Price:	$50.00 is completed automatically
Discount:	0% completed automatically
Line Total:	$250.00 is completed automatically
Tax:	Non-taxable is completed automatically

2. Click .

3. Record the credit sales shown on the next page.

Date   *Description of Transaction*

1/15/2007   Sold 15 Podcasts (audio files) on account to Audio Plus for
               a total credit sale of $450, Sales No. 2.

1/15/2007   Sold 8 TV Programs (video files) on account to
               MyVideo.com for a total credit sale of $480, Sales No. 3.

 4.   Look at how MOA journalizes these sales by displaying the
      1/15/2007 transaction journal.

Online Retail Sales, Inc.
Transaction Journal
Date Range: January 15, 2007 - January 15, 2007
Transaction type: All, No.: Any, Name: All, Account: All

Type	Status	No.	Name	Date	Account	Debit	Credit	Void
Invoice	Not Paid	1	In Print Design	1/15/2007				
					Accounts Receivable	250.00	0.00	
					Sales	0.00	250.00	
					Cost of Goods Sold	125.00	0.00	
					Merchandise Inventory	0.00	125.00	
Invoice	Not Paid	2	Audio Plus	1/15/2007				
					Accounts Receivable	450.00	0.00	
					Sales	0.00	450.00	
					Cost of Goods Sold	225.00	0.00	
					Merchandise Inventory	0.00	225.00	
Invoice	Not Paid	3	MyVideo.com	1/15/2007				
					Accounts Receivable	480.00	0.00	
					Sales	0.00	480.00	
					Cost of Goods Sold	240.00	0.00	
					Merchandise Inventory	0.00	240.00	

The following accounts are debited and credited for the sale made
to In Print Design.

Acct. No.	Account	Debit	Credit
1200/ IP002	Accounts Receivable/ In Print Design	250.00	
5015	Cost of Goods Sold	125.00	
1250	Merchandise Inventory		125.00
4020	Sales		250.00

Observe that *both* the sales price, $250, and the cost of the
inventory item are debited and credited. When Online Retail Sales,
Inc. sells PDF files the customer pays $50 each (5 PDF files were
sold for a total of $250). When Online Retail Sales, Inc. buys PDF
files from the vendor, it pays $25 x 5 = $125. MOA tracks both the
sales price *and* the purchase price when items are sold. The sales
price is debited and credited to AR/customer and Sales; the cost of
the item is debited and credited to Cost of Goods Sold and
Merchandise Inventory, respectively. This entry keeps the
Merchandise Inventory account up to date.

5. Close the Transaction Journal.

Inventory

Before recording more sales, let's look at the status of inventory on January 15, 2007 and January 30, 2007. Follow these steps to do that.

1. In the Reports area, select Inventory; Inventory Stock Status by Item.

2. Click [Display].

3. Type **1/15/2007** in the Date field. Press <Enter>. (*Or,* you can click refresh.) The Inventory Stock Status by Item report displays. Observe that the following quantities are on hand as of 1/15/2007:

eBook	PDF files	10.00
Podcast	audio files	23.00
TV Programs	video files	15.00

4. Close the Inventory Stock Status by Item report.

In Chapter 11 on page 376, Online Retail Sales, Inc. purchased additional inventory on 1/21/2007 and 1/30/2007. Display the Inventory Stock Status Report by Item as of 1/30/2007. Then, compare the 1/30/2007 report to the 1/15/2007 report.

On 1/30/2007 the Inventory Stock Status by Item report shows the following:

eBook	PDF files	24.00
Podcast	audio files	45.00
TV Programs	video files	37.00

This means that Online Retail Sales, Inc.'s inventory has been replenished and items are ready for customer sales.

5. Close the Inventory Stock Status by Item report.
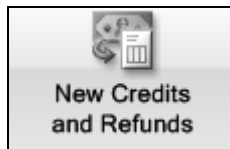
Sales Returns

When a customer returns a product or requires a refund, you can create a customer credit memo with the Customer Credit Memo form.

The following transaction is for a sales return.

Date   *Description of Transaction*

1/17/2007   Audio Plus returned 2 Podcasts (audio files), CM01.
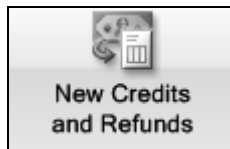
1. Click .

2. Type **1/17/2007** in the date field.

3. Type **CM01** in the No. field.

4. Select Audio Plus as the customer.

5. In the Name field, select Podcast.

6. Type **2** in the Qty. field. Compare your Customer Credit Memo (Unapplied) window to the one shown on the next page.

6. Click ![Save and Close]. Let's see how this entry is journalized. Display the 1/17/2007 transaction journal.

Acct. No.	Account	Debit	Credit
1250	Merchandise Inventory	30.00	
4020	Sales	60.00	
5015	Cost of Goods Sold		30.00
1200/ AP001	Accounts Receivable/ Audio Plus		60.00

7. To see how the accounts receivable ledger records customer transactions, display the Customer Transaction History report from 1/1/2007 to 1/17/2007. (*Hint:* Select Customers and Receivables reports; Customer Transaction History.) Observe that the balance in the Audio Plus account is reduced by the amount of the 1/17/2007 return. Also, notice that the Total on the report is $1,120. This total agrees with the GL Report balance for Account No. 1200, Accounts Receivable.

Online Retail Sales, Inc.
Customer Transaction History
Date Range: January 1, 2007 - January 17, 2007
Transaction type: All, Customer name: All, Customer group: All, Amount: Any, Void: Hide

Type	Date	No.	Invoiced Amount	Paid Amount	Discount	Write-Off	Balance	Void
Audio Plus								
Beginning balance							0.00	
Invoice	1/15/2007	2	450.00		0.00	0.00	450.00	
Customer Credit Memo	1/17/2007	CM02	(60.00)		0.00	0.00	390.00	
Ending Balance				0.00			390.00	
In Print Design								
Beginning balance							0.00	
Invoice	1/15/2007	1	250.00		0.00	0.00	250.00	
Ending Balance				0.00			250.00	
MyVideo.com								
Beginning balance							0.00	
Invoice	1/15/2007	3	480.00		0.00	0.00	480.00	
Ending Balance				0.00			480.00	
TOTAL				0.00			1,120.00	

8.   Close the Customer Transaction History.

9.   Display the GL Report for 1/1/2007 to 1/17/2007. Account No. 1200, Accounts Receivable, shows the same balance as the Customer Transaction History, $1,120.

1200 - Accounts Receivable							0.00
Invoice	1/15/2007	1	In Print Design	PDF files	250.00	0.00	250.00
Invoice	1/15/2007	2	Audio Plus	audio files	450.00	0.00	700.00
Invoice	1/15/2007	3	MyVideo.com	video files	480.00	0.00	1,180.00
Customer Credit Memo	1/17/2007	CM02	Audio Plus	audio files	0.00	60.00	1,120.00
Total 1200 - Accounts Receivable					1,180.00	60.00	1,120.00

10.   Close the GL Report.

Credit Card Sales

Online Retails Sales, Inc. accepts credit cards for customer sales. Observe that on the Customers home page in the More Tasks area, there is a Credit Card Processing link. This takes you to MOA's credit card application. With Credit Card Processing for Microsoft Office Accounting, you can accept credit card payments.

MOA can be set up to use credit cards for customer payments. In our example, you will see how MOA processes credit card transactions. In an actual business, MOA can access the online link for processing credit cards from the software. For our purposes, you will see how MOA processes credit cards but you will *not* set up the online credit card link.

The transaction you are going to record is:

Date   *Description of Transaction*

1/18/2007   Sold 5 eBooks for $250; 8 Podcasts for $240; and 6 TV
                     Programs for $360; for total credit card sales of $850.

Follow these steps to enter a new customer on the fly and credit card
sales.
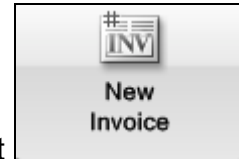
1. From the Customers home page, select .

2. Type **1/18/2007** in the date field.

3. Accept 4 as the default invoice number.

4. In the Customer Name field, select Add a new Customer. On the
   Customer form, complete these fields.

Customer name:	**Credit Card Sales**
Customer ID:	**CCS**
Customer since:	**1/1/2007**

   Details tab:

   Preferred payment method: Credit Card

5. Click . You are returned to the Invoice (Not Paid)
   form. Credit Cards Sales is shown in the Customer name field.

6. In the Name field, select eBook.

7. Type **5** in the Qty. field.

8. Go to the Name field, select Podcast.

9. Type **8** in the Qty. field.

10.   Go to the Name field, select TV Programs.

11.   Type **6** in the Qty. field.

12.   Check the Invoice (Not Paid) form. Click [Save and Close]. To see how this transaction is journalized, display the transaction journal for 1/18/2007. Observe that each item amount is individually debited and credited to Accounts Receivable, Sales, Costs of Goods Sold, and Merchandise Inventory.

Online Retail Sales, Inc.
Transaction Journal
Date Range: January 18, 2007 - January 18, 2007
Transaction type: All, No.: Any, Name: All, Account: All

| Type	Status	No.	Name	Date	Account	Debit	Credit	Void
Invoice	Not Paid	4	Credit Card Sales	1/18/2007				
					Accounts Receivable	250.00	0.00	
					Accounts Receivable	240.00	0.00	
					Accounts Receivable	360.00	0.00	
					Sales	0.00	250.00	
					Sales	0.00	240.00	
					Sales	0.00	360.00	
					Cost of Goods Sold	125.00	0.00	
					Cost of Goods Sold	120.00	0.00	
					Cost of Goods Sold	180.00	0.00	
					Merchandise Inventory	0.00	125.00	
					Merchandise Inventory	0.00	120.00	
					Merchandise Inventory	0.00	180.00	

RECEIVE PAYMENTS FROM CUSTOMERS

When a customer sends you a payment, you enter the customer payment on the Customer Payment form. You can then apply the payment to the invoices that are due. A payment might cover one or more invoices, or it may not completely cover an invoice. You can select which invoice to settle against a payment as well as the amount to apply to each invoice. *Or,* you can have Microsoft Office Accounting automatically apply the payment to invoices in chronological order from the oldest outstanding invoice.

In the transactions that follow, the customers pay their outstanding invoices.

Date   *Description of Transaction*

1/23/2007   Received a check in full payment of Audio Plus' account, $390.

1/24/2007   Received a check in full payment of In Print Design's account, $250.

1/24/2007   Received a check in full payment of My Video.com's account, $480.

1/24/2007   Received payments for credit card sales, $850.00. (This deposit will be verified on the January 31, 2007 bank statement in Chapter 13.)

Using the payment from Audio Plus as an example, follow these steps to
the customer payment.
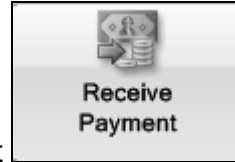
1.   From the Customers home page, select [Receive Payment]. Complete
     the following fields:

Date:	**1/23/2007**
No.	1 is automatically completed
Received from:	Audio Plus
Amount:	**390.00**
Payment method:	Check is automatically completed
Customer balance:	$390.00 is automatically completed
Deposit in:	Undeposited Funds is is automatically completed

2.   Audio Plus returned merchandise. Link to 0.00 in the Applied
     Credits column to apply the credit for the returned merchandise. On
     the Apply Credits and Payments (for Audio Plus) window, click on
     the checkmark on the credit memo row.
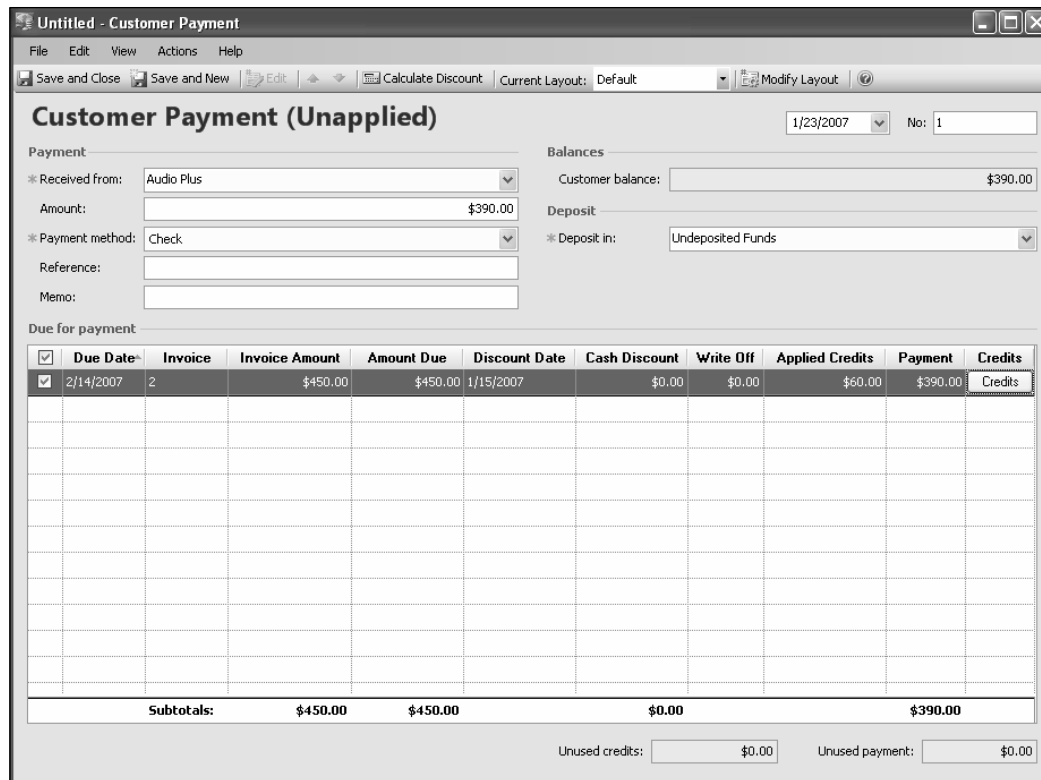
Apply Credits and Payments (for Audio Plus)

Apply Credits and Payments
To apply credit to an invoice, click the check box to select a credit amount. To change the amount to apply, type a new amount.

Amount due:	$450.00	Total credit amount:	$60.00
Cash discount:	$0.00	Total balance:	$0.00
Adjusted payment:	$390.00	Total amount to use:	$60.00

☑	Date ▲	Memo	Credit Amo...	Balance	Amount to ...
☑	1/17/2007	CM02 - Customer Credit Memo	$60.00	$0.00	$60.00

[Help]   [Adjust]   [Cancel]

3. Click [Adjust]. You are returned to the Customer Payment form.

4. Click [Save and New]. Complete the customer payment transactions shown on page 394.

5. Display the 1/23/2007 to 1/24/2007 Transaction Journal. When a customer payment is received, the following accounts are debited and credited. (The example shows the customer payment received from Audio Plus.)

Acct. No.	Account	Debit	Credit
1005	Undeposited Funds	390.00	
1200/ AP001	Accounts Receivable/ Audio Plus		390.00

What are undeposited funds? Account No. 1005, Undeposited Funds, is a cash account for amounts received from customers but not yet

deposited to the bank account. In Chapter 13 when bank deposits are made, Undeposited Funds will be credited and Reno Bank will be debited. You can think of undeposited funds as a clearing account. The undeposited funds account holds deposits until they are cleared by the bank. In Chapter 13 the bank statement will show which customer payments cleared Account No. 1010, Reno Bank, which is Online Retail Sales, Inc.'s bank account. Go to page 394 and record the January 24, 2007 payments received from customer.

REPORTS

Print the following reports from 1/1/2007 to 1/31/2007.

1. Trial Balance.

2. Customer Transaction History.

3. Customer List.

4. Profitability by Customer Summary

5. Sales by Customer Summary. (Select Sales as the report type on the Customers home page.)

6. Sales by Item Summary.

Compare your reports to the ones shown on pages 397-399.

Trial Balance: 1/31/2007

Online Retail Sales, Inc.
Trial Balance
As of: 1/31/2007

Account Name	Account No.	Debit	Credit
Undeposited Funds	1005	1,970.00	
Reno Bank	1010	56,876.00	
Prime Savings & Loan	1100	20,500.00	
Supplies	1240	1,750.00	
Merchandise Inventory	1250	1,990.00	
Computers & Equipment	1420	11,889.00	
Furnitures & Fixtures	1430	5,000.00	
Building	1450	127,740.00	
Organization Costs	1730	1,000.00	
Prepaid Insurance	1810	2,400.00	
Accounts Payable	2000		2,740.00
Long-Term Notes Payable	2600		20,500.00
Mortgage Payable	2650		75,000.00
Common Stock	3010		131,890.00
Sales	4020		1,970.00
Cost of Goods Sold	5015	985.00	
Total		**232,100.00**	**232,100.00**

Customer Transaction History – 1/1/2007 to 1/31/2007

Online Retail Sales, Inc.
Customer Transaction History
Date Range: January 1, 2007 - January 31, 2007
Transaction type: All, Customer name: All, Customer group: All, Amount: Any, Void: Hide, Class: All

Type	Date	No.	Invoiced Amount	Paid Amount	Discount	Write-Off	Balance	Void
Audio Plus								
Beginning balance							0.00	
Invoice	1/15/2007	2	450.00		0.00	0.00	450.00	
Customer Credit Memo	1/17/2007	CM02	(60.00)		0.00	0.00	390.00	
Customer Payment	1/23/2007	1		390.00	0.00	0.00	0.00	
Ending Balance				390.00			0.00	
Credit Card Sales								
Beginning balance							0.00	
Invoice	1/10/2007	4	850.00		0.00	0.00	850.00	
Customer Payment	1/24/2007	4		850.00	0.00	0.00	0.00	
Ending Balance				850.00			0.00	
In Print Design								
Beginning balance							0.00	
Invoice	1/15/2007	1	250.00		0.00	0.00	250.00	
Customer Payment	1/24/2007	2		250.00	0.00	0.00	0.00	
Ending Balance				250.00			0.00	
MyVideo.com								
Beginning balance							0.00	
Invoice	1/15/2007	3	480.00		0.00	0.00	480.00	
Customer Payment	1/24/2007	3		480.00	0.00	0.00	0.00	
Ending Balance				480.00			0.00	
TOTAL				1,970.00			0.00	

Customer List: 1/1/2007 to 1/31/2007

Customer List — Current View: Active

	Active	Customer ID	Customer Name	Address	City	State	Zip Code	Phone	Fax	Balance
			Add a new Customer							
	✓	AP001	Audio Plus	113 Aspen Drive	Denver	CO	90010	(303) 555-93...	(303) 555-1...	$0.00
	✓	CCS	Credit Card Sales							$0.00
	✓	IP002	In Print Design	4900 Spaulding Drive	Beverly Hills	CA		(310) 555-23...	(310) 555-2...	$0.00
	✓	MV003	MyVideo.com	86113 North Springs Blvd.	Tarpon Sprin...	FL	34688	(727) 555-06...	(727) 555-0...	$0.00

Profitability by Customer Summary – 1/1/2007 to 1/31/2007

Online Retail Sales, Inc.
Profitability by Customer Summary
Date Range: January 1, 2007 - January 31, 2007
Customer group: All, Customer name: All, Margin: Any

Customer	Customer ID	Invoiced Amount	Cost	($) Margin	(%) Margin
Audio Plus	AP001	390.00	(195.00)	195.00	50.0%
Credit Card Sales	CCS	850.00	(425.00)	425.00	50.0%
In Print Design	IP002	250.00	(125.00)	125.00	50.0%
MyVideo.com	MV003	480.00	(240.00)	240.00	50.0%
Total Gross Profitability		1,970.00	(985.00)	985.00	50.0%

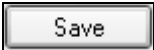## Sales by Customer Summary – 1/1/2007 to 1/31/2007

Online Retail Sales, Inc.
Sales by Customer Summary
Date Range: January 1, 2007 - January 31, 2007
Customer group: All, Amount: Any, Customer name: All, Active Status: Active, Void: Hide, Report Basis: Accrual

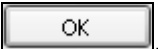| Customer Name	Customer No.	Customer Group	1/1/07 - 1/31/07
Audio Plus	AP001		390.00
Credit Card Sales	CCS		850.00
In Print Design	IP002		250.00
MyVideo.com	MV003		480.00
TOTAL			**1,970.00**

Sales by Item Summary – 1/1/2007 to 1/31/2007

Online Retail Sales, Inc.
Sales by Item Summary
Date Range: January 1, 2007 - January 31, 2007
Amount: Any, Item: All, Report Basis: Accrual

Type	Item No.	Item Group	1/1/07 - 1/31/07 - Qty.	1/1/07 - 1/31/07 - Amou...
Inventory Items				
eBook	2		10.00	500.00
Podcast	1		21.00	630.00
TV Programs	3		14.00	840.00
Total Inventory Items				**1,970.00**
Total				**1,970.00**

BACK UP CHAPTER 12 DATA

Follow these steps to back up.

1. Click File; Utilities, Data Utilities.

2. In the Backup company data area, click [Backup].

3. In the Backup file name field, click [Browse ...]. Browse to the appropriate location for your backup file.

4. Type **Chapter 12** in the File name field.

5. Click [Save].

6. When the Backup window appears, click [OK].

7. When the window prompts, Backup was completed successfully, click [OK].

8. Close the Microsoft Office Accounting Data Utilities window.

9. Exit MOA or continue with the next section.

INTERNET ACTIVITY	
1.	From your Internet browser, go to the book's website at www.mhhe.com/yachtmoa.
2.	Link to Student Edition.
3.	In the Course-wide Content list, link to Internet Activities. Then, select the Part 3 Internet Activities for Chapters 10-13. Open or Save. (You can also choose Chapter 11, then link to Internet Activities. If you Choose a Chapter, observe that other chapter-specific links are available; for example, Quizzes, Flashcard Templates, and Going to the Net Exercises.)
4.	Complete the Accountant's World exercise. Read steps1 and 2.
5.	Follow the steps shown on the book's website to complete this Internet activity.
6.	Using a word processing program write a brief summary of what you find. Include all appropriate website addresses.

SUMMARY AND REVIEW

SOFTWARE OBJECTIVES: In Chapter 12, you used the software to:

1. Restore data from the Exercise 11-2.sbb file. (This backup was made on page 377.)

2. Enter customer records and defaults.

3. Record customer sales on account, credit card sales, and sales returns.

4. Receive customer payments.

5. Print reports.

6. Make two backups: 1) backup Chapter 12 data; 2) backup Exercise 12-2.

WEB OBJECTIVES: In Chapter 12, you did these Internet activities:

1. Used your Internet browser to go to the book's website. (Go online to www.mhhe.com/yachtmoa.)

2. Went to the Internet Activities link on the book's website. Then, selected Part 3 Internet Activities for Chapters 10-13. Completed the Chapter 12–Accountant's World exercise.

3. Used a word processing program to write summaries of the websites that you visited.

GOING TO THE NET

From MOA's menu bar, select Customers; Customer Services, Services Overview. The URL is http://sba.microsoft.com/.

1. What customer services does MOA include?

2. How does MOA help companies sell products online? (Hint: Link to Other Services.)

3. How can MOA help a company build a web site?

FLASHCARD REVIEW

Create the following flashcards.

1. What are the steps for entering a sales invoice?

2. What are the steps for receiving a customer payment?

3. What are the steps for applying a return of merchandise previously sold?

Short-answer questions: In the space provided write the answer to the question.

1.   What are accounts receivable? What is an accounts receivable transaction?

_____

_____

_____

_____

2.   Define a customer invoice.

_____

_____

_____

_____

3.   How are credit sales from customers posted?

_____

_____

_____

_____

4.   What is included on the customer transaction history report?

_____

_____

_____

_____

5. What is included on the profitability by customer summary report?

_____

_____

_____

6.   What is included on the sales by customer summary report?

_____

_____

_____

_____

7.   What MOA form includes information about a credit sale?

_____

_____

_____

8. What are credit sales?

_____

_____

_____

9. When a credit sale is made, what accounts are debited and
    credited? Explain the account distribution.

_____

_____

_____

_____

10. Explain the purpose of Account No. 1005, Undeposited Funds.

_____

_____

_____

_____

_____

_____

_____

Exercise 12-1: Follow the instructions below to complete Exercise 12-1.

1. If necessary start MOA and open Online Retail Sales, Inc. Restore the Chapter 12.sbb file. This backup was made on page 399-400.

2. Record the following transactions:

Date   *Description of Transaction*

1/25/2007   Sold 8 eBooks (PDF files) on account to In Print Design for a total credit sale of $400, Sales No. 5.

1/25/2007   Sold 10 Podcasts (audio files) on account to Audio Plus for a total credit sale of $300 Sales No. 6.

1/25/2007   Sold 12 TV Programs (video files) on account to MyVideo.com for a total credit sale of $720, Sales No. 7.

1/26/2007   Sold 4 eBooks for $200; 8 Podcasts for $240; and 6 TV Programs for $360; for total credit card sales of $800, Sale No. 8.

1/27/2007   MyVideo.com returned 2 TV Programs (video files), CM03.

1/30/2007   Received a check in full payment of Audio Plus' account, $300.

1/30/2007   Received a check in full payment of In Print Design's account, $400.

1/30/2007   Received payment for credit card sales, $800.00. (This deposit will be verified on the January 31, 2007 bank statement in Chapter 13.)

3. Continue with Exercise 12-2.

Exercise 12-2: Follow the instructions below to complete Exercise 12-2. Exercise 12-1 *must* be completed before starting Exercise 12-2.

1. Print the 1/31/2007 Trial Balance.

2. Print the Transaction Journal from 1/1/2007 to 1/31/2007.

3. Print the Customer Transaction History from 1/1/2007 to 1/31/2007.

4. Print the Profitability by Customer Summary from 1/1/2007 to 1/31/2007.

5. Print the Sales by Customer Summary from 1/1/2007 to 1/31/2007.

6. Print the Sales by Item Summary from 1/1/2007 to 1/31/2007.

7. Backup. The suggested file name is **Exercise 12-2.sbb**.

ANALYSIS QUESTION: What is the balance in the accounts receivable account? Why?

CHAPTER 12 INDEX

Chapter

13

Account Reconciliation and Financial Statements

SOFTWARE OBJECTIVES: In Chapter 13, you will use the software to:

1. Restore data from the Exercise 12-2.sbb file. (This backup was made on page 407.)
2. Record compound journal entries.
3. Write checks for expenses.
4. Make deposits.
5. Display the account register.
6. Complete bank reconciliation.
7. Print reports.
8. Print financial statements.
9. Make one backup of Chapter 13 data.[1]

WEB OBJECTIVES: In Chapter 13, you will do these Internet activities:

1. Use your Internet browser to go to the book's website. (Go online to www.mhhe.com/yachtmoa.)
2. Go to the Internet Activities link on the book's website. Then, select Part 3 Internet Activities for Chapters 10-13. Complete the Chapter 13–Salary Wizard exercise.
3. Use a word processing program to write summaries of the websites that you visited.

In Chapter 13, you use MOA's Banking feature to write checks, make deposits, and reconcile accounts. In Chapter 12, when customer deposits were received, Account No. 1005, Undeposited Funds held the amount of each deposit. This chapter shows how the undeposited funds account is cleared once deposits are made.

---

[1]The chart on page 320 shows the size of each backup file. Refer to this chart for backing up data. Remember, you can back up to a hard drive location or external media.

GETTING STARTED:

1. Start MOA. Open Online Retail Sales, Inc.

2. If necessary, restore the Exercise 12-2 sbb file. This backup was made on page 407.

3. To make sure you are starting in the correct place, display the 1/31/2007 trial balance. Compare your trial balance with the one completed in Exercise 12-2, step 1, page 407. Selected account balances from the 1/31/2007 trial balance are:

Account No. 1005, Undeposited Funds	3,470.00 (Dr.)
Account No. 4020, Sales	4,070.00 (Cr.)
Account No. 5015, Cost of Goods Sold	2,035.00 (Dr.)
TOTAL debits and credits:	234,200.00

4. Close the trial balance.

COMPOUND TRANSACTIONS

A *compound transaction* is an entry that affects three or more accounts. Both the payment for payroll and the mortgage payment are examples of compound transactions. Use MOA's Journal Entry window to record compound transactions.

Date   *Date of Transaction*

1/30/2007   Pay the employees in the amount of $2,342.16. (*Hint:* Steps for recording this transaction are on page 411.) The account distribution is:

Acct. No.	Account	Debit	Credit
7110	P/R Expenses-Employees	3,000.00	
2205	Payroll Liability: S/S and Medicare		229.50
2215	Payroll Liability: State, Local		74.34
2225	Payroll Liability: Federal WH		354.00
1010	Reno Bank		2,342.16

1/30/2007   Pay the mortgage in the amount of $826.90. The account distribution is:

Acct. No.	Account	Debit	Credit
2650	Mortgage Payable	143.68	
8150	Interest Expense	683.22	
1010	Reno Bank		826.90

Follow these steps to record a compound journal entry.

1. From the menu bar, select Company; New Journal Entry.

2. Record the 1/30/2007 payment to employees. Refer to account distribution on page 410 for debiting and crediting the appropriate accounts. Compare your Journal Entry (New) window to the one shown below.

3. Click Save and New.

4. Record the mortgage payment. The account distribution is shown on page 411.

WRITE CHECKS

Use MOA's Banking; Write Checks feature to issue the following checks. Detailed steps for writing checks are in Chapter 8, pages 247-249. Assume that Online Retail Sales, Inc. uses online banking. This means that each check clears the bank when it is issued. The bank statement on pages 413-414 shows each vendor payment.

1/30/2007	Issue Check No. 8 in the amount of $79.80 for cellular service. (*Hint:* Debit Account No. 7515, Cell; add the vendor, Mobile One; Vendor ID, 5MO.)
1/30/2007	Issue Check No. 9 in the amount of $49.60 for Internet service. (*Hint:* Add the vendor, ISP; Vendor ID, 6ISP.)
1/30/2007	Issue Check No. 10 in the amount of $68.46 for telephone service. (*Hint:* Add the vendor, Southwest Telephone Service; Vendor ID, 7ST.)
1/30/2007	Issue Check No. 11 in the amount of $111.46 for Electricity/Gas. (*Hint:* Add the vendor, Source Electricity/Gas; Vendor ID, 8SEG.)
1/30/2007	Issue Check No. 12 in the amount of $73.03 for Water/Garbage service. (*Hint:* Add the vendor, Reno Water/Garbage; Vendor ID, 9RWG.)

MAKE DEPOSITS

Use MOA's Banking; Make Deposits feature to make the deposits shown on the bank statement shown on the next page. Detailed steps for making deposits are in Chapter 8, pages 245-246.

Date   *Description of Transaction*

1/31/2007   Make deposits in the amount of $3,470. This includes
             payments received from customers and credit card sales.
             The bank statement below shows each customer and credit
             card deposit received.

Statement of Account			Online Retail Sales, Inc.	
Reno Bank			1764 North Clark Street	
January 1 to January 31, 2007 Account #0618-3201			Reno, NV 89557	
REGULAR CHECKING				
Previous Balance	12/31/06	61,500.00		
Deposits		3,470.00		
Checks (-)		8,175.41		
Service Charges (-)	1/31/07	15.00		
Credit Card Fee[2] (-)	1/31/07	33.00		
Ending Balance	1/31/07	**$56,746.59**		
DEPOSITS				
	1/25/2007	390.00	Audio Plus	
	1/26/2007	250.00	In Print Design	
	1/26/2007	480.00	MyVideo.com	
	1/26/2007	850.00	Credit Card	
	1/31/2007	300.00	Audio Plus	
	1/31/2007	400.00	In Print Design	
	1/31/2007	800.00	Credit Card	
CHECKS				
	1/20/07	375.00	1	
	1/20/07	690.00	2	
	1/20/07	570.00	3	
	1/30/07	350.00	4	
	1/30/07	1,799.00	5	
	1/30/07	180.00	6	
	1/30/07	660.00	7	*continued*

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[2]Reno Bank charges 2 percent for credit card sales. The total credit card sales for the month
are $1,650 x .02 = $33.00.

	1/30/07	79.80	8	
	1/30/07	49.60	9	
	1/30/07	68.46	10	
	1/30/07	111.46	11	
	1/30/07	2,342.16	-	
	1/30/07	826.90	-	
	1/30/07	73.03	12	

ACCOUNT REGISTER

Display the account register to see Account No. 1010, Reno Bank's activity.

Account

Bank Account: Reno Bank

Account Register

Date	Type	Check No.	Pay To	Memo	Account	Deposit	Payment	Balance
1/1/2007	Opening Balance			Opening Balance	Common Stock	$61,500.00	$0.00	$61,500.00
1/20/2007	Vendor Payment	1	eBooks 4 You		Accounts Payable	$0.00	$375.00	$61,125.00
1/20/2007	Vendor Payment	2	TV Flix		Accounts Payable	$0.00	$690.00	$60,435.00
1/20/2007	Vendor Payment	3	Podcast Specials		Accounts Payable	$0.00	$570.00	$59,865.00
1/30/2007	Vendor Payment	4	eBooks 4 You		Accounts Payable	$0.00	$350.00	$59,515.00
1/30/2007	Vendor Payment	5	Best Office Equipment		Accounts Payable	$0.00	$1,799.00	$57,716.00
1/30/2007	Vendor Payment	6	Podcast Specials		Accounts Payable	$0.00	$180.00	$57,536.00
1/30/2007	Vendor Payment	7	TV Flix		Accounts Payable	$0.00	$660.00	$56,876.00
1/30/2007	Check	8	Mobile One		Multiple	$0.00	$79.80	$56,796.20
1/30/2007	Check	9	ISP		Multiple	$0.00	$49.60	$56,746.60
1/30/2007	Check	10	Southwest Telephone		Multiple	$0.00	$68.46	$56,678.14
1/30/2007	Check	11	Source Electricity/Gas		Multiple	$0.00	$111.46	$56,566.68
1/30/2007	Journal Entry				Multiple	$0.00	$2,342.16	$54,224.52
1/30/2007	Journal Entry				Multiple	$0.00	$826.90	$53,397.62
1/30/2007	Check	12	Reno Water/Garbage		Multiple	$0.00	$73.03	$53,324.59
1/31/2007	Deposit				Multiple	$390.00	$0.00	$53,714.59
1/31/2007	Deposit				Multiple	$250.00	$0.00	$53,964.59
1/31/2007	Deposit				Multiple	$480.00	$0.00	$54,444.59
1/31/2007	Deposit				Multiple	$850.00	$0.00	$55,294.59
1/31/2007	Deposit				Multiple	$300.00	$0.00	$55,594.59
1/31/2007	Deposit				Multiple	$400.00	$0.00	$55,994.59
1/31/2007	Deposit				Multiple	$800.00	$0.00	$56,794.59

		Ending balance:	$56,794.59

Observe that the ending balance shows $56,794.59. The bank statement's ending balance shows $56,746.59. The difference is the bank service charge ($15.00) and credit card fees ($33.00). Once those fees are deducted from the account register balance, the bank statement and account register agree.

Account Register Balance:	$56,794.59
Bank Service Charge:	15.00
Credit Card Fees:	33.00
Bank Statement Balance:	$56,746.59

ACCOUNT RECONCILATION

You may want to review Chapter 8's detail steps for account reconciliation, pages 252-257. Using the bank statement shown on pages 413-414, reconcile the Reno Bank account. Remember to add *two* new transactions—the bank service charge of $15.00 and the credit card fee of $33.00.

Follow these steps to complete account reconciliation.

1. From the Banking home page, select Reconcile Account . Refer to the bank statement on pages 413-414 to reconcile Account No. 1010, Reno Bank on 1/31/2007.

2. Display the report. Compare your Reconciliation Detail report to the one shown on the next page.

Online Retail Sales, Inc.
Reconciliation Detail
Amount: Anv. Bank Account: Reno Bank, Statement date: 1/31/2007

Type	Date	No.	Name	Amount
Reno Bank				
Opening Balance				**61,500.00**
Cleared Deposits				
Deposit	1/31/2007	1		3,470.00
Total Cleared Deposits				**3,470.00**
Cleared Withdrawals				
Vendor Payment	1/20/2007	1	eBooks 4 You	(375.00)
Vendor Payment	1/20/2007	2	TV Flix	(690.00)
Vendor Payment	1/20/2007	3	Podcast Specials	(570.00)
Vendor Payment	1/30/2007	4	eBooks 4 You	(350.00)
Vendor Payment	1/30/2007	5	Best Office Equipment	(1,799.00)
Vendor Payment	1/30/2007	6	Podcast Specials	(180.00)
Vendor Payment	1/30/2007	7	TV Flix	(660.00)
Check	1/30/2007	8	Mobile One	(79.80)
Check	1/30/2007	9	ISP	(49.60)
Check	1/30/2007	10	Southwest Telephone	(68.46)
Check	1/30/2007	11	Source Electricity/Gas	(111.46)
Check	1/30/2007	12	Reno Water/Garbage	(73.03)
Journal Entry	1/30/2007	11		(2,342.16)
Journal Entry	1/30/2007	12		(826.90)
Bank Fee	1/31/2007	13		(15.00)
Bank Fee	1/31/2007	14		(33.00)
Total Cleared Withdrawals				**(8,223.41)**
Total Cleared Transactions				**(4,753.41)**
Reconciled Balance As Of Statement Date				**56,746.59**
Ending Balance				**56,746.59**

Read Me: Reconciliation Detail report

     The Reconciliation Detail report shows the individual deposits as one amount: $3,470.00. Each deposit is shown on the bank statement, page 413.

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3.   Close the report.

REPORTS

Print the following reports.

1.   Trial Balance as of 1/31/2007.

2.   Vendor Transaction History from 1/1/2007 to 1/31/2007.

3.   Inventory Stock Status by Item as of 1/31/2007.

4. Bank Transactions from 1/1/2007 to 1/31/2007. (*Hint:* From the Banking home page, select Banking as the report type, then Bank Transactions as the report.

Trial Balance, 1/31/2007

Online Retail Sales, Inc.
Trial Balance
As of: 1/31/2007

Account Name	Account No.	Debit	Credit
Reno Bank	1010	56,746.59	
Prime Savings & Loan	1100	20,500.00	
Accounts Receivable	1200	600.00	
Supplies	1240	1,750.00	
Merchandise Inventory	1250	940.00	
Computers & Equipment	1420	11,889.00	
Furnitures & Fixtures	1430	5,000.00	
Building	1450	127,740.00	
Organization Costs	1730	1,000.00	
Prepaid Insurance	1810	2,400.00	
Accounts Payable	2000		2,740.00
Payroll Liability: S/S and Medicare	2205		229.50
Payroll Liability: State, Local	2215		74.34
Payroll Liability: Federal WH	2225		354.00
Long-Term Notes Payable	2600		20,500.00
Mortgage Payable	2650		74,856.32
Common Stock	3010		131,890.00
Sales	4020		4,070.00
Cost of Goods Sold	5015	2,035.00	
P/R Expenses - Employees	7110	3,000.00	
Bank Service Charges	7232	15.00	
Credit Card Fees Expense	7234	33.00	
Cell	7515	79.80	
Internet	7520	49.60	
Telephone	7525	68.46	
Electricity/Gas	7815	111.46	
Water/Garbage	7825	73.03	
Interest Expense	8150	683.22	
Total		**234,714.16**	**234,714.16**

Vendor Transaction History, 1/1/2007 to 1/31/2007

Online Retail Sales, Inc.
Vendor Transaction History
Date Range: January 1, 2007 - January 31, 2007
Transaction type: All, Vendor group: All, Vendor name: All, Amount: Any, Void: Hide

Type	Date	No.	Transaction Amount	Paid Amount	Discount	Balance (Cr.)	Void
Best Office Equipment							
Beginning balance						0.00	
Vendor Bill	1/21/2007	BOS44	1,799.00			1,799.00	
Vendor Payment	1/30/2007	5		1,799.00		0.00	
Vendor Bill	1/30/2007	BOS89	2,590.00			2,590.00	
Ending Balance				1,799.00		2,590.00	
eBooks 4 You							
Beginning balance						0.00	
Vendor Bill	1/3/2007	90eB	375.00			375.00	
Vendor Payment	1/20/2007	1		375.00		0.00	
Vendor Bill	1/21/2007	101eB	400.00			400.00	
Vendor Credit Memo	1/23/2007	CM2	(50.00)			350.00	
Vendor Payment	1/30/2007	4		350.00		0.00	
Ending Balance				725.00		0.00	
ISP							
Beginning balance						0.00	
Check	1/30/2007	9	49.60			49.60	
Check	1/30/2007	9		49.60		0.00	
Ending Balance				49.60		0.00	
Mobile One							
Beginning balance						0.00	
Check	1/30/2007	8	79.80			79.80	
Check	1/30/2007	8		79.80		0.00	
Ending Balance				79.80		0.00	
Podcast Specials							
Beginning balance						0.00	
Vendor Bill	1/2/2007	56PS	300.00			300.00	
Vendor Bill	1/5/2007	78PS	270.00			570.00	
Vendor Payment	1/20/2007	3		570.00		0.00	
Vendor Bill	1/21/2007	95PS	180.00			180.00	
Vendor Payment	1/30/2007	6		180.00		0.00	
Vendor Bill	1/30/2007	152PS	150.00			150.00	
Ending Balance				750.00		150.00	
Reno Water/Garbage							
Beginning balance						0.00	
Check	1/30/2007	12	73.03			73.03	
Check	1/30/2007	12		73.03		0.00	
Ending Balance				73.03		0.00	

Source Electricity/Gas							
Beginning balance						0.00	
Check	1/30/2007	11	111.46			111.46	
Check	1/30/2007	11		111.46		0.00	
Ending Balance				111.46		0.00	
Southwest Telephone							
Beginning balance						0.00	
Check	1/30/2007	10	68.46			68.46	
Check	1/30/2007	10		68.46		0.00	
Ending Balance				68.46		0.00	
TV Flix							
Beginning balance						0.00	
Vendor Bill	1/3/2007	210TV	750.00			750.00	
Vendor Credit Memo	1/10/2007	CM1	(60.00)			690.00	
Vendor Payment	1/20/2007	2		690.00		0.00	
Vendor Bill	1/21/2007	352TV	660.00			660.00	
Vendor Payment	1/30/2007	7		660.00		0.00	
Ending Balance				1,350.00		0.00	
TOTAL				5,006.35		2,740.00	

Inventory Stock Status by Item, 1/31/2007

Online Retail Sales, Inc.
Inventory Stock Status by Item
As of 1/31/2007
Active Status: Active, Item group: All, Item: All Inventory Items, On Hand Balance: Any

Item Name	Item Description	Preferred Vendor	Reorder Point	Qty. on Hand	Place Order	Qty. on PO	Qty. on SO	Next Delivery
Ungrouped Items								
eBook	PDF files	eBooks 4 You		7.00		0.00	0.00	
Podcast	audio files	Podcast Specials		21.00		0.00	0.00	
TV Programs	video files	TV Flix		15.00		0.00	0.00	

Bank Transactions, 1/1/2007 to 1/31/2007

Online Retail Sales, Inc.
Bank Transactions
Date Range: January 1, 2007 - January 31, 2007
Bank Account: Reno Bank, Amount: Any, Void: Show

Type	No.	Date	Offset Account	Amount	Deposit	Withdrawal	Cleared	Balance	Void
Reno Bank									
Beginning balance								**0.00**	
Opening Balance	1	1/1/2007	Common Stock	61,500.00	61,500.00	0.00		61,500.00	
Vendor Payment	1	1/20/2007	Accounts Payable	(375.00)	0.00	375.00	✔	61,125.00	
Vendor Payment	2	1/20/2007	Accounts Payable	(690.00)	0.00	690.00	✔	60,435.00	
Vendor Payment	3	1/20/2007	Accounts Payable	(570.00)	0.00	570.00	✔	59,865.00	
Vendor Payment	4	1/30/2007	Accounts Payable	(350.00)	0.00	350.00	✔	59,515.00	
Vendor Payment	5	1/30/2007	Accounts Payable	(1,799.00)	0.00	1,799.00	✔	57,716.00	
Vendor Payment	6	1/30/2007	Accounts Payable	(180.00)	0.00	180.00	✔	57,536.00	
Vendor Payment	7	1/30/2007	Accounts Payable	(660.00)	0.00	660.00	✔	56,876.00	
Journal Entry	11	1/30/2007	Multiple	(2,342.16)	0.00	2,342.16	✔	54,533.84	
Journal Entry	12	1/30/2007	Multiple	(826.90)	0.00	826.90	✔	53,706.94	
Check	8	1/30/2007	Multiple	(79.80)	0.00	79.80	✔	53,627.14	
Check	9	1/30/2007	Multiple	(49.60)	0.00	49.60	✔	53,577.54	
Check	10	1/30/2007	Multiple	(68.46)	0.00	68.46	✔	53,509.08	
Check	11	1/30/2007	Multiple	(111.46)	0.00	111.46	✔	53,397.62	
Check	12	1/30/2007	Multiple	(73.03)	0.00	73.03	✔	53,324.59	
Deposit	1	1/31/2007	Undeposited Funds	3,470.00	3,470.00	0.00	✔	56,794.59	
Bank Fee	13	1/31/2007	Bank Service Charges	(15.00)	0.00	15.00	✔	56,779.59	
Bank Fee	14	1/31/2007	Credit Card Fees Expense	(33.00)	0.00	33.00	✔	56,746.59	
Ending balance								**56,746.59**	

FINANCIAL STATEMENTS

Print the following financial statements.

1. Profit and Loss as from 1/1/2007 to 1/31/2007

2. Balance Sheet as of 1/31/2007.

3. Cash Flow Statement from 1/1/2007 to 1/31/2007.

Profit and Loss, 1/1/2007 to 1/31/2007

Online Retail Sales, Inc.

Profit and Loss

Date Range: January 1, 2007 - January 31, 2007

Account: All, Report Basis: Accrual, Class: All, Name: All, Closing Postings: Not Included

	1/1/07 - 1/31/07
Ordinary Income/Expense	
Income	
4020 - Sales	
4020 - Sales - Other	4,070.00
Total 4020 - Sales	**4,070.00**
Total Income	**4,070.00**
Cost of Goods Sold	
5015 - Cost of Goods Sold	2,035.00
Total COGS	**2,035.00**
Gross Profit	**2,035.00**
Expense	
7110 - P/R Expenses - Employees	3,000.00
7230 - Processing Services	
7232 - Bank Service Charges	15.00
7234 - Credit Card Fees Expense	33.00
Total 7230 - Processing Services	**48.00**
7510 - Telecommunications	
7515 - Cell	79.80
7520 - Internet	49.60
7525 - Telephone	68.46
Total 7510 - Telecommunications	**197.86**
7810 - Utilities	
7815 - Electricity/Gas	111.46
7825 - Water/Garbage	73.03
Total 7810 - Utilities	**184.49**
Total Expense	**3,430.35**
Net Ordinary Income	**(1,395.35)**
Other Income/Expense	
Other Expense	
8150 - Interest Expense	683.22
Total Other Expense	**683.22**
Net Other Income	**(683.22)**
Net Income	**(2,078.57)**

Balance Sheet, 1/31/2007

Online Retail Sales, Inc.
Balance Sheet
As of: 1/31/2007
Report Basis: Accrual

	As of 1/31/07
Assets	
Current Assets	
Cash	
1010 - Reno Bank	56,746.59
1100 - Prime Savings & Loan	20,500.00
Total Cash	**77,246.59**
Accounts Receivable	
1200 - Accounts Receivable	600.00
Total Accounts Receivable	**600.00**
Other Current Assets	
1240 - Supplies	1,750.00
Inventory Assets	
1250 - Merchandise Inventory	940.00
Total Inventory Assets	**940.00**
Total Other Current Assets	**2,690.00**
Total Current Assets	**80,536.59**
Fixed Assets	
1420 - Computers & Equipment	11,889.00
1430 - Furnitures & Fixtures	5,000.00
1450 - Building	127,740.00
Total Fixed Assets	**144,629.00**
Other Assets	
1730 - Organization Costs	1,000.00
1810 - Prepaid Insurance	2,400.00
Total Other Assets	**3,400.00**
Total Assets	**228,565.59**

Balance Sheet (concluded)

Liabilities & Equity	
Liabilities	
Current Liabilities	
Accounts Payable	
2000 - Accounts Payable	2,740.00
Total Accounts Payable	**2,740.00**
Other Current Liabilities	
2200 - Payroll Liabilities	
2205 - Payroll Liability: S/S and Me...	229.50
2215 - Payroll Liability: State, Local	74.34
2225 - Payroll Liability: Federal WH	354.00
Total 2200 - Payroll Liabilities	**657.84**
Total Other Current Liabilities	**657.84**
Total Current Liabilities	**3,397.84**
Long Term Liabilities	
2600 - Long-Term Notes Payable	20,500.00
2650 - Mortgage Payable	74,856.32
Total Long Term Liabilities	**95,356.32**
Total Liabilities	**98,754.16**
Equity	
3010 - Common Stock	131,890.00
Net Income	(2,078.57)
Total Equity	**129,811.43**
Total Liabilities & Equity	**228,565.59**

Cash Flow Statement, 1/1/2007 to 1/31/2007

Online Retail Sales, Inc.

Cash Flow Statement
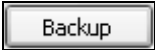
Date Range: January 1, 2007 - January 31, 2007

Closing Postings: Not Included

	1/1/07 - 1/31/07
OPERATING ACTIVITIES	
Net Income	**(2,078.57)**
Adjustments to reconcile net income to…	
1200 - Accounts Receivable	(600.00)
1240 - Supplies	(1,750.00)
1250 - Merchandise Inventory	(940.00)
2000 - Accounts Payable	2,740.00
2205 - Payroll Liability: S/S and Me…	229.50
2215 - Payroll Liability: State, Local	74.34
2225 - Payroll Liability: Federal WH	354.00
Net Cash provided by Operating Activities	**(1,970.73)**
INVESTING ACTIVITIES	
1420 - Computers & Equipment	(11,889.00)
1430 - Furnitures & Fixtures	(5,000.00)
1450 - Building	(127,740.00)
1730 - Organization Costs	(1,000.00)
1810 - Prepaid Insurance	(2,400.00)
Net Cash provided by Investing Activities	**(148,029.00)**
FINANCING ACTIVITIES	
2600 - Long-Term Notes Payable	20,500.00
2650 - Mortgage Payable	74,856.32
3010 - Common Stock	131,890.00
Net Cash provided by Financing Activities	**227,246.32**
Net cash change for the Period	**77,246.59**
Cash at beginning of the period	**0.00**
Cash at end of the Period	**77,246.59**

BACK UP CHAPTER 13 DATA

Follow these steps to back up.

1. Click File; Utilities, Data Utilities.

2. In the Backup company data area, click Backup .

3. In the Backup file name field, click Browse ... . Browse to the appropriate location for your backup file.

4. Type **Chapter 13** in the File name field.

5. Click Save .

6. When the Backup window appears, click OK .

7. When the window prompts, Backup was completed successfully, click OK .

8. Close the Microsoft Office Accounting Data Utilities window.

9. Exit MOA or continue with the next section.

	INTERNET ACTIVITY
1.	From your Internet browser, go to the book's website at www.mhhe.com/yachtmoa.
2.	Link to Student Edition.
3.	In the Course-wide Content list, link to Internet Activities. Then, select the Part 3 Internet Activities for Chapters 10-13. Open or Save. (You can also choose Chapter 11, then link to Internet Activities. If you Choose a Chapter, observe that other chapter-specific links are available; for example, Quizzes, Flashcard Templates, and Going to the Net Exercises.)
4.	Complete the Chapter 13 Salary Wizard exercise. Read steps1–5.
5.	Follow the steps shown on the book's website to complete this Internet activity.
6.	Using a word processing program write a brief summary of what you find. Include all appropriate website addresses.

SUMMARY AND REVIEW

SOFTWARE OBJECTIVES: In Chapter 13, you used the software to:

1. Restore data from the Exercise 12-2.sbb file. (This backup was made on page 407.)

2. Record compound journal entries.

3. Write checks for expenses.

4. Make deposits.

5. Display the account register.

6. Complete bank reconciliation.

7. Print reports.

8. Print financial statements.

9. Make one backup of Chapter 13 data

WEB OBJECTIVES: In Chapter 13, you did these Internet activities:

1. Used your Internet browser to go to the book's website. (Go online to www.mhhe.com/yachtmoa.)

2. Went to the Internet Activities link on the book's website. Then, selected Part 3 Internet Activities for Chapters 10-13. Completed the Chapter 13–Salary Wizard exercise.

3. Used a word processing program to write summaries of the websites that you visited.

GOING TO THE NET

From MOA's menu bar, select Banking; Banking Services, Accept Credit Cards. Link to Learn More . The URL is http://sba.microsoft.com/credit.html. Complete the following.

1.   What are the key benefits of MOA's credit card processing?

2.   Link to Learn More in the Establish a New Merchant Account area The URL is http://sba.microsoft.com/credit_new.html.

3.   Compare the price of two of the companies listed. As of this writing Chase Paymentech and PayPal are shown.

FLASHCARD REVIEW

Create the following flashcards.

1.   What are the steps for entering a compound transaction?

2.   What are the steps for printing the bank transaction report?

Short-answer questions: In the space provided write the answer to the question.

1.   Define a compound transaction.

_____

_____

_____

_____

_____

2.   What is the account distribution for the payment made to
      employees?

      _____

      _____

      _____

      _____

3.   What is the account distribution for the mortgage payment?

      _____

      _____

      _____

      _____

4.   What should you do if a window appears saying the transaction date
      must be within an open fiscal year?

      _____

      _____

5. What account is debited to pay for cellular phone service? What account is credited?

_____

_____

_____

6. What account is debited to pay for electricity and gas? What account is credited?

_____

_____

_____

_____

7. What account is debited to pay for water and garbage? What account is credited?

_____

_____

_____

8. What is the balance in Account No. 1005, Undeposited Funds, after the deposits are made?

_____

_____

_____

9. What is the ending balance in Account No. 1010, Reno Bank (after bank reconciliation)?

_____

_____

_____

_____

10. What is the account register and what does it show?

_____

_____

_____

Exercise 13-1: Follow the instructions below to complete Exercise 13-1.

1. If necessary start MOA and open Online Retail Sales, Inc. Restore the Chapter 13.sbb file. This backup was made on page 424.

2. Print the Transaction Detail by Account report from 1/1/2007 to 1/31/2007

3. There is no need to back up. The Chapter 13.sbb backup has the information for Exercise 13-1.

Exercise 13-2: Answer the questions in the space provided? Use the following abbreviations to identify reports: IS (income statement); BS (balance sheet); CFS (cash flow statement).

1. What report(s) show the net income or net loss? _____

2. What report(s) show the cash balance?   _____

3. What report(s) show total fixed assets?   _____

4. What report(s) show common stock?   _____

5. What reports(s) show cash at the beginning
    of the period?   _____

6. What report(s) show payroll liability accounts?   _____

7. What report(s) show total expenses?   _____

8. What report(s) shows the gross profit?   _____

9. What report(s) show net other income?   _____

10. What report(s) show fixed assets?   _____

11. What report(s) show net ordinary income?   _____

12. What report(s) show Cost of Goods sold?   _____

ANALYSIS QUESTION: Does Online Retail Sales, Inc. have a net income or net loss? Explain why there is a net income or net loss.

CHAPTER 13 INDEX

Neymark's Sporting Goods

In Project 3, you complete the Computer Accounting Cycle for Neymark's Sporting Goods, a merchandising business. Neymark's Sporting Goods sells mountain bicycles, road bicycles, and children's bicycles. It is organized as a corporation.

It is the purpose of Project 3 to review what you have learned in Part 3 of the book, Microsoft Office Accounting for Merchandising Businesses. Accounts payable, inventory, accounts receivable, and payroll transactions are included in this project as well as account reconciliation.

A checklist is shown listing the printed reports that you should have at the end of this project. The step-by-step instructions also remind you to print reports at certain intervals.
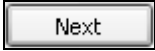
Follow these steps to complete Project 3, Neymark's Sporting Goods:
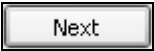
Step 1: Start Microsoft Office Accounting. From the menu bar, select File; Close Company.

Step 2: From the Start – Microsoft Office Accounting 2007 window, link to Set up a new company.

Step 3: Read the information on the Set up your company, Company and Preferences window. Click Next .

Step 4: Read the information on the Company Introduction window. Click Next .

Step 5: The Add company details window appears. Complete the following fields

Company name: **Neymark's Sporting Goods** [Use your last name]
Legal name: Neymark's Sporting Goods

Street:	**1742 West Prospect Avenue**
City, State, Zip	**Portland**
State/Province:	**OR**
Zip/Postal code:	**92711**
Country/Region:	United States
Phone:	**503-555-8200**
Fax:	**503-555-8220**
E-mail:	**info@neymarksportingoods.com**
Web Site:	**www.neymarksportingoods.com**
Federal tax ID:	**379023399**

Step 6: Check the information that you just typed. Click [Next].

Step 7: The Set up accounts window appears. Accept the default for Select your business type and have Accounting 2007 suggest accounts, by clicking by clicking [Next]

Step 8: The Set up accounts (Cont.) window appears. In the Business type field, select Retail. Click [Next].

Step 9: The Select a fiscal year and start date window appears. Make these selections:

Beginning of the first fiscal year: **1/1/2007**
End of first fiscal year: **12/31/2007**
Start date: **1/1/2007**

Step 10: Make sure the dates on the Select a fiscal year and start date window are correct. Click [Next].

Step 11: The Preferences introduction window appears. Read the information. Click [Next].

Step 12: The Select jobs preferences window appears. Accept the default for No by clicking [Next]

Step 13:   The Select sales tax preferences window appears. Accept the default for No by clicking [Next]. (The State of Oregon does not have sales tax.)

Step 14:   The Select form layout preferences appears. Select the default for Sells products, or both products and services. Click [Next].

Step 15:   The Select numbering preferences window appears. Click on the boxes next to Customers, Vendors, Employees, Products and Services to place a checkmark. Click [Next].

Step 16:   The Currency preferences window appears. Accept the default for No by clicking [Next].

Step 17:   The Set up payroll window appears. Neymark's Sporting Goods is *not* going to use the ADP payroll service. Accept the default for No by clicking [Next].

Step 18:   The Online Sales window appears. Click on the radio button next to No, do not enable online sales at this point. Click [Next].

Step 19:   The Select cash basis or accrual basis reporting window appears. Accept the default for Accrual basis reports (Recommended) by clicking [Next].

Step 20:   The Select add-ins window appears. Uncheck the four boxes in the Enabled column. Click [Next].

Step 21:   The Company details and preferences completed window appears. Click [Finish].

Step 22:   The Select company file window appears. Observe that the Companies folder is shown in the Save in field. The File name field shows neymarkssportinggoods.sbc. (*Hint:* If you used your last name, your File name field differs.) Click ☐ Save ☐.

Step 23:   When the Microsoft Office Accounting Startup Wizard progress checklist window appears, click ☐ Close ☐.
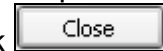
COMPANY PREFERENCES

Step 24:   From the menu bar, select Company; Preferences.

Step 25:   Click on System Accounts. In the Opening balances field, select Account No. 3010, Common Stock.

CHART OF ACCOUNTS

Step 26:   Delete the following accounts.

- 1220   Employee Advances
- 3050   Owner's Equity
- 3115   Distrib-Life Insurance
- 3120   Draws

Change these account names:

Step 27:   Change the following accounts.

1010	Checking Account	**Portland Bank**
1100	Savings	**First Savings & Loan**
1250	Inventory	**Inventory-Mountain Bikes**
1730	Start-up Costs	**Organization Costs**
1810	Prepaid Expense	**Prepaid Insurance**
2050	Trusts Payable	**Short-Term Notes Payable**
2205	Payroll Liability: FWH; S/S; Medicare	**Payroll Liability: S/S and Medicare**
2225	Payroll Liability: 401K	**Payroll Liability: Federal WH**
4020	Sales	**Sales-Mountain Bikes**
5015	Purchases	**Cost of Goods Sold-Mountain Bikes**

| 7232 | Bank/Bankcard Charges | **Bank Service Charges** |
| 7234 | Employment Services Fees | **Credit Card Fees Expense** |

Step 28: Add these accounts.

1255	Inventory-Road Bikes	Inventory Asset
1260	Inventory-Children's Bikes	Inventory Asset
4035	Sales-Road Bikes	Income
4040	Sales-Children's Bikes	Income
5020	Cost of Goods Sold-Road Bikes	Cost of Goods Sold
5030	Cost of Goods Sold-Children's Bikes	Cost of Goods Sold

Step 29: You purchased Neymark's Sporting Goods in December of 2006. Use the Balance Sheet below to record the beginning balances.

Neymark's Sporting Goods Balance Sheet January 1, 2007		
ASSETS		
Current Assets		
1010 - Portland Bank	$ 84,800.00	
1100 - First Savings & Loan	15,000.00	
Total Current Assets		$99,800.00
Fixed Assets		
1430 – Furniture and Fixtures	6,000.00	
Total Fixed Assets		6,000.00
Other Assets:		
1730 – Organization Costs	500.00	
1810 – Prepaid Insurance	2,400.00	
Total Other Assets		2,900.00
Total Assets		$108,700.00

LIABILITIES AND STOCKHOLDERS' EQUITY		
2050 - Short-Term Notes Payable	4,000.00	
2600 - Long-Term Notes Payable	5,500.00	
Total Liabilities		$9,500.00
3010 - Common Stock		99,200.00
Total Liabilities and Equity		$108,700.00

VENDORS

Step 30: Enter the following vendors.

Vendor name:	**AAA Mountain Bikes**
Vendor ID:	**AAA111**
Business address:	**3982 Third Avenue**
	Los Angeles, CA 90036
Business phone number:	**(310) 555-2243**
Business fax number:	**(310) 555-2245**
E-mail 1:	**info@aaamtnbikes.biz**
Web page address:	**www.aaamtnbikes.biz**
Vendor since:	**1/1/2007**
Primary contact name:	**Karen Hughes**
Business Phone:	**(310) 555-2243, ext. 10**
E-mail:	**karen@aamtnbikes.biz**

Details tab:

Credit limit:	**15,000.00**
Preferred payment method:	Select Check
Payment terms:	Select Net 30

Vendor name:	**Ellis Road Bikes**
Vendor ID:	**ERB112**
Business address:	**46011 Oak Street**
	El Paso, TX 76315
Business phone number:	**(915) 555-3000**
Business fax number:	**(915) 555-3100**
E-mail 1:	**info@ellisroadbikes.com**
Web page address:	**www.ellisroadbikes.com**

Vendor since:	**1/1/2007**
Primary contact name:	**Ellis Greene**
Business Phone:	**(915) 555-3000**
E-mail:	**ellis@ellisroadbikes.com**

Details tab:

Credit limit:	**15,000.00**
Preferred payment method:	Select Check
Payment terms:	Select Net 30

Vendor name:	**Tiny Tots Wheels**
Vendor ID:	**TTW113**
Business address:	**2301 Aspen Road**
	Flagstaff, AZ 86003
Business phone number:	**(928) 555-2288**
Business fax number:	**(928) 555-2299**
E-mail 1:	**info@tinytotswheels.net**
Web page address:	**www.tinytotswheels.net**
Vendor since:	**1/1/2007**
Primary contact name:	**Katie Morris**
Business Phone:	**(928) 555-2288**
E-mail:	**katie@tinytotswheels.net**

Details tab:

Credit limit:	**15,000.00**
Preferred payment method:	Select Check
Payment terms:	Select Net 30

INVENTORY ITEMS

Step 31: Enter the following inventory items.

Item name:	**Mountain Bikes**
Item no.	1
Sales description:	**Mountain Bikes**
Sales price:	**300.00**
Income account:	Account No. 4020, Sales-Mountain Bikes
Purchase price:	**150.00**

Asset account: Account No. 1250, Inventory-Mountain Bikes

Preferred vendor: AAA Mountain Bikes

COGS account: Select Account No. 5015, Cost of Goods Sold-Mountain Bikes

Item name: **Road Bikes**

Item No.   2

Sales description: **Mountain Bikes**

Sales price: **150.00**

Income account: Account No. 4035, Sales-Road Bikes

Purchase price: **75.00**

Asset account: Account No. 1255, Inventory-Road Bikes

Preferred vendor: Ellis Road Bikes

COGS account: Select Account No. 5020, Cost of Goods Sold-Road Bikes

Item name: **Children's Bikes**

Item No.   3

Sales description: Children's Bikes

Sales price: **90.00**

Income account: Account No. 4040, Sales-Children's Bikes

Purchase price: **45.00**

Asset account: Account No. 1260, Inventory-Children's Bikes

Preferred vendor: Tiny Tots Wheels

COGS account: Select Account No. 5030, Cost of Goods Sold-Children's Bikes

CUSTOMERS

Step 32: Enter the following customers.

Customer name: **Dick Bruton**

Customer ID: **DB001**

Business address: **1800 W. Peoria Avenue Portland, OR 92731**

Business phone: **(503) 555-8630**

Business fax: **(503) 555-8632**

E-mail 1:	**dick@myemail.com**
Web page address:	**www.myemail.com/bruton**
Customer since:	**1/1/2007**
Contact Name:	**Dick Bruton**
Business phone:	**(503) 555-8630**

Details tab:

Credit limit:	**10,000.00**
Preferred payment method:	Check
Payment terms:	Net 30

Customer name:	**Richard Larson**
Customer ID:	**RL002**
Business address:	**603 Nature Drive**
	Eugene, OR 97401
Business phone:	**(541) 555-7845**
Business fax:	**(541) 555-9001**
E-mail 1:	**richard@mail.biz**
Web page address:	**www.mail.biz/larsonR**
Customer since:	**1/1/2007**
Contact Name:	**Richard Larson**
Business phone:	**(541) 555-7845**

Details tab:

Credit limit:	**10,000.00**
Preferred payment method:	Check
Payment terms:	Net 30

Customer name:	**Sharon Watson**
Customer ID:	**SW003**
Business address:	**3455 West 20th Avenue**
	Eugene, OR 97402
Business phone:	**(541) 555-9233**
Business fax:	**(541) 555-9235**
E-mail 1:	**sharon@email.com**
Web page address:	**www.email.com/watson**
Customer since:	**1/1/2007**
Contact Name:	**Sharon Watson**
Business phone:	**(541) 555-9233**

Details tab:

Credit limit: **10,000.00**
Preferred payment method: Check
Payment terms: Net 30

Customer name: **Credit Card Sales**
Customer ID: **CCS**
Customer since: **1/1/2007**

Details tab:

Preferred payment method: Credit Card

Step 33:   Make a backup. Use **Neymark's Sporting Goods Begin.sbb** as the filename.

Step 34:   Record the following transactions. Assume all vendor payments and checks issued for expenses are paid with Portland Bank's online banking service.

Date   *Description of Transaction*

1/06/2007   Invoice No. 74A was received from AAA Mountain Bikes for 25 mountain bikes at $150 each.

1/06/2007   Invoice No. 801 was received from Tiny Tots Wheels for 30 children's bikes at $45 each.

1/06/2007   Invoice No. ER555 was received from Ellis Road Bikes for 32 road bikes at $75 each.

1/10/2007   Made credit card sales of $2,670: 4 mountain bikes, $1,200; 5 road bikes, $750; 8 children's bikes, $720. Credit card sales are deposited in Portland Bank; No. 1.

1/12/2007   Made credit card sales of $1,950: 5 children's bikes, $450; 4 road bikes, $600; and 3 mountain bikes, $900; No. 2.

1/12/2007   Sold one mountain bike to Dick Bruton on account, Sales No. 3

1/17/2007	Made credit card sales, $1,920: 3 children's bikes, $270; 2 mountain bikes, $600; 7 road bikes, $1,050; No. 4.
1/20/2007	Neymark's Sporting Goods pays all outstanding vendor bills for a total of $7,500.00. (*Hint:* The required payment method is Check; bills due on or before 2/18/2007; assign check numbers automatically.)
1/21/2007	Made credit card sales of $3,810: 6 mountain bikes, $1,800; 8 road bikes, $1,200; 9 children's bikes, $810; No. 5.
1/21/2007	Issued Check No. 4 to Stevens Rentals for $1,350 in payment of rent. (*Hint:* Use Banking; Write Checks from the Portland Bank Account; add vendor as needed; uncheck To be printed.)
1/22/2007	Sold one children's bike to Sharon Watson on account, No. 6.
1/24/2007	Invoice No. 88A was received from AAA Mountain Bikes for 15 mountain bikes at $150 each.
1/24/2007	Invoice No. 962 was received from Tiny Tots Wheels for 18 children's bikes at $45 each.
1/24/2007	Invoice No. ER702 was received from Ellis Road Bikes for 20 road bikes at $75 each.
1/26/2007	Made credit card sales of $3,240: 6 mountain bikes, $1,800; 6 road bikes, $900; 6 children's bikes, $540; No. 7.
1/27/2007	Issued Check No. 5 to Diane Bell for $245 in payment of Short-Term Notes Payable. (*Hint:* Add vendor.)
1/27/2007	Issued Check to Portland Bank for $175.80 in payment of Long-Term Notes Payable; Journal No. 8. Use the following account distribution:

Acct. No.	Account	Debit	Credit
2600	Long-Term Notes Payable	140.00	
8150	Interest Expense	35.80	
1010	Portland Bank		175.80

(*Hint:* Use the New Journal Entry form; Journal No. 8.)

1/28/2007 Pay the employees in the amount of $3,967.63; Journal No. 9. The account distribution is:

Acct. No.	Account	Debit	Credit
7110	P/R Expenses-Employee	5,000.00	
2205	Payroll Liabilities: S/S and Medicare		382.50
2215	Payroll Liabilities: State, Local		95.87
2225	Payroll Liabilities: Federal WH		554.00
1010	Portland Bank		3,967.63

1/27/2007 Issued Check No. 6 to Willamette Utilities for $225.65 in payment of electricity and gas. (*Hint:* Add new vendor.)

1/29/2007 Made credit card sales of $2,670: 4 mountain bikes, $1,200; 5 road bikes, $750; 8 children's bikes, $720; No. 8.

1/30/2007 Receive payments for credit card sales, $16,260.00.

1/30/2007 Received a check in full payment of Dick Bruton's account, $300.

1/30/2007 Received a check in full payment of Sharon Watson's account, $90.

1/30/2007 Make deposits to Portland Bank in the amount of $16,650; $16,260 from credit card sales; $300 and $90 from customer sales. The bank statement on page 445 shows each customer and credit card deposit received.

Step 35: Back up. The suggested filename is **Neymark's Sporting Goods January**.

BANK RECONCILATION

Step 36:   Complete account reconciliation for Account No. 1010,
Portland Bank.

Statement of Account			Neymark's Sporting Goods	
Portland Bank			1742 West Prospect Ave.	
January 1 to January 31, 2007 Account No. 937522			Portland, OR 92711	
REGULAR CHECKING				
Previous Balance	12/31/06	$84,800.00		
Deposits		16,650.00		
Checks (-)		13,464.08		
Service Charges (-)	1/31/07	25.00		
Credit Card Fee[1] (-)	1/31/07	325.20		
Ending Balance	1/31/07	**$87,635.72**		
DEPOSITS				
	1/30/2007	300.00	Dick Bruton	
	1/30/2007	90.00	Sharon Watson	
	1/30/2007	16,620.00	Credit Card	
CHECKS				
	1/20/07	3,750.00	1	
	1/20/07	1,350.00	2	
	1/20/07	2,400.00	3	
	1/21/07	1,350.00	4	
	1/27/07	245.00	5	
	1/27/07	175.80	6	
	1/27/07	225.65	7	
	1/28/07	3,967.63	-	

Step 37:   Print the reconciliation detail report.

---

[1]Portland Bank charges 2 percent for credit card sales. The total credit card sales for the month are $16,260 x .02 = $325.20.

Step 38: Print the bank transactions.

Step 39: Print the trial balance.

Step 40: Print the vendor list; customer list; and item list.

Step 41: Print the transaction journal.

Step 42: Print the transaction detail by account report.

Step 43: Print the vendor transaction history.

Step 44: Print the customer transaction history.

Step 45: Print the financial statements: Profit and Loss, Balance Sheet, and Cash Flow Statement.

Step 46: Make a backup of Project 3, Neymark's Sporting Goods. Use **Neymark's Sporting Goods Financial Statements.sbb** as the file name.

CHECKLIST OF PRINTOUTS, Neymark's Sporting Goods	
	Reconciliation Detail
	Bank Transactions
	Trial Balance
	Vendor List
	Customer List
	Item List
	Transaction Journal
	Transaction Detail by Account
	Vendor Transaction History
	Customer Transaction History
	Inventory Stock Status by Item Report
	Profit and Loss
	Balance Sheet
	Cash Flow Statement

Student Name_____**Date**_____

CHECK YOUR PROGRESS: PROJECT 3, Neymark's Sporting Goods

1.   What are the total debit and credit balances on the
     Trial Balance?   _____

2.   What are the total assets on January 31?   _____

3.   What is the balance in the Portland Bank account
     on January 31?   _____

4.   How much is total income on January 31?   _____

5.   How much net income (net loss) is reported on
     January 31?   _____

6.   What is the balance in the Inventory-Mountain Bikes
     account on January 31?   _____

7.   What is the balance in the Inventory-Road Bikes
     account on January 31?   _____

8.   What is the balance in the Inventory-Children's Bikes
     account on January 31?   _____

9.   What is the balance in the Short-Term Notes Payable
     account on January 31?   _____

10. What is the balance in the Common Stock account
     on January 31?   _____

11. What are the total expenses reported on January 31? _____

12. Were any Accounts Payable incurred during the
     month of January? (Circle your answer.)   YES   NO

Student-Designed Merchandising Business

In Chapters 10, 11, 12, 13 and Project 4, you learned how to complete the Computer Accounting Cycle for merchandising businesses. Project 4 gives you a chance to create a merchandising business of your own.

You select retail as the business type, edit your business's Chart of Accounts, create beginning balances and transactions, and complete MOA's computer accounting cycle. Project 4 also gives you an opportunity to review the software features learned so far.

Before you begin, you should design your business. You will need the following:

1. Company information that includes business name, address, and telephone number.

2. Select retail as the business type.

3. A Chart of Accounts: 80 accounts minimum, 110 accounts maximum.

4. A Balance Sheet for your business.

5. One month's transactions for your business. These transactions must include accounts receivable, accounts payable, inventory, and payroll. You should have a minimum of 25 transactions; a maximum of 35 transactions. These transactions should result in a net income.

6. Complete another month of transactions that result in a net loss.

A suggested checklist of printouts is shown on the next page.

PROJECT 4 CHECKLIST OF PRINTOUTS	
	Reconciliation Detail
	Bank Transactions
	Trial Balance
	Vendor List
	Customer List
	Item List
	Transaction Journal
	Transaction Detail by Account
	Vendor Transaction History
	Customer Transaction History
	Inventory Stock Status by Item Report
	Profit and Loss
	Balance Sheet
	Cash Flow Statement

Part

4

Advanced Microsoft Office Accounting Applications

In Part 4 of *Computer Accounting with Microsoft Office Accounting 2007*, you will be learning more about the features of Microsoft Office Accounting 2007 and how it integrates with other Office programs.

Part 4 includes two chapters and a project.

  Chapter 14: Microsoft Office Accounting Fixed Assets and Tools

  Chapter 15: Integration with Microsoft Office—Excel and Word

  Project 5: Student-Designed Forms

In Part 1 of this text you explored a sample product-based company, Northwind Traders, to learn about customer, vendor, inventory, payroll, and banking features of MOA. You also were introduced to the sample service company, Fabrikam, Inc. In Part 4 you will use these sample companies to learn more about the features of Microsoft Office Accounting 2007 and how it integrates with other Office programs like Excel and Word. Chapters 14 through 15 are independent of each other. This means that you can do either or both these chapters.

At the end of Part 4, you complete Project 5, Student-Designed Forms, which gives you an opportunity to customize forms.

The chart on the next page shows the size of the backups made in Part 4–Chapters 14 and 15. When using MOA, periodically copy data to external media. For instance backup data to the hard drive, then copy that data to USB media.

Chapter	Saved .xls, .doc Files and MOA .sbb Backups	File Size	Page Nos.
14	Begin Northwind XXX.sbb[1]	38,055 KB	456
	Services Sales Report_Student Name.xls	120 KB	460
	Payment List_Student Name.doc	62 KB	462
	End Northwind XXX.sbb	38,166 KB	471
15	Northwind Traders XXX_2007-01-23.sbb	37,779 KB	479
	Balance sheet_student name.xls	33 KB	481
	Last Fiscal Income Statement_student name.xls	33 KB	483
	Comparative Income Statement_student name.xls	36 KB	486
	Brenda Diaz letter_student name name.doc	21 KB	489
	Password Protected_student name.doc	21 KB	490-491
	Exercise 15-2 Cash Balance Sheet_student name.xls	35 KB	498
	Exercise 15-2 Letter_student name.doc	26 KB	498

The size of your backup files may differ from the amounts shown on the chart. When backing up to external media, the authors suggest backing up to a USB drive. Backing up to USB media makes it possible to transfer data from one computer to another computer.

---

[1]Substitute your initials for the X's.

Chapter 14	Microsoft Office Accounting Tools and Fixed Assets

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SOFTWARE OBJECTIVES: In Chapter 14, you use the accounting tools that come with the MOA software to:

1. Start Microsoft Office Accounting (MOA).
2. Open the product-based sample company, Northwind Traders.
3. Use Microsoft Office Accounting Tools—Data Tools to backup the sample company
4. Use Microsoft Office Accounting Analysis Tools—Excel Pivot Tables.
5. Use Microsoft Office Accounting Analysis Tools—Access Reports.
6. Explore Microsoft Office Accounting Tools—Accountants View
7. Use Fixed Assets Manager.
8. Understand User's pre-set roles and permissions.
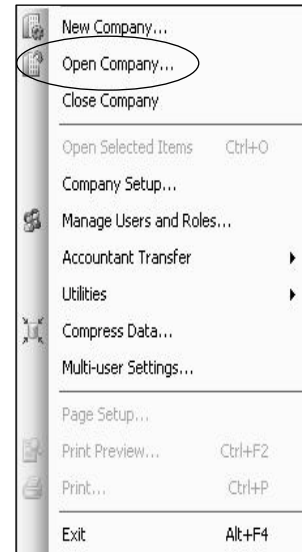
WEB OBJECTIVES: In Chapter 14, you do these Internet activities:

1. Use your Internet browser to go to the book's website. (Go online to www.mhhe.com/yachtmoa.)
2. Go to the Internet Activity link on the book's student edition website. Then, select Part 4 Internet Activities for Chapters 14 and 15. Complete the Accountant Data Transfer exercise.
3. Use a word processing program to write summaries of the website that you visited.

In Chapter 14, you become familiar with some of the MOA features and tools that make many of the necessary tasks and analyses in running a business easier to do. These MOA innovations allow you to use advanced features like Pivot Tables and Access Reports that are found in other Office suite products or do fixed asset accounting with ease. In addition, you use Office Accounting Data Tools to do the basic company-related task of backing up the company. You explore the Accountants view of Microsoft Office Accounting. You also become familiar with Microsoft Office Accounting's various preset roles and permissions for user groups. Microsoft Office 2003 or later should be used to complete Chapter 14. In this chapter, Word, Excel, and Access are used.

GETTING STARTED

1. Start Microsoft Office Accounting.

2. From the File pull down menu, select Open Company. (*Hint:* These instructions assume a company opened when you started MOA.)

3. Select the sampleproductcompany file in the Select Company File window, then click Open.

4. When the title bar shows Northwind Traders – Microsoft Office Accounting Professional 2007, the product based sample company is open.

USING MICROSOFT OFFICE ACCOUNTING DATA TOOLS

Basic maintenance tasks such as Backup, Restore, Delete, and Rebuild may be done by using, Data Tools, located on a separate program which is installed with MOA.

Before using sample company data in this chapter, you should back it up. n Chapter 14 you back up both at the beginning and at the end of the chapter to a folder on your Desktop named, **Your Name Chapter 14**, so that you can easily keep your work organized and make a backup copy of the folder on external media (i.e., USB drive). You may also backup to another hard drive or network location; or to external media. MOA's default location for backup files is My Documents\Small Business Accounting\Backups. Backup files end in the extension, .sbb.

When you back up, you are saving to the current point in MOA. Each time you make a backup, you should type a different backup name (file name) to distinguish between them. In this way, if you need to restore an earlier backup, you have the data for that purpose.
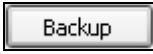
Follow these steps to access Microsoft Office Accounting 2007 Tools—
Data Tools and back up Northwind Traders.
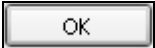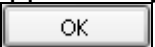
1. Click [start] ; All Programs, Microsoft
   Office, Microsoft Office Accounting 2007
   Tools, Data Tools.

2. The MOA Data Utilities pane appears. It should look familiar since it
   is the same window you see if you select File; Utilities, Data Utilities
   from the MOA menu bar. From this window you can do basic data
   maintenance tasks such as backup company data, restore a
   backup file, delete a company, or rebuild company file.

3. Click [Backup] . The Backup window appears. (If the Backup
   button is inactive, from the menu bar select File; Utilities, Data
   Utilities.)

4. Click [Browse ...].

5. The Select Backup File
   window appears.

6. Create a **Your Name
   Chapter 14** folder on your
   Desktop if you have not yet
   done so and select it for the
   Save in field.

7. Delete the file name shown
   in the File name field and
   type **Begin Northwind and
   your three initials** in the File name field. Press <Tab>. Observe
   that you are creating a Backup File with a .sbb extension.

8. Click [Save].

9. The Backup window appears
   showing the Backup file
   name C:\......\Your Name
   Chapter 14\ Begin Northwind
   SVC.sbb. *Do not password
   protect.*

10. Click [OK]. It takes
    time to compress the backup
    file, so be patient. (Compression makes the file smaller.)

11. When the window appears saying the Backup was completed
    successfully, click [OK].

12. Close the Data Maintenance window.

13. Click File; Exit to exit Northwind Traders and MOA or continue
    working.

14. Return to your Desktop.
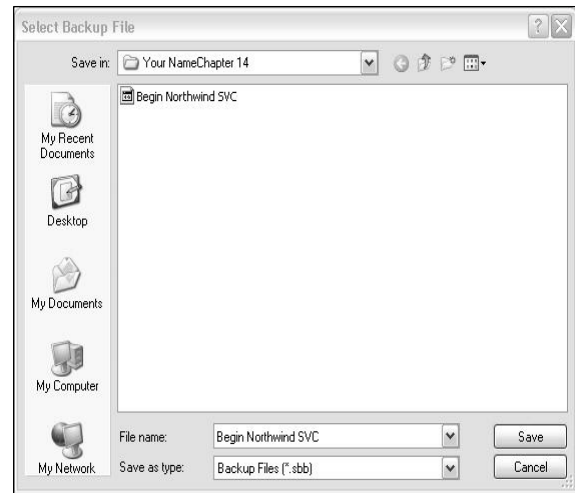
Copy Begin Northwind.sbb to External Media

1. Move mouse over the Your Name Chapter 14 folder on your
    Desktop to highlight it. Double click on the folder to open it
    and confirm that the Begin Northwind your three initials file
    is inside. Close the folder and return to your Desktop.

2. Start Windows Explorer. (*Hint:* Start; All Programs; Accessories,
    Windows Explorer.)

3. Display your external media (i.e., USB drive in the left pane of
    Windows Explorer and the Your Name Chapter 14 folder in the right
    pane. Highlight the Your Name Chapter 14 folder and drag it on to
    the external media to copy it.
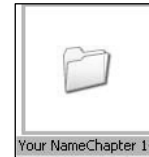
4. Double click on your external media to display its contents. Confirm
    that you successfully copied the Your Name Chapter 14 folder and
    the Begin Northwind SVC.sbb backup file there.

5. Close Windows Explorer.

USING MICROSOFT OFFICE ACCOUNTING ANALYSIS TOOLS

You can quickly use analysis tools like Excel pivot tables and Access
reports to view MOA data in meaningful ways because MOA is preloaded
with some Excel and Access templates. You do not need to know much
about Excel or Access to use these templates. The MOA Analysis Tools
window shows the different types of pre-built Excel Pivot Tables and
Access Reports that are available for you to use to analyze company
data.

The steps on the next page assume the [Display] button is active (*not*
grayed out). If you *cannot* click Display, in the Company Name field, click
Open, then select the sampleproductcompany to open it. Northwind
Traders should appear in the Company Name field. Refer to step 4 on
page 458.

EXCEL PIVOT TABLES

Excel PivotTables allows data to be organized so it can be moved around to see how the various data pieces relate to each other. The Analysis Toolbox provides two Excel PivotTable reports. The Sales Analysis PivotTable allows you to view sales data by customer, items sold, and time period. The Purchases Analysis PivotTable allows you to view your purchase data by vendor, items purchases, and time period. PivotTables make pattern, relationship, and trend analyses easier to do. To begin working with MOA PivotTables, complete the following steps.

1. If Northwind Traders, the product based sample company in Microsoft Office Accounting is not open, open it. (*Hint:* See Getting Started, page 454.)

2. Open the separate Data Analysis Tools program. Click
   ; All Programs, Microsoft Office, Microsoft Office Accounting 2007 Tools, Analysis Tools.

3. The MOA Analysis Tools window appears for Northwind Traders.

4. Select the Sales Analysis Excel Pivot Table by highlighting and click .

5. The Please wait window appears. Be patient as the workbook is created, the database is connected, and the data is fetched.

6. The Microsoft Excel - SalesReports1 Sales Cube window appears. (Your dates may differ from the window shown on the next page.)

Observe that there are two tabs at the bottom of the chart. Sales Cube is selected above; Sales Chart is selected in step 7.

7. To view the sales data graphically, select the Sales Chart tab and the graph appears.
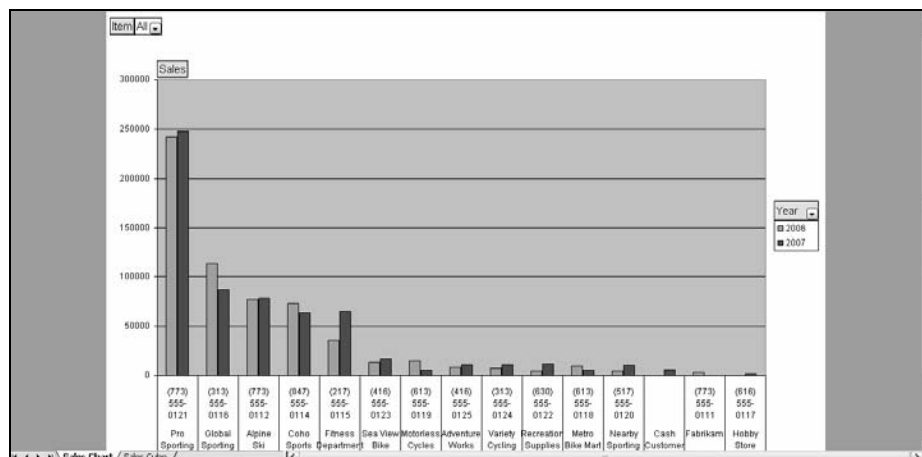
8. To change the sales data shown in the cube or graph, use the Item, Sales, Year, or Customer pull down menus to make selections. For example, for Item pick Service Item and click OK.
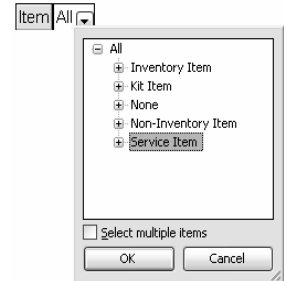
9. The data appears in sales cube or sales graph. Data displayed in this way could easily answer the question, Northwind Traders sells services to which customers and how much have they bought in the past two year? Further selections could drilldown by customer or by service item for more specific information.
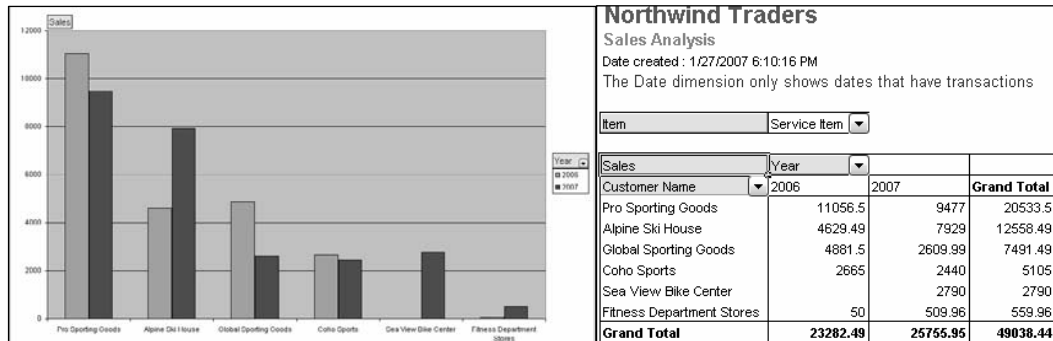
10. From Excel's menu bar, click File, Save As.

11. In the Save in field, select your desktop folder, Your Name Chapter 14.

12. Type **Services Sales Report and your first and last name** in the File name field. The Save as type field displays Microsoft Office Excel Workbook.

13. Click Save.

14. Print both the Services Sales Report Your First and Last Name's Sales Chart and Sales Cube. If a Security Warning pops up, check the box and click Enable Macros.

15. Close Excel. (If at a later time, you open this Excel file and a window prompts that the SQL server does not exist, click [OK].)

ACCESS REPORTS

Access is a database program that you can use to create reports. The Analysis Tools provides pre-built Access reports for your use. You can also edit existing reports or create your own new reports. To begin working with Access reports, complete the following steps.

1. If Northwind Traders, the product based sample company in Microsoft Office Accounting is not open, open it. (*Hint:* See Getting Started, page 454.)

2. If the separate Data Analysis Tools program is not open, open it. (*Hint:* Click [**start**]; All Programs, Microsoft Office, Microsoft Office Accounting 2007 Tools, Analysis Tools.)

3. In the MOA Analysis Tools window for Northwind Traders select the Payment List Access Report and click Display.
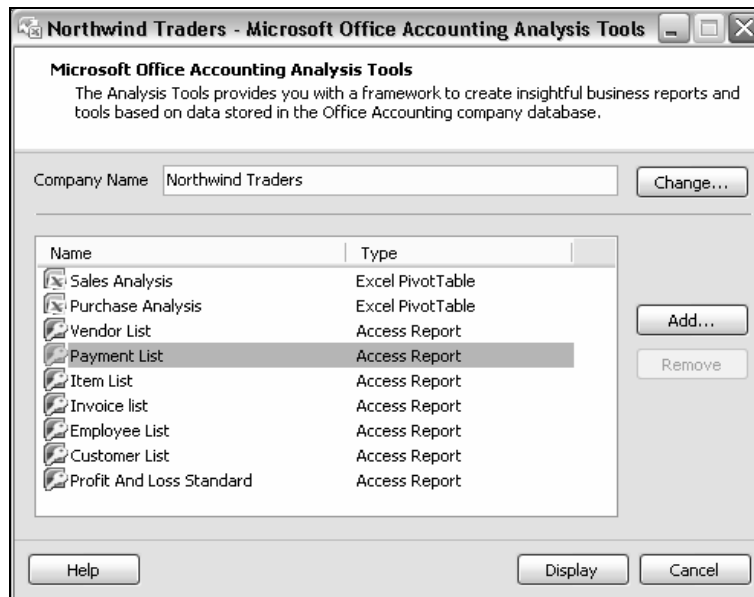
4. The Please wait window appears. Be patient as the report is created. Click OK to any Security Alert windows.

5. When the report appears, click on the Multiple pages icon [⊞] so 6 pages display.

6. Click on the Office links icon [icon] and publish the payment list in Microsoft Office Word (the pull down menu choices also include Excel). In a few moments, the payment list appears as a Word document.

7. From Word's menu bar, click File, Save As.

8. In the Save in field, select your desktop folder, Your Name Chapter 14.

9. Type **Payments List and your First and Last name** in the File name field. In the Save as type field select Word Document.

10. Click Save.

11. Print your Word document.

12. Return to MOA by exiting Word, Access and MOA Analysis Tools.

EXPLORING THE ACCOUNTANT VIEW

Accountant View is also located in the separate program, Microsoft Office Accounting 2007 Tools that installed with MOA. It allows accountants access to tasks they perform for or on behalf of their clients. Accountants can import, export, and view their clients' books as well as manage their clients' payroll. Follow these steps to explore the Accountant View desktop.

1.   Click ; All Programs, Microsoft Office, Microsoft Office Accounting 2007 Tools, Accountant View.

2.   The Accountant View desktop appears. From it, accountants can work with the accounts and records of multiple clients. The desktop contains several different panes.
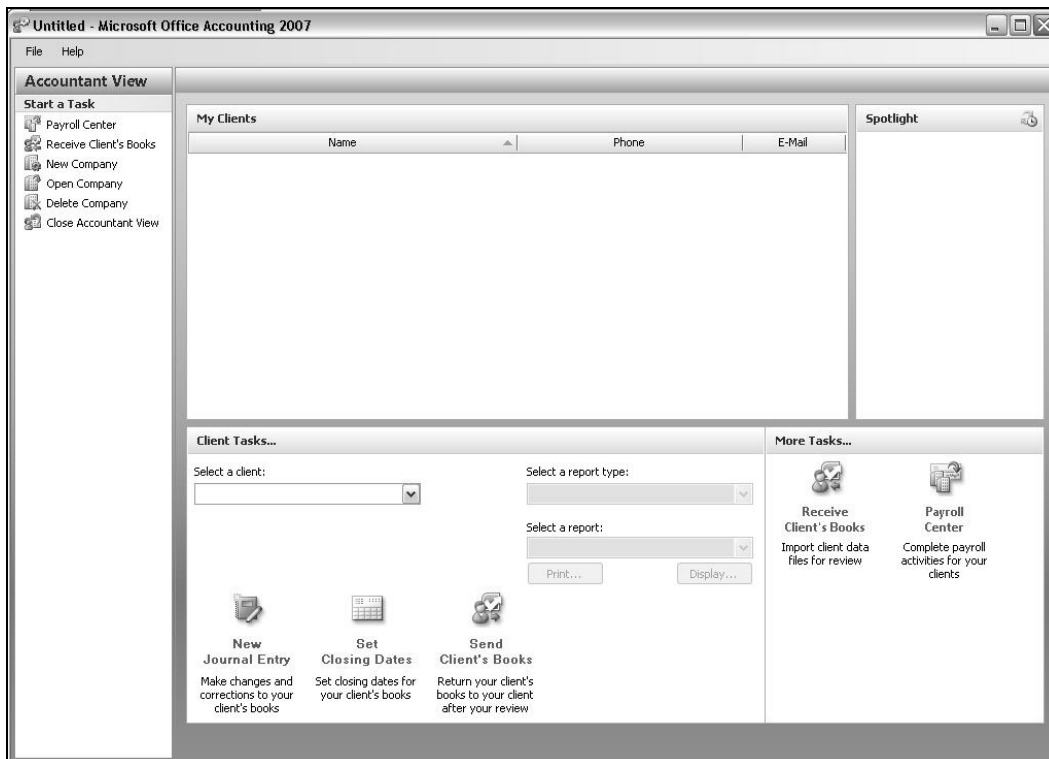
a. The Start a Task navigation pane on the left gives the accountant easy access to common tasks such as the payroll processing, receiving client's books, creating a new company, opening a company's records, deleting a company's records, and closing the accountant view.

b. The My Clients pane lists client contact information. A client's books can be opened by clicking on their name in this pane. Clients can be added to the Accountant View by importing their books or creating a new company.

c. The Client Task pane provides icons that can be selected to create or edit journal entries, set closing dates, or return books to clients. Client reports can also be displayed or printed. A more tasks side pane allows for accountant customization.

3. In the Start a Task navigation pane, click Receive Client's Books to start the Accountant Transfer Wizard. The wizard allows clients to continue using MOA while their accountant makes adjustments to their books. When the accountant sends the client's books back, the accountant changes will seamlessly update the client's books. After viewing, click Cancel.
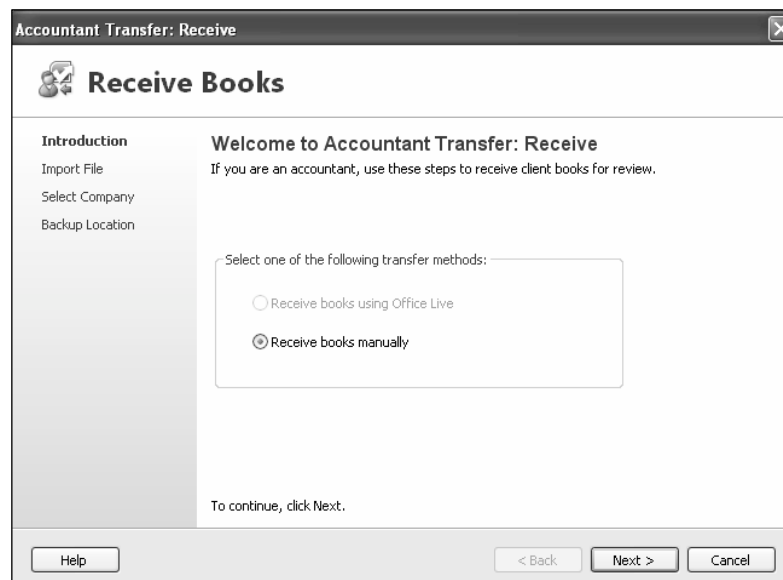
4. In the Start a Task navigation pane, click Close Accountant View to exit the program.

USING FIXED ASSETS TOOLS

In accounting, when a business acquires a fixed asset such as a building or equipment, it uses that asset to produce income. Since fixed assets generally provide the business benefits that last for more than a year, the business spreads the fixed asset's cost over its useful life. ***Depreciation*** is the process of allocating this cost expiration over a fixed asset's useful life. MOA Fixed Asset Manager allows you to add new fixed assets, dispose assets, calculate, and post depreciation into Microsoft Office Accounting. You add a new fixed asset and depreciate it using Fixed Asset tools. To begin working with Fixed Assets, complete the following steps.

1. If Northwind Traders, the product based sample company in Microsoft Office Accounting is not open, open it. (*Hint:* See Getting Started, page 454.)

2. From the menu bar, select Fixed Assets; Fixed Asset Manager. (If Fixed Assets has not been previously used, it will install. If a window prompts to restart MOA, do that; then open the product based sample company, Northwind Traders.)

3. When the Fixed Asset Manager window appears, notice its Toolbar displays buttons for New Fixed Asset, Dispose Fixed Asset, Post Depreciation, and Help. The Fixed Asset Navigation Pane allows you to Start a Task or work with Reports.
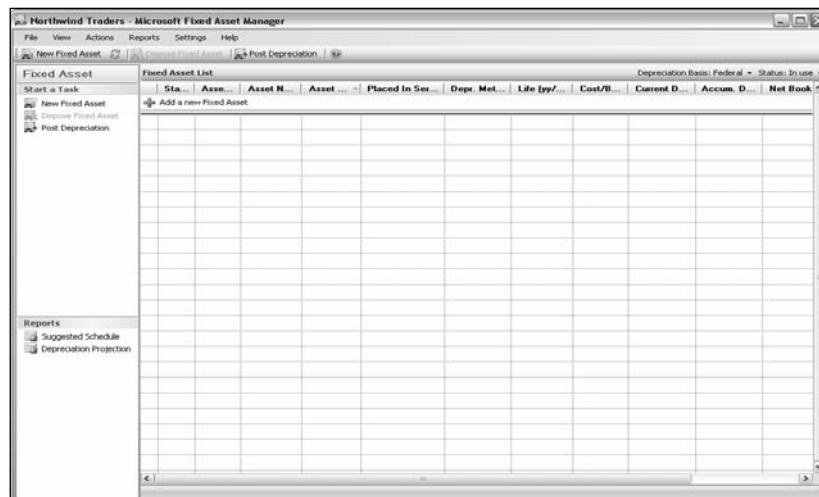
4. To add a fixed asset, complete the following steps:

   a. On the Toolbar, click New Fixed Asset.
   b. When the Untitled-Fixed Asset window appears, complete the fields as follows: Asset name: type **Auto;** Asset class: select **Auto 1;** Notice Asset ID, Date of purchase, and Placed in service is automatically completed; Asset account: select **Property and Equipment**; Depr./Amortization expense account: select **Depreciation Expenses/Equipment**; Accum. Depr./Amortization account: select **Accum. Depr. Property and Equipment;** and Cost/Other Basis: type **20,000.00**. Compare your window to the one below (Your Date of Purchase and Placed in service dates will differ.)

   c. When satisfied, click Save and Close. You are returned to Fixed Asset Manager; notice your new auto is listed.

5. To view the projected depreciation expense under all the various methods used for financial and tax purposes for the year, click on Depreciation Projection in the Navigation pane's Reports area. The following report appears.

Northwind Traders
Depreciation Projection
Date Range: All
Amount Type: Current Depreciation
Monday, January 29, 2007

Asset Name	Date Range	Year	Federal	Book	AMT	State	Other
Auto	1/29/2007 - 1/28/2008	1	4,000.00	2,000.00	3,000.00	4,000.00	4,000.00

6. Select File; Close to exit report. Do not save.

7. Add another fixed asset.
    d. On the Navigation Pane, click New Fixed Asset.
    e. In the Untitled-Fixed Asset window complete the fields as
        follows: Asset name: type **Old Furniture;** Asset class: select
        Furniture and Fixtures-nonrentals; Date of purchase: type
        today's date but a year ago (i.e. type **1/29/2006** if today's date
        is 1/29/2007), Placed in service date automatically completes;
        Asset account: select **Office/Store Furniture and Fixtures**;
        Depr./Amortization expense account: select **Depreciation
        Expenses/Furniture**; Accum. Depr./Amortization account: select
        Accum. Depr. Furniture and Fixtures; and Cost/Other Basis:
        type **10,000.00**.

    f. When satisfied, click Save and Close.

    g. Read the window prompt, then click [Yes] when the following window appears.

Fixed Asset Manager   ☒

⚠️   Date placed in service is in a prior fiscal year. Fixed Asset Manager will calculate the prior depreciation on this asset but not post it in Office Accounting. For the purpose of posting depreciation in the current fiscal year, this asset will be included in the next depreciation run.

[Yes]   [No]
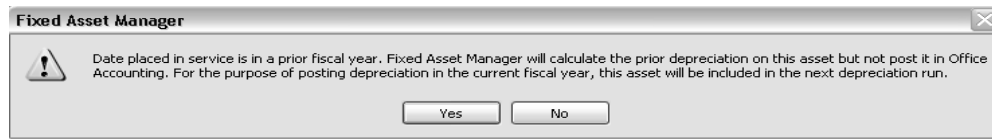
    h. When you return to Fixed Asset Manager, notice old furniture is listed under auto.

8. To depreciate a fixed asset, like the old furniture, complete the following steps:

    i. In the Navigation Pane click Post Depreciation. The Fixed Asset Depreciation Wizard appears. For the Depreciation through date type **12/31/XXXX** (XXXX should be 2007 if that is your current year.) Click [Next >].

    j. Review Depreciation Run window to verify the depreciation amounts. Observe that the Depr. Amt. column shows $4,000.00 for Auto and $2,448.98 for Old Furniture. Click [Next >].

    k. Type **2448.98** in the debit column for Depreciation Expenses/Furniture. Type **2448.98** in the credit column for Accum. Depr. Furniture and Fixtures.

    l. Type **4000.00** in the debit column for Depreciation Expenses/Equipment. Type **4000.00** in the credit column for Accum. Depr. Property and Equipment. Confirm that debits equal credits. You *cannot* post if debits do *not* equal credits. The Depreciation Run window shown on the next page lists entries for both Auto and Old Furniture.

Fixed Asset Manager Depreciation Wizard   [X]

Depreciation Run

✓ Introduction
✓ New Assets
Depreciation Entry
Preview
Confirmation

Depreciation Entry

Fixed Asset Manager has computed a suggested depreciation amount for each fixed asset listed in the table below.
The assets are grouped by the accounts to which depreciation will be posted in Microsoft Office Accounting.
If you would rather post an amount other than what has been computed, you can edit the debit and credit amounts at the account level.
When editing, the total debit and credit must be equal.

Last posting date: Depreciation through date: 12/31/2007
Depreciation basis: Federal

Acct. Details	Fixed Asset Manager	Acct. Balance	Debit	Credit
Current Depreciation Balance				
Depreciation Expenses/Furniture	$2,448.98	$525.00	$2,448.98	$0.00
Old Furniture	$2,448.98			
Depreciation Expenses/Equipment	$4,000.00	$1,750.00	$4,000.00	$0.00
Auto	$4,000.00			
Accumulated Depreciation Balance				
Accum. Depr. Furniture and Fixtures	$3,877.55	$8,325.00	$0.00	$2,448.98
Old Furniture	$3,877.55			
Accum. Depr.Property and Equipment	$4,000.00	$6,750.00	$0.00	$4,000.00
Auto	$4,000.00			
Depreciation to be posted for this period			$6,448.98	$6,448.98

[Help]   [< Back] [Next >] [Cancel]

m.   Preview entry carefully. Remember once an entry is posted it cannot be changed. When satisfied, click [Next >].

n.   The Preview window shows the entries for depreciation; click [Post]. Wait while entry is posted and records are updated.

o.   When Confirmation window appears, click [Finish]. You are returned to the Fixed Asset Manager window.

9.   In the Navigation Pane, link to Suggested Schedule. In a moment, it displays.

10.   Print the Suggested Schedule.

11.   Return to MOA desktop by closing Suggested Depreciation Schedule and Fixed Asset Manager.

UNDERSTANDING USER ROLES AND PERMISSIONS

Having user roles with preset permissions allows MOA to keep sensitive financial data secure and maintain good company internal controls. Good internal controls reduce a business' risk for wrongdoing and fraud by

limiting what users can do or see. What a user can view or do in MOA is limited by the role assigned to them. Each role permits different authorized access to MOA. Only authorized Windows users can be assigned one of the following preset roles:

> Read-only User-can view customer and vendor transaction information but cannot add, delete, or update any information.
> Salesperson-can handle customer transactions and most vendor transaction but cannot do any banking, accounting, or payroll transactions.
> Office Manager-can manage the day-to-day financial records of the company, including customer transactions, vendor transactions, banking transactions, and payroll. The Office Manager role has full access to most product areas but cannot open a closed fiscal year, setup a company, manage user roles, set up access for multiple users, install add-ins, create or import an accountant's backup copy, or use the Data Utilities commands on the File menu.
> Accountant-can manage and update company financial data. The Accountant role has all the permissions of the Office Manager and can open a closed fiscal year.
> Owner-can only be assigned to users with Windows Administrator privileges since a Windows Administrator has full access to MOA. If an Owner is later removed as a Windows Administrator, they will only have access to the MOA features not requiring Administrator access.
> Windows Administrator-can access all aspects of MOA including installation, company setup, user roles and permissions, archiving, setting up multiple users , setting up add-ins, creating or importing an accountant's backup copy, and using the Data Utilities commands on the File menu.
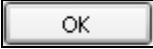
BACK UP CHAPTER 14 DATA

Follow these steps to back up.

1. Click **start**; All Programs, Microsoft Office, Microsoft Office Accounting 2007 Tools, Data Tools.
2. In the Backup company data area, click Backup.

3. In the Backup file name field, click `Browse ...`. Browse to the Your Name Chapter 14 folder on your Desktop and open it.

4. Type **END Northwind and your three initials** in the File name field. Click `Save`.

5. When the Backup window appears, click `OK`.

6. When the window prompts, Backup was completed successfully, click `OK`.

7. Close the MOA Data Utilities window.

8. Make a backup copy on your USB drive in the Your Name Chapter 14 folder.

    a. Start Windows Explorer (*Hint:* Start; All Programs; Accessories, Windows Explorer).
    b. Display your external media (i.e., USB drive in the left pane of Windows Explorer and the Your Name Chapter 14 folder in the right pane. Highlight the Your Name Chapter 14 folder and drag it on to the external media to copy it.
    c. Double click on your external media to display its contents to confirm that you successfully copied the Your Name Chapter 14 folder and its contents which include the Begin Northwind XXX.sbb and the End Northwind XXX.sbb backup files. Close Windows Explorer. (Substitute the X's for your initials.)

9. Exit MOA or continue with the next section.

	INTERNET ACTIVITY
1.	From your Internet browser, go to the book's website a www.mhhe.com/yachtmoa.
2.	Link to Student Edition.
3.	In the Course-wide Content list, link to Part 4 Internet Activities for Chapters 14 and 15. Open or Save. (You can also choose Chapter 14, then link to Internet Activities. If you Choose a Chapter, observe that other chapter-specific links are available; for example, Quizzes, Flashcard Templates, and Going to the Net Exercises.)
4.	Complete the Chapter 14 activity steps 1 – 4 about Accountant Data Transfer.
5.	Using a word processing program write a brief summary of what you find. Include all appropriate website addresses.

SUMMARY AND REVIEW

SOFTWARE OBJECTIVES: In Chapter 14, you used the accounting tools that came with the MOA software to:

1.   Start Microsoft Office Accounting (MOA).
2.   Open product-based sample company, Northwind Traders.
3.   Use Microsoft Office Accounting Tools--Data Tools to backup the sample company
4.   Use Microsoft Office Accounting Analysis Tools—Excel Pivot Tables.
5.   Use Microsoft Office Accounting Analysis Tools—Access Reports
6.   Explore Microsoft Office Accounting Tools--Accountants View
7.   Use Fixed Assets Manager.
8.   Understand User's pre-set roles and permissions.

WEB OBJECTIVES: In Chapter 14, you did these Internet activities:

1.   Used your Internet browser to go to the book's website. (Went online to www.mhhe.com/yachtmoa.)
2.   Went to the Internet Activity link on the book's student edition website. Then, selected Part 4 Internet Activities for Chapters 14 and 15. Completed the Accountant Data Transfer exercise.
3.   Used a word processing program to write summaries of the website that you visited.

GOING TO THE NET

From MOA's menu bar, select Help; Microsoft Office Accounting Help, and search for About roles and permissions to answer these questions.

1.   Why is MOA's system of permissions for accessing data a security feature?
2.   To use MOA, is a Microsoft Windows user name and password required?
3.   List the preset user roles in MOA.
4.   Which preset role has the most privileges? Which preset role has the least privileges?

FLASHCARD REVIEW

Create the following flashcards.

1. What are the steps to backup company data?
2. What are the steps to use MOA Analysis Tools?
3. What are the steps to see Accountants View?
4. What are the steps to add a new fixed asset?

Short-answer questions: In the space provided write the answer to the question.

1. What are the three tools found in Microsoft Office Accounting 2007 Tools?

   _____

   _____

2. What basic maintenance tasks can be done using Data Tools?

   _____

   _____

3. List two advantages to using the Analysis Tools templates?

   _____

   _____

4. Why use Excel Pivot Tables?

   _____

   _____

5. List the types of Access Reports?

   _____

   _____

6. Describe the different panes in the Accountant View?

   _____

   _____

7. Why are fixed assets depreciated?

   _____

   _____

8. What tasks does the Fixed Asset Manager allow you to do?

   _____

   _____

9. Why is good internal control important?

   _____

   _____

10. What are the preset user roles in Microsoft Office Accounting 2007?

   _____

   _____

Exercise 14-1: Follow the instructions below to complete Exercise 14-1. If necessary start MOA and open Northwind Traders.

1. Print the Services Sales Report Your First and Last Name—both the Sales Chart and Sales Cube. (Step 14 of the Excel Pivot Tables section)

2.   Print Payments List Your First and Last Name as a Word document. (Step 11 of the Access Reports section, page 462.)

3.   Print Suggested Schedule of Depreciation. (Step 10 of the Using Fixed Assets Tools section, page 469.)

Exercise 14-2: After opening Fabrikam, Inc. (the sample service company) in MOA and the MOA Analysis Tools, answer the following questions in the space provided.

1.   Is Patricia Doyle a customer, vendor, or employee?   _____

2.   Is Randall Boseman a customer, vendor, or employee? _____

3.   Is Ray Chow a customer, vendor, or employee?   _____

4.   What is the outstanding balance owed to the Washington State Department o Revenue?   _____

5.   How much does the School of Fine Art owe?   _____

6.   What is Stefan Delmarco's job title?   _____

7.   What is the price of Roofing Materials; what Type is it? _____

8.   What was the amount of Invoice 1011; who was the customer?   _____

9.   Invoice 1079 to customer Katie Jordan is for what job? Has it been paid? _____

10.   What company is the preferred vendor overall that the company purchases from the most?   _____

ANALYSIS QUESTION: Explain why there are so many different ways MOA must keep track of fixed assets and its associated depreciation.

CHAPTER 14 INDEX

Chapter

15

Integration with Microsoft Office—Excel and Word

SOFTWARE OBJECTIVES: In Chapter 15, you use the software to:

1.   Start Microsoft Office Accounting (MOA).
2.   Open product-based sample company, Northwind Traders.
3.   Backup sample company database.
4.   Copy report data to an Excel spreadsheet.
5.   Modify report data and create a graph before copying data to Excel.
6.   Use the Write Letter wizard to create a letter.
7.   Protect Word documents.
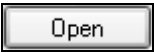
WEB OBJECTIVES: In Chapter 15, you do these Internet activities:

1.   Use your Internet browser to go to the book's website. (Go online to www.mhhe.com/yachtmoa.)
2.   Go to the Internet Activities link on the book's website. Then, select Part 4 Internet Activities for Chapters 14 and 15. Complete the Online Microsoft Word and Excel Resources exercise.
3.   Use a word processing program to write summaries of the websites that you visited.

Since Microsoft Office Accounting is a Microsoft Office program, it works well with Excel and Word to create graphs, spreadsheets and business documents. For example, if you have Microsoft Office (specifically XP or higher) installed on your computer, you can copy a MOA report or financial statement to an Excel spreadsheet. Or, with MOA's letter writing wizard you can also easily customize common business letters to your vendors, customers, or employees.

This chapter describes several procedures for adding Microsoft Office Accounting data to Microsoft Office applications. You will notice that some of the features of Excel (graphing) or Word (mail merge) have been integrated into Microsoft Office Accounting. The three steps of the Write Letter wizard will also be explained. You will also create and modify reports in Excel, Word, and Microsoft Office Accounting 2007 and learn how to secure these documents.

GETTING STARTED:

1. Start Microsoft Office Accounting.

2. From the File menu, select Open Company. (*Hint:* These instructions assume a company opened when you started MOA.)

3. Select the sampleproductcompany file in the Select Company File window, then click | Open |.

4. When the title bar shows Northwind Traders – Microsoft Office Accounting Professional 2007, the product based sample company is open.

| New Company... |
| Open Company... |
| Close Company |
| Open Selected Items   Ctrl+O |
| Company Setup... |
| Manage Users and Roles... |
| Accountant Transfer   ▶ |
| Utilities   ▶ |
| Compress Data... |
| Multi-user Settings... |
| Page Setup... |
| Print Preview...   Ctrl+F2 |
| Print...   Ctrl+P |
| Exit   Alt+F4 |
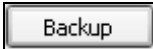
⚙ Northwind Traders - Microsoft Office Accounting Professional 2007

BACKUP NORTHWIND TRADERS

Before you make any changes to Northwind Traders, backup the sample company data. If you need to start over for any reason, opening this back up company allows you a fresh start.

1. Click File; Utilities, Data Utilities.

2. In the Backup company data area, click | Backup |.

3. In the Backup file name field, click | Browse ... | to locate your desktop and create a folder called **Your Name Chapter 15**.

4. Type **Northwind Traders, your three initials,**

| File name: | Northwind Traders SVC_2007-01-23 | ⌄ | Save |
| Save as type: | Backup Files (*.sbb) | ⌄ | Cancel |

and the date in the File name field.

5. Click | Save |.
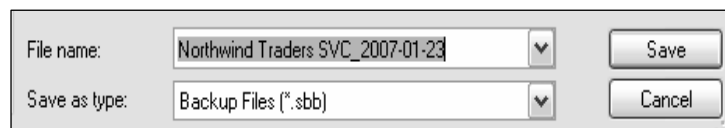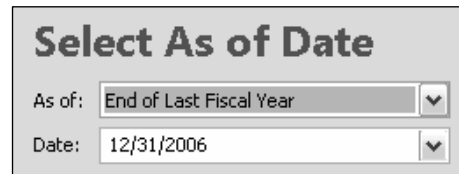
6. When the Backup window appears, click [OK]. *Do not password protect!* (Businesses use passwords to protect backups from unauthorized use.)

7. After several minutes, when the window prompts, Backup was completed successfully, click [OK].

8. Close the Microsoft Office Accounting Data Utilities window.

COPYING MICROSOFT OFFICE ACCOUNTING REPORT DATA TO MICROSOFT EXCEL

Follow these steps to learn how to copy Northwind's balance sheet and income statement data to Microsoft's spreadsheet program, Excel. To begin, Northwind Traders desktop should be displayed.

Balance Sheet

1. On the Navigation pane, click [Reports].

2. For the Select a Report, click Balance Sheet.

3. Under the Select As of Date, pick As of: End of Last Fiscal Year. The date will fill-in automatically. Click [Display].

4. When Balance Sheet displays, verify Report Basis: Accrual, As of: End of Last Fiscal Year, and Date: 12/31/XXXX.

5. From Toolbar, select Modify Report.
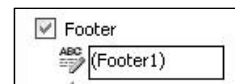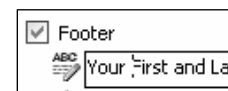
6. When the Modify Report pane displays on the right side, click Headers and Footers and place a check mark next to Footer, replace (Footer 1) in the box with your **First and Last Name**.

7. On the menu bar, select File; Print Preview to verify that your first and last name displays next to the page number at the bottom of the page. Close the Print Preview.

8. On the menu bar, select Actions; Export to Excel.

E-Mail Report	
Export to Excel	Alt+X
Filter Options	Ctrl+F

9. The Excel program will start and copy the Northwind Trader's balance sheet into a blank worksheet. Compare yours to the one shown below.

		As of 12/31/06
Northwind Traders		
Balance Sheet		
As of: 12/31/2006		
Report Basis: Accrual		
Friday, January 26, 2007		
		As of 12/31/06
Assets		
Current Assets		
Cash		
	1005 - Undeposited Funds	(119,048.15)
	1007 - Cash-Petty Cash	400.00
	1010 - Checking Account	377.97
	1115 - Savings	281,647.49
Total Cash		163,377.31
Accounts Receivable		
	1210 - Accounts Receivable	91,424.16
Total Accounts Receivable		91,424.16
Other Current Assets		
	1410 - Employee Loans	100.00
	1420 - Prepaid Expenses	2,587.50
	1425 - Prepaid Insurance	1,000.00
Inventory Assets		
	1250 - Inventory Asset	48,056.68
Total Inventory Assets		48,056.68
Total Other Current Assets		51,744.18
Total Current Assets		306,545.65
Fixed Assets		
	1510 - Property and Equipment	65,000.00
	1511 - Accum. Depr.Property and Equipr	(5,000.00)
	1520 - Office/Store Furniture and Fixture:	12,000.00
	1521 - Accum. Depr. Furniture and Fixtur	(9,000.00)
Total Fixed Assets		63,000.00
Total Assets		369,545.65
Liabilities & Equity		
Liabilities		
Current Liabilities		
Accounts Payable		
	2010 - Accounts Payable	80,404.17
Total Accounts Payable		80,404.17
Credit Cards		
	2610 - Payroll Liability - Other	300.00
Total Credit Cards		300.00
Other Current Liabilities		
	2015 - Pending Item Receipts	347.59
2200 - Payroll Liabilities		
	2210 - Federal Tax Liability	834.20
	2215 - Federal Tax Liability (FUTA)	145.00
	2220 - State Tax Liability	416.00
	2230 - 401 (k) Liability	2,000.00
	2240 - Payroll Liability - Net Pay	85.00
	2250 - Medical/Dental Liability	990.00
Total 2200 - Payroll Liabilities		4,470.20
	2300 - Sales Tax Payable	6,578.21
	2310 - Other Payables	500.00
	2315 - Interest Payable	2,000.00
Total Other Current Liabilities		13,896.00
Total Current Liabilities		94,600.17
Long Term Liabilities		
	2710 - Note Payable to Bank	20,000.00
Total Long Term Liabilities		20,000.00
Total Liabilities		114,600.17
Equity		
	3015 - Owners' Equity	37,000.00
	3020 - Owners' Withdrawals	(11,000.00)
	3025 - Retained Earnings	76,484.48
	Net Income	152,461.00
Total Equity		254,945.48
Total Liabilities & Equity		369,545.65
Your First and Last		

10.   Now that Northwind's balance sheet is in Excel format, you can use Excel's features.

11.   From Excel's menu bar, click File, Save As.

12.   In the Save in field, select your desktop folder named Your Name Chapter 15.

13.   The File name field displays Book1.xls. The Save as type field displays Microsoft Excel Worksheet. Highlight the file name. Type **balance sheet and your first and last name** in the File name field.

14.   Click [Save]. Excel automatically adds the extension .xls to the file name.

15.   Minimize the Excel window. You are returned to Northwind Traders—Microsoft Office Accounting 2007. If the balance sheet report is still open, close it without saving. Northwind Trader's Select a Report window appears. (*Hint:* You can also click on Reports in the Navigation pane to display the Select a Report window.)

Income Statement

1.   From the Select a Report window, click Profit and Loss (another term for the Income Statement).

2.   Under the Select Date Range, select Range: Last Fiscal Year and the dates will fill-in automatically. Compare your screen, when satisfied, click [Display].

Select Date Range

Range: Last Fiscal Year

From: 1/1/2006   To: 12/31/2006

3.   When Profit and Loss displays, verify Report Basis: Accrual, Date Range: Last Fiscal Year.

4.   On the Toolbar, click Modify Report.

☑ Footer

(Footer1)

5.   When the Modify Report pane displays on the right side, click Header and Footer and place a check mark next to Footer, replace (Footer 1) in the box with your **First and Last Name**.

6. On the menu bar, select File; Print Preview to verify that your first and last name displays next to the page number at the bottom of the pages.

7. Close the Print Preview.

	E-Mail Report	
	Export to Excel	Alt+X
	Filter Options	Ctrl+F

8. On the menu bar, select Actions; Export to Excel.

9. The Excel program will start and copy the Northwind Trader's profit and loss into a blank worksheet. Compare yours to the one shown below.

	A B C D E F G H	I	J	K	L	M
1	**Northwind Traders**					
2	Profit and Loss					
3						
4	Date Range: January 1, 2006 - December 31, 2006					
5	Account: All, Report Basis: Accrual, Class: All, Name: All, Closing Postings: Not Included					
6	Friday, January 26, 2007					
7						
8			1/1/06 - 12/31/06			
9	**Ordinary Income/Expense**					
10	**Income**					
11		4020 - Sales	605,143.70			
12		4025 - Cash Discount Given	(1,854.63)			
13		4210 - Write off	(8.83)			
14	**Total Income**		603,280.24			
15	**Cost of Goods Sold**					
16		4510 - Cost of Goods - Materials	440,873.04			
17		4530 - Cash Discount Taken	(317.56)			
18	**Total COGS**		440,555.48			
19	**Gross Profit**		162,724.76			
20	**Expense**					
21	**5100 - Employee Wages**					
22		5100 - Employee Wages - Other	2,800.00			
23		5120 - Employee Benefits	250.00			
24	**Total 5100 - Employee Wages**		3,050.00			
25		5510 - Bank Charges	25.00			
26		6310 - Insurance Vehicle	2,781.72			
27		6320 - Insurance Other	200.00			
28		6410 - Freight/Shipping Expenses	134.13			
29		6620 - Accounting Fees	675.54			
30		6770 - Travel Expenses	(400.00)			
31	**6800 - Utilities**					
32		6810 - Utilities - Electric and Gas	1,478.94			
33		6815 - Utilities - Telephone	1,066.91			
34	**Total 6800 - Utilities**		2,545.85			
35	**Total Expense**		9,012.24			
36	**Net Ordinary Income**		153,712.52			
37	**Other Income/Expense**					
38	**Other Income**					
39		8020 - Finance Charge Income	2.56			
40	**Total Other Income**		2.56			
41	**Other Expense**					
42		9010 - Interest Expenses	1,254.08			
43	**Total Other Expense**		1,254.08			
44	**Net Other Income**		(1,251.52)			
45	**Net Income**		152,461.00			
46	Your First and Last Name					
47	Your First and Last Name					

10.   Now that Northwind's income statement is in Excel format, you can use Excel's features to create a graph or to make changes.

11.   On the Excel toolbar, click on the Graph icon [icon].

12.   The Chart Wizard—Step 1 of 4—Chart Type window appears. Highlight Chart Type: Pie and Chart sub-type: Pie (it's the first chart sub-type). Click Next >.

13.   In Chart Wizard—Step 2 of 4, click in the Date Range box then left click as you move your mouse over your numbers in column J of your Excel worksheet to highlight all the numbers. Select for Series in: Columns. Below is a partial example of this step. If pie chart does not appear, click Next.

14.   Compare your pie chart to the one below. Click Next >.
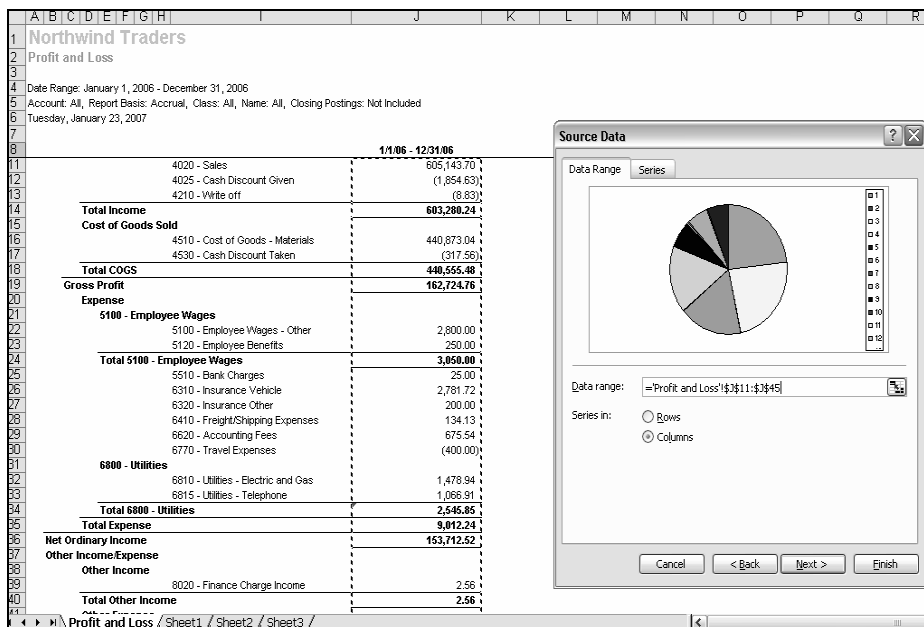
15.   In Chart Wizard—Step3 of 4—Chart Options, type **Your Name Last Fiscal Income Statement** in the Title box. Click Next >.

16.   In Chart Wizard—Step 4 of 4—Chart Location, select As Object in: Profit and Loss. Click Finish.

17. Position graph below the Profit and Loss Statement by dragging it.

18. From Excel's menu bar, click File, Save As.

19. In the Save in field, select your desktop folder named Your First and Last Name Chapter 15.

20. The File name displays Book1.xls. The Save as type field displays Microsoft Excel Worksheet. Highlight the file name. Type **Last Fiscal Income Statement and your first and last name** in the File name field.

21. Click [Save]. Excel automatically adds the extension .xls to the file name.

22. Close Excel. You are returned to Northwind Traders—Microsoft Office Accounting 2007. If the profit and loss report is still open, close it without saving. Do not save the changes you made to the profit and loss statement in Microsoft Office Accounting 2007--Northwind Traders.

23. Exit MOA; drag your desktop folder, Your Name Chapter 15 to your external media (i.e., USB drive) to keep a backup of your work, or continue with the next section.

MODIFYING MICROSOFT ACCOUNTING REPORTS AND ADDING GRAPHS BEFORE EXPORTING TO MICROSOFT EXCEL

1. If necessary, drag the Your Name Chapter 15 folder from your external media (i.e., USB drive) to your Desktop and start Microsoft Office Accounting.

2. Open the sample product company, Northwind Traders.

3. From Northwind's menu bar, select Reports; Company and Financials, and Profit and Loss Statement. (Or, from the Navigation pane, click Reports, then in Select a Report click on Profit and Loss Statement.)

4. For the Select Date Range, pick Range: All, and leave the From and To boxes blank. Click [Display].

5. When Profit and Loss displays, verify Report Basis: Accrual, Date Range: All. Notice the displayed report covers more than one year.

6. On the toolbar select Modify Report.

7. When the Modify Report pane displays on the right side, click on Header and Footer and place a check mark next to Footer, delete (Footer 1) from box and type your **First and Last Name** in the box.

8. In the Modify Report pane, click Columns. For Display Columns By, select Year by highlighting the radio button. For Compare To, place a check mark next to the % of Income box. Compare your Modify Report pane with the one shown here.

9. If screen does not automatically refresh, click on the Refresh icon [icon] which is located on the toolbar.

10. The comparative profit and loss statement by year displays along with the (%) of income.

11. On the toolbar, click on graph icon [icon] which is located next to Modify Report.

12. Comparative graphs as well as the profit and loss statements display. Compare your graph to the one in the partial report below.

Modify Report

Filters
Columns
Fonts and Numbers
Header and Footer

Title
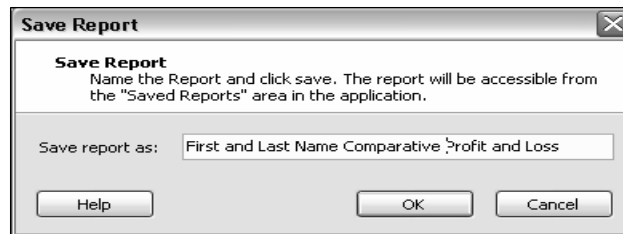
Display Column By
○ Totals Only
○ Monthly
○ Quarter
● Year
○ Fiscal Quarter
○ Fiscal Year

Compare to
☐ Previous Period
  ☐ ($) Change
  ☐ (%) Change
☐ Previous Year
  ☐ ($) Change
  ☐ (%) Change
☐ Year to Date
  ☐ % of YTD
☑ % of Income

Northwind Traders
Profit and Loss
Date Range: All
Account: All, Report Basis: Accrual, Class: All, Name: All, Closing Postings: Not Included
Tuesday, January 23, 2007

	1/1/06 - 12/31/06	(%) of Income	1/1/07 - 12/31/07	(%) of Income	1/1/08 - 12/31/08	(%) of Income

Ordinary Income/Expense
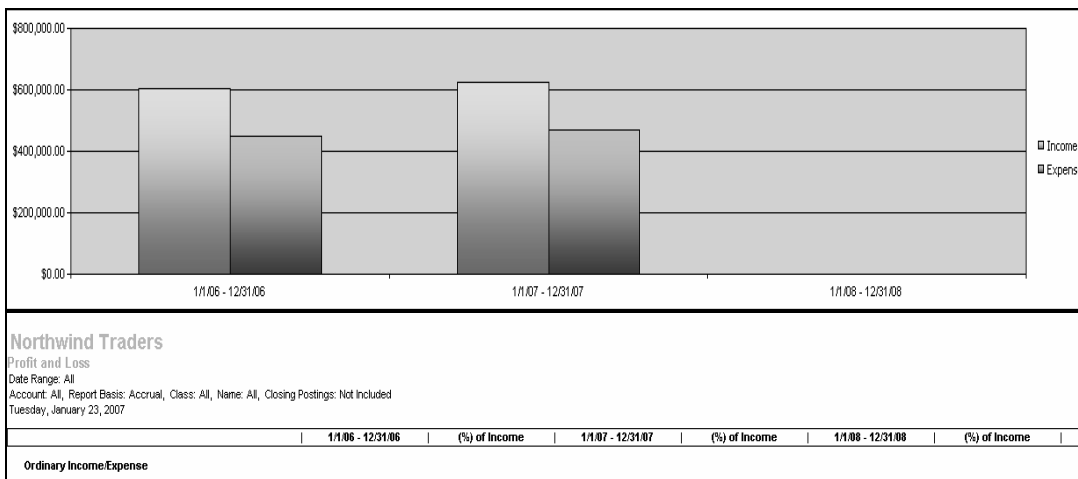
13. To save your comparative profit and loss statement in Northwind Traders, from the Toolbar, clickFile; Save Report As. In the Save Report Window type your **First and Last name comparative profit and loss.** Compare and click [OK] .

Save Report

Save Report
Name the Report and click save. The report will be accessible from the "Saved Reports" area in the application.

Save report as: First and Last Name Comparative Profit and Loss

[Help]   [OK]   [Cancel]

14. On the toolbar, click on the Export to Excel icon [icon] to export to Excel (or from the Menu bar, select Actions; Export to Excel).

15. The Excel program will start and copy the Northwind Trader's profit and loss into a blank worksheet. Scroll down the Excel spreadsheet to see the partial one shown below.

16. From Excel's menu bar, click File, Save As.

17. In the Save in field, select your desktop folder named Your Name Chapter 15.

18. The File name displays Book1.xls. The Save as type field displays Microsoft Excel Worksheet. Highlight the file name. Type **Comparative Income Statement and your first and last name** in the File name field.

19. Click [Save]. Excel automatically adds the extension .xls to the file name.

20. Close Excel. You are returned to Northwind Traders—Microsoft Office Accounting 2007. Close any open reports.

21. Exit MOA. Drag your desktop folder, Your Name Chapter 15, to external media (i.e., USB drive) to have a backup of your work, or continue with the next section.

MICROSOFT OFFICE ACCOUNTING AND MICROSOFT WORD

Microsoft Office Accounting 2007 contains Microsoft Word templates that can be used to correspond with customers, vendors, or employees. How many templates you have will depend on your version of Microsoft Office software. If you have the most current version of Office, you will have the most templates and options for modifying the templates. Older versions of Office software will have fewer choices.

Here are some examples of available Word templates: Credit memo, Customer statement, Finance charge, Invoice product, Invoice service, Online sales receipt, Packaging slip, Sales receipt, Purchase order, Quote, Online order, and Sales order.

In this section you will prepare a letter to an employee congratulating them on being selected as the employee of the month.

1. If necessary, drag Your Name Chapter 15 folder from your external media to your desktop and start Microsoft Office Accounting.

2. Open the sample product company, Northwind Traders.

3. From Northwind Trader's menu bar, select Employees; Write Letters.

4. The Write Letters Wizard begins. Read the information about the wizard's three steps. Click [Next >].

5. In the Select letter template window, highlight employee appreciation letter.doc to select it, then click Next.

6. In the Select Employees window, place a check mark next to Brenda Diaz, then click [Next >].

7. In the Add a Signature window, type **Congratulations on being selected employee of the month!** And add your **First and Last name** for the signature. Compare your window to the one below.

8. Review the letter. When satisfied, click [Create Letters]. Word will then open and display the letter complete with letterhead, date, the employee's name and address, and your additions. Compare your letter to the one created in Word on the next page. (Your date will differ.)

Northwind Traders
1234 Main St.
Fargo, ND 32801
Ph: (701) 555-0141   Fax: (701) 555-0142

1/26/2007

Brenda Diaz
5678 5th St
Chicago, IL 44444

Dear Brenda Diaz:

Please accept our thanks and gratitude for being such a valuable employee. Your hard work and dedication make our business strong and contribute significantly to customer satisfaction.

Congratulations on being selected employee of the month!

Regards,

Your First and Last Name

Northwind Traders

9. Click File; Save As. In the Save in field, select Your Name Chapter 15 folder on the Desktop. For the file name, type **Brenda Diaz letter and your First and Last Name**. Then click [Save]. Word saves your letter in your folder.

10. Exit Word.

11. Exit Microsoft Office Accounting. Drag your desktop folder, Your Name Chapter 15, to external media (i.e., USB drive); or continue with the next section.

PROTECTING MICROSOFT WORD DOCUMENTS

Protecting your business documents from unauthorized changes and providing internal controls to deter wrong-doing are essential in any business today. In this section, you will make a Word document read-only

and require a password to open or modify it. You can also password protect excel documents in these ways.

Read-only Documents

1. If necessary, start Word. Open the file for the Brenda Diaz letter. (*Hint:* Browse to Your Name Chapter 15 folder on the Desktop and select the file named, Brenda Diaz letter and your First and Last Name.)

2. On the Tools menu, click Options.

3. Click Security or Save tab. (Depends on the version of Word on your computer.)

4. Check the Read-only recommended check box, and then click OK.

5. Click Save.

6. Now if a user opens this read-only document, they can only change it or save it by giving the file a different name using the Save As command.
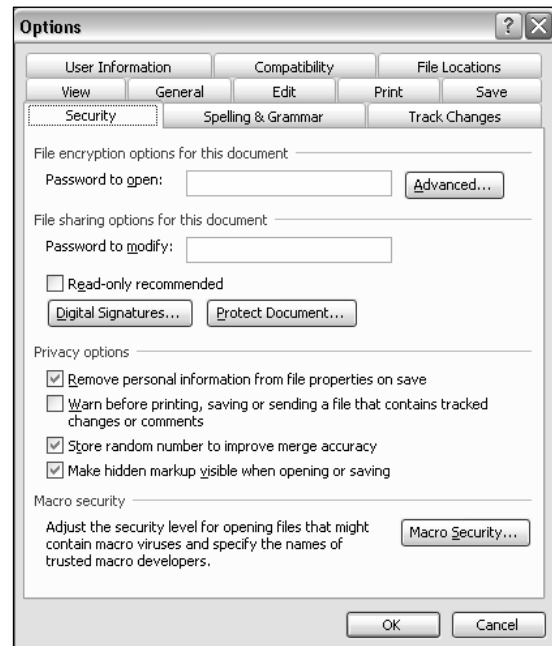
Password Protected Documents

1. If necessary, start Word. Open the file for the Brenda Diaz letter. (*Hint:* Browse to Your Name Chapter 15 folder on the Desktop and select the file named, Brenda Diaz letter and your First and Last Name.)

2. Since the file is a Read-only document, you must first save it under a different file name before using it. Click File; Save As. In the Save field, select the Your Name Chapter 15 folder on the Desktop and name the file **Password protected your First and Last Name**.

3. On the Tools menu, click Protect Document.

4. The Protect Document task pane is where you set formatting or editing restrictions and password protect them. How this task pane looks may vary with your version of Word. To restrict tracked changes edits to only those persons that know the password, check the Editing Restrictions box and select Tracked changes from the pull-down menu, then click | Yes, Start Enforcing Protection |.

5. When the Start Enforcing Protection window appears, enter and re-enter a password. Read the Caution before clicking OK. (Write down your password _____)

6. Save the document.

7. Now if anyone tries to open or modify this document, they must enter the correct password to do so.

8. Exit Word and MOA.

9. Drag the Your Name Chapter 15 folder from your Desktop on to your external media (i.e., USB drive) or continue with the next section.

Read me: Security Passwords

Use strong passwords not weak ones. A strong password mixes uppercase and lower case letters, numbers, and symbols and is 8 or more characters in length. It is critical for you to remember your passwords since neither Microsoft nor your professor can retrieve them. Store passwords that you write down in a secure place away from the information they are helping to protect.

	INTERNET ACTIVITY
1.	From your Internet browser, go to the book's website at www.mhhe.com/yachtmoa
2.	Link to Student Edition.
3.	In the Course-wide Content list, link to Part 4 Internet Activities for Chapters 14-15. Open or Save. (You can also choose Chapter 15, then link to Internet Activities. If you Choose a Chapter, observe that other chapter-specific links are available; for example, Quizzes, Flashcard Templates, and Going to the Net Exercises.)
4.	Complete the MICROSOFT WORD AND EXCEL RESOURCES— Chapter 15 exercise. Read steps 1-4.
5.	Using a word processing program write a brief summary of what you find. Include all appropriate website addresses.

SUMMARY AND REVIEW

SOFTWARE OBJECTIVES: In Chapter 15, you used the software to:

1. Start Microsoft Office Accounting (MOA).
2. Open product-based sample company, Northwind Traders.
3. Backup sample company database.
4. Copy report data to an Excel spreadsheet.
5. Modify report data and create a graph before copying data to Excel.
6. Use the Write Letter wizard to create a letter.
7. Protect Word documents.

WEB OBJECTIVES: In Chapter 15, you did these Internet activities:

1. Used your Internet browser to go to the book's student edition website. (Go online to www.mhhe.com/yachtmoa.)
2. Went to the Internet Activities link on the book's website. Then, selected Part 4 Internet Activities for Chapters 14 and 15. Completed the Online Microsoft Word and Excel Resources exercise.
3. Use a word processing program to write summaries of the websites that you visited.

GOING TO THE NET

From MOA's menu bar, select Help; Microsoft Office Accounting Help, search for Security and Privacy in Microsoft Office Accounting related topics and answer the following questions.

1. What is authentication?
2. Explain two security best practices.
3. Go to one of the Additional resources links and summarize what you learned.
4. In your own words, what does the Privacy Statement say?

FLASHCARD REVIEW

Create the following flashcards.

1. What are the steps to export a MOA report to excel?

2. What are the steps for using the Write Letters Wizard?

3. What are the steps to make a Word document read-only?

4. What are the steps to password protect a Word or Excel document?

Short-answer questions: In the space provided write the answer to the question.

1. List two advantages of having Microsoft Office Accounting 2007 integrated with Microsoft Office suite.

   _____

   _____

   _____

2. Why is it good to backup the sample company before starting?

   _____

   _____

3.   Why should a business password protect their backups?

      _____

      _____

4.   How do you graph report data in Microsoft Office Accounting?

      _____

      _____

5.   List the two ways to export MOA reports to Excel.

      _____

      _____

      _____

6.   List at least three ways to modify a report.

      _____

      _____

      _____

7.   What types of letters can you write to employees if you use the
      Letter Wizard?

      _____

      _____

8. What types of letters can you write to customers if you use the
    Letter Wizard?

    _____

    _____

9. What types of letters can you write to vendors if you use the Letter
    Wizard?

    _____

    _____

    _____

10. What can you do to protect Word documents?

    _____

    _____

    _____

Exercise 15-1: Follow the instructions below to complete Exercise 15-1.

If necessary, drag the Your Name Chapter 15 folder from your external
media on to your Desktop, start MOA, and open Northwind Traders.

1. Open Excel and print the following:

    a. The balance sheet you saved in Step 14 in the Copying
        Microsoft Office Accounting Data to Microsoft Excel section.
        (*Hint:* The file name is balance sheet your first and last name.)

   b. The income statement and graph you saved in Step 21 in the
       Copying Microsoft Office Accounting Data to Microsoft Excel
       section. (*Hint:* The file name is income statement your first and
       last name.)
   c. The comparative income statement you saved in Step 19 in
       the Modifying Microsoft Office Reports and Adding Graphs
       Before Exporting to Microsoft Excel section. (*Hint:* The file
       name is comparative income statement your first and last
       name.)

2. Open Word and print the following:

    The password protected letter to Brenda Diaz you saved in Step 6
    in the Protecting Microsoft Word Documents section. (*Hint:* The
    file name is password protected your first and last name.)

Exercise 15-2: Follow the instructions below to complete Exercise 15-2.

1. If necessary, drag the Your Name Chapter 15 folder from your
    external media on to your Desktop and start Microsoft Office
    Accounting.

2. From the File menu, select Open Company.

3. Select the sampleservicecompany file in the Select Company File
    window, then click Open.

4. When the title bar shows Fabrikam, Inc. – Microsoft Office
    Accounting 2007, the service based sample company is open.

5. From Fabrikam's menu bar, select Reports; Company and
    Financials, and Balance Sheet. (Or, from the Navigation pane, click
    Reports, then in Select a Report click on Balance Sheet.)

6. For the Select Date Range, pick Range: End of Last Year, notice
    the Date automatically fills with 12/31/XXXX. Click Display.

7. Balance Sheet displays. Verify Report Basis: Accrual. Change the Report basis to the Cash basis, use the Report Basis pulldown menu to select Cash.

8. Click Modify Report. When the Modify Report pane displays, click Headers and Footers and place a check mark next to Footer, replace (Footer 1) in the box with your **First and Last Name**.

9. Then in the Modify Report pane, click Columns. For Display Columns By, select Quarter by highlighting the radio button.

10. The cash basis balance sheets by quarter for last year displays.

11. Click on the Export to Excel icon to export to Excel (or from the Menu bar, select Actions; Export to Excel).

12. The Excel program will start and copy Fabrikam, Inc.'s cash basis quarterly balance sheets into a blank worksheet.

13. Print the Excel worksheet. Be sure to set up the report to print landscape and scaling to fit one page tall by one page wide. (*Hint:* File; Page Setup.)

14. Save. (*Hint*: File; Save As.) In the Save in field, select your desktop folder named Your Name Chapter 15. Type **Exercise 15-2 Cash Balance Sheet and your first and last name** in the File name field. Click Save.

15. Close Excel. You are returned to Fabrikam, Inc.—Microsoft Office Accounting 2007.

16. If you are not returned to the cash basis quarterly balance sheets, re-display it.

17. On the toolbar, click on graph icon .

18. Print the cash basis quarterly balance sheets and graph by clicking on Print icon. It is several pages long.

19. Change Report Basis to Accrual.

20. Click on the Print icon to print the accrual basis quarterly balance sheets and graph. It is several pages long.

21. Close the Balance Sheet. Do not save any changes.

22. In the Navigation Pane, Select Company.

23. From Fabrikam, Inc's menu bar, select Customers; Write Letters.

24. The Write Letters Wizard begins. Click Next.

25. In the Select a letter template window, highlight collection letter—final notice.doc to select it, then click Next.

26. When the Select Customer window appears; select for Filter options: Active; and select for Date range: 90+ days. Place a check mark next to Katie Jordan, then click Next.

27. In the Add a Signature window, type **Legal proceedings begin next week!** And add your **First and Last name** for the signature. When satisfied, click Create Letters.

28. Word will then open and display the collection letter to Katie Jordan.

29. On the Tools menu, click Options.

30. Click Security or Save tab.

31. Check the Read-only recommended check box, and then click OK.

32. Click Save.

33. Print letter.

34. Save the letter. Click File; Save As. In the Save in field, select Your Name Chapter 15 folder on the Desktop. For the file name, type: **Exercise 15-2 Letter and your First and Last Name**. Then click Save.

35. Exit Microsoft Office Accounting.

36.   Drag the Desktop folder, Your Name Chapter 15, on to your external media (i.e., USB drive) so that you have a portable backup of your work.

EXERCISE 15-2
CHECKLIST OF PRINTOUTS
Fabrikam, Inc.'s cash basis quarterly balance sheets in Excel (Step 13)
Fabrikam, Inc.'s cash basis quarterly balance sheets and graph in MOA (Step 18)
Fabrikam, Inc.'s accrual basis quarterly balance sheets and graph in MOA (Step 20)
Customer Letter (Step 33)

ANALYSIS QUESTION: Which is correct, a cash or accrual income statement? What is the difference?

CHAPTER 15 INDEX

Project

5   Student-Designed Forms

Project 5 gives you a chance to create customized customer and vendor forms for a business of your own. You select one of several template themes to make your forms more appealing. Then, you customize Word templates by adding your company logo, letterhead, and slogan. Most of the tasks you do are performed using Microsoft Word. If you need help on any of these tasks, consult the Word help menu.

You are able to do this customization by editing the Word template's XML tags. Office Word templates in Microsoft Office Word 2003 or later use a technology called **Extensible Markup Language (XML)** to identify fields into which data about specific transactions or persons can be inserted. The tags which surround the data add meaning and allow the data to be processed as information. XML resembles HTML, the technology used to publish pages on the World Wide Web. You do not need to know much about XML technology since Office Accounting 2007 provides a customized set of XML tags that you see in the Word Document Actions pane when you open one of the templates.

Office Accounting 2007 comes with two sets of templates which can be found under the path C:\Documents and Settings\All Users\Templates\ Office Accounting 2007\.[1] A basic set for use with Office XP (or earlier) is located in the Basic Templates folder and another set in the Templates folder is for use with Office 2003 (or later). Before you begin, you should review these folders. Notice the different types of customer and vendor templates that are available and how the different themes change the look of the form. Some of the templates that you will find include: Credit Memo, Customer Statement, Finance Charge, Invoice Product, Invoice Service, Online Sales Receipt, Packaging Slip, etc.

At the end of Project 5, a checklist is shown listing the printed forms you should have. The project's step-by-step instructions remind you to print the forms. Your professor may require these be turned in for a grade.

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[1]In the Microsoft Vista operating system, the templates are located under C:\ProgramData\Microsoft\Windows\Templates\Office Accounting 2007\Templates\.

GETTING STARTED

Start MOA. From menu bar, select File; Open Company. In the Select Company File window, double click on the sampleproductcompany file in the Companies folder to select it. The Northwind Traders desktop will appear.

MODIFYING AN INVOICE TEMPLATE

Step 1:   From the Company menu, select Manage Word Templates.

Step 2:   In the Manage Word Templates dialog box, for Template types select Invoice.   Scroll down Templates Name to highlight Invoice Product - B&W.doc to select it. Click Modify.
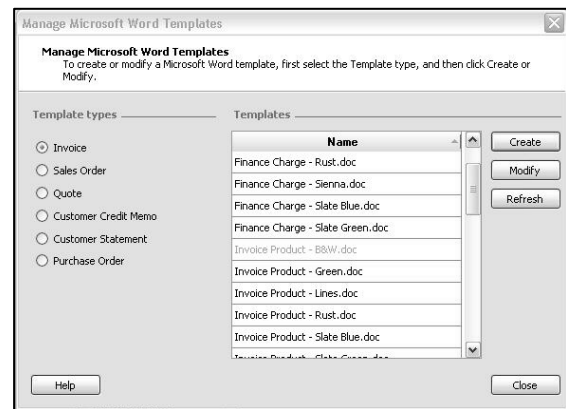
Step 3:   In a few moments, Office Word opens and displays the Invoice Product – B&W (Read-only) document. Since templates are write-protected by default, you must first rename the template before you can edit or customize it.

Step 4:   From the File menu, select Save As. For file name, type **Your Name Invoice B&W**. Click Save.
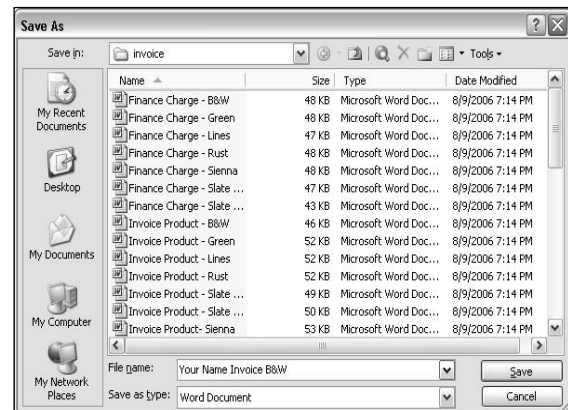
Step 5:   A warning box may appear. Read and click OK.
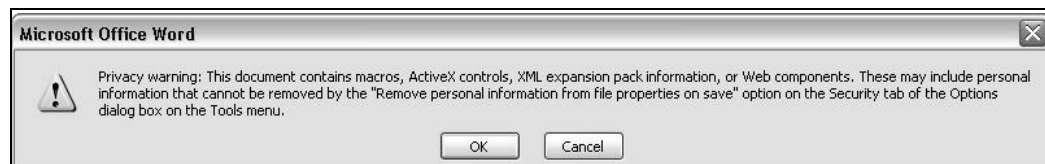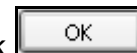
Step 6:   Notice the Word Document Actions pane on the right side of your screen. These are the XML tags that can be customized. Hide the XML tags in the document by removing the check mark from the Show XML tags in the document check box.
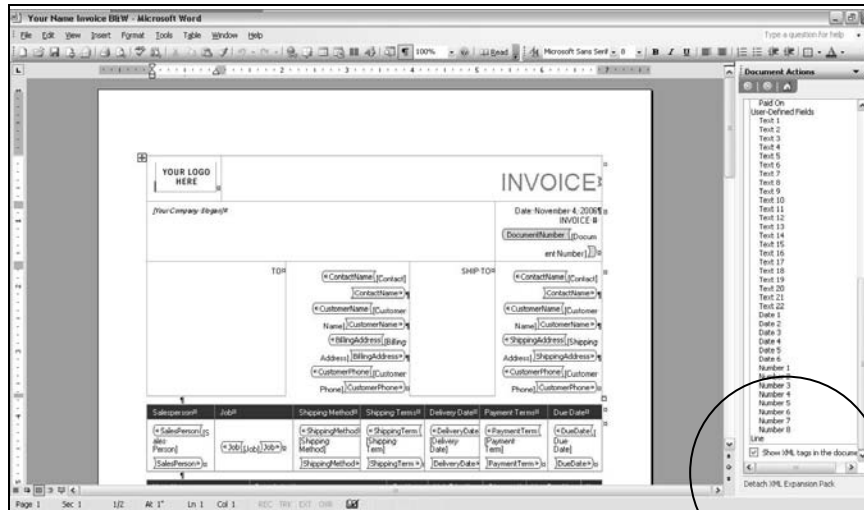
Step 7:   Compare your document to the one below and then recheck the Show XML tags in the document check box:

Step 8: Add a graphic or clipart to your invoice by placing your mouse in the Your Logo Here placeholder. On your toolbar, select Insert; Picture, and either From File or Clip Art. Navigate to the location of a clipart or graphics file you like and select it. Your selection will now appear as your Company's logo. You can repeat this step to insert different graphic images.
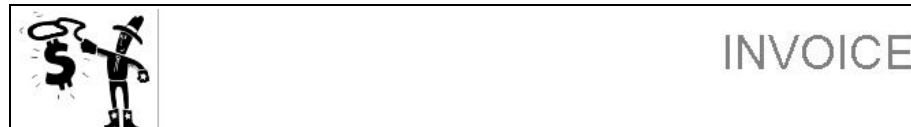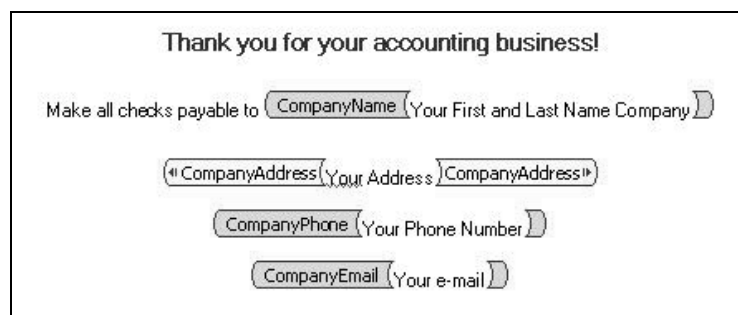
Step 9: Add a company slogan to your template by placing your mouse anywhere in the Your Company Slogan text box. The Your Company Slogan box is located just below your Logo. Type the following phase: **Accounting is the language of business!** Then format as you want.

Step 10: Scroll to the lower part of the template to modify it.

Step 11: Add your **first and last name Company, address, phone number, and e-mail** information, as well as your thanks for the **accounting** business. Compare your modifications to the following screenshot. Remember to remove the brackets as you enter your information. Delete the Fax field and tags.

Step 12:   Uncheck the Show XML tags in document check box and view
           the layout and how information will be displayed in your
           finished invoice template. When you are satisfied, click Save.

Step 13:   Print your customized Invoice.

Step 14:   Return to the MOA Manage Microsoft
           Word Template dialog box and Click
           Refresh. (Click OK to any Privacy
           Warnings.) Your customized Invoice will
           appear in the list of available templates.

Step 15:   Click Close to return to the MOA
           desktop.
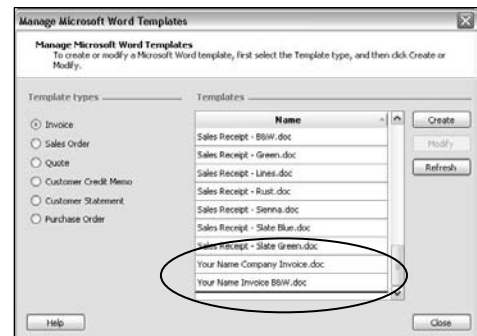
MODIFYING A PURCHASE ORDER TEMPLATE

Step 1: From the Company menu, select Manage Word Templates.

Step 2: In the Manage Word Templates dialog box, for Template types select Purchase Order. Scroll down Templates Name to highlight Purchase Order - Lines.doc to select it. Click Modify.
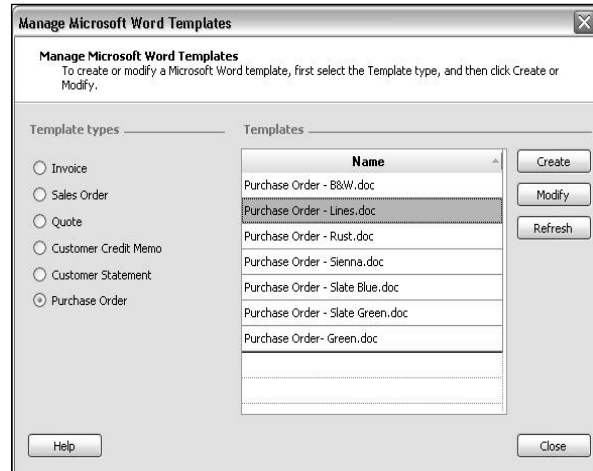
Step 3: In a few moments, Office Word opens and displays the Purchase Order – Lines (Read-only) document. Since templates are write-protected by default, you must first rename the template before you can edit or customize it.

Step 4: From the File menu, select Save As. For file name, type **Your Name Purchase Order - Lines**. Click Save.

Step 5: A warning box may appear. Read and click OK.

Step 6: Add a graphic or clipart to your purchase order by placing your mouse in the Your Logo Here placeholder.
On your toolbar, select Insert; Picture, and either From File or Clip Art. Navigate to the location of a clipart or graphics file you like and select it. Your selection will now appear as your Company's logo.
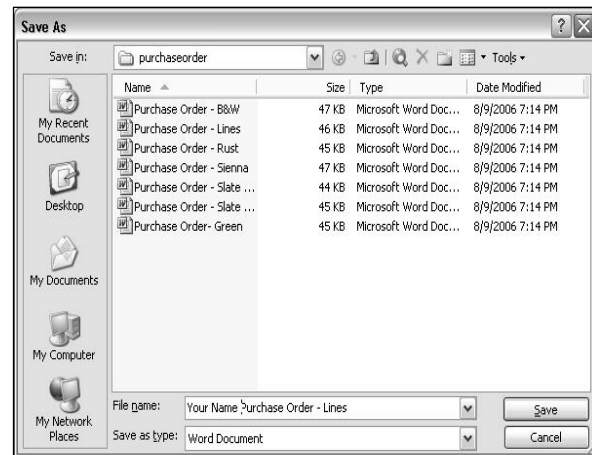
Step 7:   Add a company slogan to your template, place your mouse anywhere in the Your Company Slogan text box. The Your Company Slogan box is located just below your Logo. Type the following phase: **Accounting is the language of business!** Then format as you want.

Step 8:   Modify the Ship To fields to show **your first and last name Company, your address, and your phone number** information. Remember to remove the brackets as you enter your first and last name Company, your address, and your phone number.

Step 9:   Modify your purchase order instructions located at the bottom of the form to show **your first and last name Company, your address, and your phone number**. Delete the Fax field. Compare yours to the one shown here. Remember to remove the brackets as you enter your information.

Step 10:   Modify the bottom of your purchase order form to show **your first and last name Company, your address, your phone number, and your email**. Delete the Fax field.

Step 11: Compare your Purchase Order to the one shown below. When you are satisfied, click Save.

Step 12: Print your customized Purchase Order.

Step 13: Return to the MOA Manage Microsoft Word Template dialog box and Click Refresh. (Click OK to any Privacy Warnings.) Your customized Purchase Order will appear in the list of available templates.

Step 14: Click Close. You return to the MOA desktop.

PROJECT 5
CHECKLIST OF PRINTOUTS
Invoice
Purchase Order

Project

6 Student-Designed Project

You have completed four projects: Fargo Medical Center, Student-Designed Service Business, Neymark's Sporting Goods, and Student-Designed Merchandising Business. In each project you completed the computer accounting cycle.

It is the purpose of Project 6, to have you write the next month's transactions for one of the projects. You pick the project and complete the accounting cycle— Project 1, Fargo Medical Center; Project 2, Student-Designed Service Business; Project 3, Neymark's Sporting Goods; or, Project 4, Student-Designed Merchandising Business. At the end of your month's transactions, complete adjusting entries.

Good luck! It is your turn to create the transactions for another month and complete the computer accounting cycle. Remember to back up periodically.

Appendix

A   Troubleshooting

Appendix A includes troubleshooting tips for Microsoft Office Accounting 2007 (MOA). These troubleshooting tips are included on the textbook website at www.mhhe.com/yachtmoa.

The Troubleshooting tips in Appendix A include the following:

BACKUP/RESTORE

A. What if your computer does *not* have the appropriate .sbc file in the Companies folder? (When a company is created in MOA, the extension .sbc is added to the company name.)

 If you need to transport data to another computer, *or*, the computer you are using in the lab does *not* have the company set up, use the steps shown below to restore data and set up the company at the same time. (*Hint:* Detailed steps for backing up, locating the backup file, and restoring are in Chapter 1, pages 21-28.)

 1. Start MOA. If necessary, select File; Close Company.
 2. From the Start – Microsoft Office Accounting 2007 window, link to Restore a backup.
 3. In the Backup filename field, browse to the location of the backup file.
 4. In the Restore backup file to field, click [Browse ...].
 5. In the File name field, type the name of the company. Click [Save].
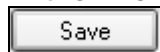
6.   When the window appears that says the company does not exist.? Do you want to create it?, click [Yes]. This sets up the .sbc file in the Companies folder. When an MOA company is set up and saved, .sbc is automatically added as the extension.)

B.   What should I do if I receive an error message when I try to restore an .sbb backup file?

1.   Exit MOA.
2.   Start MOA. When restoring backup files, remember to link to Restore a Backup from the startup menu. To go to the startup menu, from MOA's menu bar select File; Close Company. This takes you to the Start – Microsoft Office Accounting 2007 window. Link to <u>Restore a backup</u>.
3.   In the Backup filename field, browse to the location of the backup file.
4.   In the Restore backup file to field, click [Browse ...].
5.   Select the appropriate company name. (Or, type the company name if it does *not* exist on the computer you are using.)
6.   Complete the steps to restore the file. (Detailed steps for restoring files are in Chapter 1, pages 25-28.)

C.   Where are my backup files?

MOA's default location for backup files is: My Documents\Small Business Accounting\Backups. Backup files end in the extension, .sbb. If a Backups folder does *not* exist, the authors suggest you create one. You may also backup to the desktop; other hard drive or network location; or external media.

The location of the My Documents folder is:

C:\Documents and Settings\Computer Name[this could be identified as Administrator or your first and last name]\My Documents\Small Business Accounting.

D.   Where are my company files?

MOA's default location for company files is: My Documents\Small Business Accounting\Companies. Company files end in the extension, sbc.

E. Can I restore an Small Business Accounting 2006 zipped Backup File to Microsoft Office Accounting 2007?

Yes. Follow the steps shown.
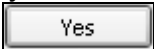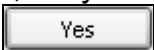
1. Start Microsoft Office Accounting. If a company opens, select File; Close Company.
2. From MOA's startup window, select Restore a backup.
3. In the Backup filename field, click Browse ... .
4. In the Files of type field, select Version 1.0 Backup Files (*.zip).
5. In the Look in field, go to the location of your Small Business Accounting 2006 backup files. (Small Business Accounting 2006 backup files end in the extension .zip).
6. Select the file you want to restore.
7. When the window prompts you to convert the file to Microsoft Office 2007 follow the screen prompts to do that.
8. If necessary type the appropriate company name in the Restore backup file to field.
9. Open the appropriate company.

CHANGE THE FISCAL YEAR

In Chapter 8, you set up a service business for the fiscal year 2007. Then you record transactions for the fourth quarter of 2007. In Chapter 9, pages 300-301, you record transactions for January 2008. In order to record transactions for January 2008, you need to change the fiscal year from 2007 to 2008.

1. From the menu bar, select Company; Manage Fiscal Year.

2. Click Change Start Date... .

3. Select or type **1/1/2008** in the Start date field

Change Start Date

Please enter a new start date.

* Start date: 1/1/2008

Help   OK   Cancel

4. Click ⬚ OK .

5. When the window prompts, This will create all necessary fiscal years to include the selected start day. Do you want to continue?, click ⬚ Yes .

6. When the window prompts, Do you want to set the first valid posting date to the new start date?, click ⬚ Yes .

7. Close the Manage Fiscal Year window.
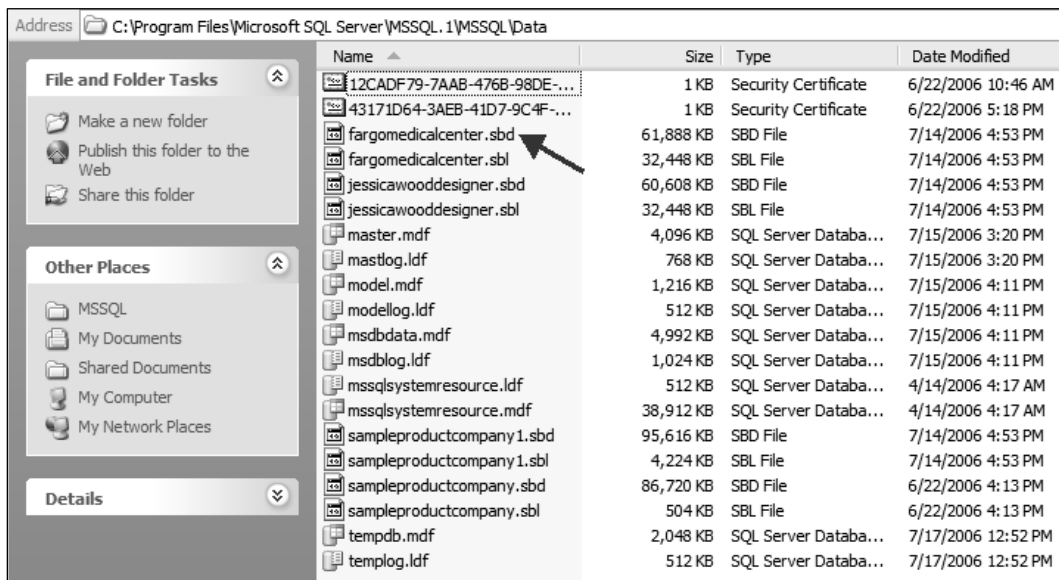
IDENTIFY THE COMPANY DATABASE

What is the company database path for Microsoft Office Accounting?

1. From the Windows desktop, double-click My Computer. Go to C:\Program Files\Microsoft SQL Server\MSSQL.1\MSSQL\Data.

2. The database files for MOA companies are identified with two extensions:

   .sbd – Small Business Database
   .sbl – Small Business Log

ATTACH DATABASE

Go to the help window, in the Search field type **attach**, then List Topics. Read the information on this window to learn how to attach the database file.

Attach Database dialog box: options and information

In the Attach Database dialog box, you can attach a database by selecting a data file, providing a name for it, and then attaching it to Microsoft Office Accounting.

To open the Attach Database dialog box, point to Utilities on the File menu, and then click Data Utilities. On the Accounting 2007 Data Tools dialog box, click the Advanced tab, and then click Attach.

> Data file to attach: To select a small business data (.sbd) file to attach to MOA, click ⬚ Browse ... ⬚. (Go to C:\Program Files\Microsoft SQL Server\\MSSQL.1\MSSQL\data.
>
> Corresponding log file: After you select a data file to attach to MOA, the data file's corresponding small business log (.sbl) file appears in this field. The log file is located in the same folder as the data file.
>
> Database name: After you select a data file to attach to MOA, a default name appears in this field. You can edit this name.
>
> Create new company file (.sbc) that links to this database: To create a new small business company (.sbc) file that links to the database, select this check box.
>
> Attach: Click to attach the database to MOA.

DELETE A COMPANY DATABASE

There are two ways to delete a company database.

1. From File; Utilities, Data Utilities.
2. From the Microsoft Office Accounting 2007 startup window.

If you want to remove a company from Microsoft Office Accounting, delete the data file and then delete the associated company file, which is stored by default

in the My Documents\Small Business Accounting\Companies folder of the administrator who set up your company in Microsoft Office Accounting.

Note: You cannot delete a company database when it is in use. If you want to delete an open company file, you must close it first.

You must have administrator access to delete a company.

To delete the data file:

1.   On the File menu, select Utilities; Data Utilities.

2.   In the Data Tools dialog box, under Delete a company, click | Delete |.

Note: If the Delete command appears dimmed, it is unavailable. You do not have sufficient access to use it.

3.   In the Delete a Database dialog box, select the file name.

Note: You cannot delete the database that is currently open. Select File; Close company to close the open company.

4.   Click | Delete |.
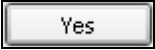
5.   To confirm, click | Yes |.

6.   To close the dialog box, click | Close |.
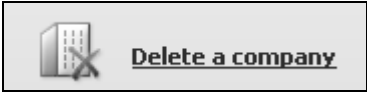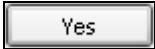
7.   To exit, click | Close |.

To delete the associated company file:

1.   Log in to Windows as the Administrator who installs and sets up the software.
2.   On the Start menu, point to Documents, and then click My Documents.
3.   Click the Small Business Accounting folder to open it.
4.   Click the Companies folder to open it.
5.   Select the company file name.

---

6. On the File menu, click [Delete].
7. To confirm, click [Yes].

How do I delete a company from the Microsoft Office Accounting 2007 Startup window?

1. Start MOA. If a company starts, click File; Close.
2. From the Microsoft Office Accounting 2007 start up window, link to

   [🏢✗ **Delete a company**].

3. The Look in Field shows the Companies folder. (If *not*, go to the location of your company files. Company files end in the extension, sbc.)
4. Double-click on the file you want to delete. When the window prompts, Are you sure you want to delete the selected company and the associated

   database?, click [Yes].
5. To check that the company is deleted, from the Start – Microsoft Office

   Accounting 2007 window link to [🏢 **Open an existing company**]. The company is not listed.

DELETE MICROSOFT OFFICE ACCOUNTING 2007

To delete Microsoft Office Accounting 2007, do the following:

1. Make a backup of any data files that you have created.

2. Exit Microsoft Office Accounting.

3. From the Start menu, select Control Panel, then Add or Remove Programs.

4. Select Microsoft Office Accounting 2007 from the list; then click Add/Remove Programs.

5. Select [Change/Remove] to confirm that you want to remove the Microsoft Office Accounting program files. (If necessary, click Yes to All to delete shared files.)

6. Select the Microsoft Small Business Connectivity Components. Click Remove.

7. Delete the Small Business Accounting folder. (The default location is My Documents.)

8. Empty the Recycle bin.

Appendix B

Review of Accounting Principles

Appendix B is a review of basic accounting principles and procedures. Standard accounting procedures are based on the double-entry system. This means that each business transaction is expressed with one or more debits and one or more credits in a journal entry and then posted to the ledger. The debits in each transaction must equal the credits.

The double-entry accounting system is based on the following premise: each account has two sides–a debit (left) side and credit (right) side. This is stated in the **accounting equation** as:

Assets = Liabilities + Equities

Assets are the organization's resources that have a future or potential value. Asset accounts include: Cash, Accounts Receivable, Office Supplies, Prepaids, Inventory, Investments, Equipment, Land, Buildings, etc.

Liabilities are the organization's responsibilities to others. Liability accounts include: Accounts Payable, Notes Payable, Unearned Rent, etc.

Equities are the difference between the organization's assets and liabilities. Equity accounts for organizations that are sole proprietorships or partnerships include: Capital and Withdrawals. Equity accounts for organizations that are corporations include contributed capital accounts like Common Stock which represent external ownership and Retained Earnings which represent internal ownership interests. Temporary equity-related accounts known as revenue and expense accounts recognize an organization's income producing activities and the related costs consumed or expired during the period.

Since assets are on the left side of the accounting equation, the left side of the account increases. This is the usual balance, too; assets increase on the left side and have a debit balance. Liabilities and Equities accounts are on the right side of the equation. Therefore, they increase on the right side and normally carry credit balances.

Another way to show the accounting equation and double-entry is illustrated below.

ASSETS

+	-

LIABILITIES

-	+

EQUITIES

-	+

EXPENSES		REVENUES	
+	-	-	+

Each element of the accounting equation, Assets, Liabilities, and Equities, behaves similarly to their placement in the equation. Assets have debit balances; Liabilities have credit balances; Equities have credit balances; Expenses have debit balances because they decrease equity; and Revenues have credit balances because they increase equity.

In computerized accounting it is important to number each account according to a system. This is called the Chart of Accounts. The Chart of Accounts is a listing of all the general ledger accounts. The MOA chart of accounts shows the account number, Name, Type (this classifies the accounts for financial statements) and Balance. To see the chart of accounts, from the menu bar select Company; Company Lists, Chart of Accounts. If necessary, widen the columns to see the Name, Type, or Balance Total columns. A partial chart of account is shown on the next page for Neymark's Sporting Goods.

Chart of Accounts

	Active	No.	Name	Type	Balance
			Add a new Account		
	✓	1005	Undeposited Funds	Cash Account	$0.00
	✓	1010	Portland Bank	Bank	$87,635.72
	✓	1100	First Savings & Loan	Bank	$15,000.00
	✓	1200	Accounts Receivable	Accounts Receivable	$0.00
	✓	1230	Deposits	Other Current Asset	$0.00
	✓	1240	Federal Income Tax Receivable	Other Current Asset	$0.00
	✓	1250	Inventory-Mountain Bikes	Inventory Asset	$2,100.00
	✓	1255	Inventory-Road Bikes	Inventory Asset	$1,275.00
	✓	1260	Inventory-Children's Bikes	Inventory Asset	$360.00
	✓	1420	Interior	Fixed Asset	$0.00
	✓	1430	Furniture & Fixtures	Fixed Asset	$6,000.00
	✓	1450	Vehicle	Fixed Asset	$0.00
	✓	1460	Accumulated Depreciation	Fixed Asset	$0.00
	✓	1475	A/D-Interior	Fixed Asset	$0.00
	✓	1480	A/D - Furniture & Fixtures	Fixed Asset	$0.00
	✓	1490	A/D - Vehicle	Fixed Asset	$0.00
	✓	1730	Organization Costs	Other Asset	$500.00
	✓	1740	Accum. Amortization	Other Asset	$0.00
	✓	1810	Prepaid Insurance	Other Asset	$2,400.00
	✓	2000	Accounts Payable	Accounts Payable	$4,560.00
	✓	2010	Pending Item Receipts	Current Liability	$0.00
	✓	2050	Short-Term Notes Payable	Current Liability	$3,755.00
	✓	2200	Payroll Liabilities	Current Liability	$1,032.37
	✓	2205	Payroll Liabililty: S/S and Medicare	Current Liability	$382.50
	✓	2210	Payroll Liabililty: FUTA	Current Liability	$0.00
	✓	2215	Payroll Liabililty: State, Local	Current Liability	$95.87
	✓	2220	Payroll Liabililty: SUTA	Current Liability	$0.00
	✓	2225	Payroll Liabililty: Federal WH	Current Liability	$554.00
	✓	2230	Payroll Liabililty: Profit Sharing	Current Liability	$0.00
	✓	2235	Payroll Liabililty: Medical & Dental	Current Liability	$0.00
	✓	2240	Payroll Liabililty: Section 125	Current Liability	$0.00
	✓	2245	Payroll Liabililty: Union Dues	Current Liability	$0.00
	✓	2250	Payroll Liabililty: Other	Current Liability	$0.00

Report information in the form of financial statements is important to accounting. The Balance Sheet reports the financial position of the business on a specific date. It shows that assets are equal to liabilities plus equities—the accounting equation. The Profit & Loss shows the difference between revenue and expenses for a specified period of time (month, quarter, year). The Income Statement is another name for Profit & Loss. Microsoft Office Accounting tracks revenue and expense data for an entire year. At the end of the year when all revenue and expense accounts are closed, the resulting net income or loss is moved into the equity account, Retained Earnings. For corporations, the Statement of Retained Earnings shows this in the account's activity during the year. The Statement of Cash Flows reports the operating, financial, and investing activities for the period. It shows the sources of cash coming into the business and the destination of the cash going out.

The most important task you have is accurately recording transactions into the appropriate accounts. Microsoft Office Accounting helps you by organizing the software into Customer, Vendor, and Banking Home pages. By selecting the appropriate Home page and icon (for example, Banking—Write Checks, Make Deposit, Reconcile Account), you can record transactions into the right place using easy-to-complete forms. Once transactions are entered, Microsoft Office Accounting keeps this information in a database. Then the data is organized into journal entries or transaction listings, account or ledger activities, report preparation, and analysis.

One of the most important tasks is deciding how to enter transactions. Recording and categorizing business transactions will determine how Microsoft Office Accounting uses that information. For instance, observe that the chart of accounts shows Account 1010 – Portland Bank, classified as a Bank Type; Account No. 1200 Accounts Receivable is Accounts Receivable. The Type column classifies the account for the financial statements—Asset, Liability, and Equity accounts go on the balance sheet; Income, Cost of Goods Sold, and Expense accounts go on the Profit & Loss Statement.

As you work with Microsoft Office Accounting, you see how the accounts, recording of transactions, and reports work together to provide your business with the information necessary for making informed decisions.

Another important aspect of accounting is determining whether the basis for recording transactions is cash or accrual. In the cash basis method, revenues and expenses are recognized when cash changes hands. In other words, when the customer pays for their purchase, the transaction is recorded. When the resource or expense is paid for by the business, the transaction is recorded.

In the accrual method of accounting, revenues and expenses are recognized when they occur. In other words, if the company purchases inventory on April 1, the transaction is recorded on April 1. If inventory is sold on account on April 15, the transaction is done on April 15 *not* when cash is received from customers. Accrual basis accounting is seen as more accurate because assets, liabilities, revenues, and expenses are recorded when they actually happen.

The chart on the next page summarizes Appendix B, Review of Accounting Principles.

ACCOUNTING EQUATION:	Assets =	Liabilities +	Owners Equities +	Revenues –	Expenses
Definition:	Something that has future or potential value "resources"	Responsibilities to others "Payables" "Unearned"	Internal and External ownership	Recognition of value creation	Expired, used, or consumed costs or resources
Debit Rules: DR	Increase	Decrease	Decrease	Decrease	Increase
Credit Rules:CR	Decrease	Increase	Increase	Increase	Decrease
Account Types and Examples	**Current Assets:** Cash, Marketable Securities, Accounts Receivable, Inventory, Prepaids **Plant Assets:** Land, Buildings, Equipment, Accumulated Depreciation **Noncurrent Assets:** Investments, Intangibles	**Current Liabilities:** Accounts Payable, Unearned Revenue, Advances from Customer **Noncurrent or Long-term Liabilities:** Bonds Payable, Notes Payables, Mortgage Payable	**Sole Proprietor:** (both internal and external) Name, Capital; Name, Withdrawals **Partnership:** (both internal and external) Partner A, Capital; Partner A, Withdrawals, etc. **Corporation:** External: Common Stock, Preferred Stock, Paid-in Capital Internal: Retained Earnings, Dividends	**Operating Revenue:** Sales: Fees Earned, Rent Income, Contract Revenue **Other Revenue:** Interest Income	**Product/Services Expenses:** Cost of Goods Sold, Cost of Sales **Operating Expenses:** Selling Expenses, Administrative Expense, General Expense, Salary Expense, Rent Expense, Depreciation Expense, Insurance Expense **Other Expenses:** Interest Expense

	Assets		Liabilities		Owners Equities		Revenues		Expenses	
T-Account Rules	Acquire resources	Consume resources	Pay bills Recognize earnings	Buy on credit Receive cash or other assets before earning it	Internal: Net Loss External: Owners reduce ownership thru withdrawals or dividends	Internal: Net Income External: Investment made by owners in company	Sales returns Sales discount given	Sales Earned Income	Resources consumed expired used	
	increase	*decrease*	*decrease*	*increase*	*decrease*	*increase*	*decrease*	*increase*	*Increase*	*decrease*

Basic Financial Statements:

Income Statement
Revenue−Expense=Net Income (NI) or Loss (NL)
(Prepare first)

Statement of Equity
Beginning* + NI (or −NL) - (Dividends or Withdrawals) = Ending*
*for Sole Proprietors and Partnerships use "Capital" and Withdrawals
for Corporations use "Retained Earnings" and Dividends
(Prepare second)

Balance Sheet
Assets=Liabilities + Equities
(Prepare third)

Statement of Cash Flows
Operating+/-Investing+/-Financing+Beginning Cash=Ending Cash
(Prepare last)

Glossary

Appendix C lists a glossary of terms used in *Computer Accounting with Microsoft Office Accounting 2007*. The number in parentheses refers to the textbook page. Appendix C is also included on the textbook website at www.mhhe.com/yachtmoa, link to Student Edition, then Glossary.

accounting equation	The accounting equation is stated as assets = liabilities + owner's equity. (p. 519)
accounts payable	The money a company owes to a supplier or vendor. (p. 322)
accounts payable ledger	Shows the account activity for each vendor. (p. 352)
accounts payable transactions	Purchases of merchandise for resale, assets, or expenses incurred on credit from vendors. (p. 321)
accounts receivable	Money that is owed by customers to the business. (p. 380)
accounts receivable ledger	Shows the account activity for each customer. (p.380)
accounts receivable transactions	Credit transactions from customers. (p. 378)
assets	The economic resources and other properties that a business owns. (p. 519)
audit trail	The step-by-step record by which financial data can be traced to its source. (p. 182)

auto fill	A feature that automatically completed a field. (p. 146).
backing up	Saving your data to a hard drive location or external media. (p. 22)
balance sheet	Lists the types and amounts of assets, liabilities, and equity as of a specific date. (p. 238)
bill	A request for payment for products or services. (See invoice.) (p. 353)
chart of accounts	A list of a company's general ledger accounts. (p. 10; 141)
closing the fiscal year	Moving the expense and revenue accounts to retailed earnings. (p. 292)
compound transaction	An entry that affects three or more accounts. (p. 410)
content pane	Displays information on your company. (p. 9)
credit sales	Refers to sales made to customers that will be paid for later. (p. 385)
customers home page	From the customers home page, you can perform all the tasks related to customers and receivables. (p. 45)
customer invoice	A request for payment to a customer for products or services sold. (p. 380)
customer list	A list, accessed from the Customers or Company find list, on which you can find all customer records. (p. 48)
default	A predefined setting. You can accept the default option settings, or you can change them to suit your own preferences. (p. 23)

depreciation	The process of allocating the cost of fixed assets over their expected useful lives. (p. 465)
desktop	Depending on how your computer is set up, various icons appear on your desktop when you start Windows. (p. 5)
dialog box	A window that appears when the system requires further information. You type information into dialog boxes to communicate with the program. Some dialog boxes display warnings and messages. (p. 15)
double-entry accounting	For each business transaction, one or more debits and one or more credits must be made in a journal and posted to the ledger. The debits in each transaction must equal the credits. (p. 81)
drill down	The act of following a path to its origin for further analysis. In certain Microsoft Office Accounting reports, you can click transactions to drill down to the task window. For example, from financial statements, you can drill down to the general ledger report; then you can drill down to the task window. (p. 91)
ellipsis (...)	A punctuation mark consisting of three successive periods (...). Choosing a menu item with an ellipsis opens a dialog box. See glossary item, dialog box. (p. 15)
equity	The difference between the assets and liabilities or what the business has left after the debts are paid. (p. 519)
Extensible Markup Language (XML)	A technology to identify fields into which data can be inserted. The tags which surround the data add meaning and allow it to be processed as information. (p. 501)

external media	Examples of external media include floppy disks; CD-R; DVD-R; USB drive; Zip disks. External media of this type can be used for backing up Microsoft Office Accounting data. (p. 22)
find	The find list contains links to records and accounts for the company. (p. 10)
first-in, first-out (FIFO)	FIFO assumes that the oldest items are sold first. The cost of the oldest item is assigned to the first item sold, and the cost of the newest item is assigned to inventory. When using FIFO, the value of the inventory is close to its actual replacement cost. (p. 92).
general ledger	A collection of accounts that contains a company's complete financial information from which financial statement(s) can be derived. (p. 170)
graphical user interface (GUI)	Consists of procedures which enable you to interact with MOA. The key is the Windows environment: the menus, dialog boxes, and list boxes. A mouse simplifies use of the GUI, but it is not required. (p. 1)
icons	Small graphic symbols that represent an application or command. Icons appear on the screen when Windows programs are used: file folder, eraser, clock, hour-glass, etc. (p. 1)
Internet	The worldwide electronic communication network that allows for the sharing of information. To read about the differences between the Internet and the World Wide Web, go to www.webopedia.com/DidYouKnow/Internet/2002/Web_vs_Internet.asp. (p. 33)

internal control	An integrated system of people, processes, and procedures that minimize or eliminate business risks, protect assets, ensure reliable accounting, and promote efficient operations. (p. 180)
inventory item	A product that is purchases for sale and is tracked in a merchandise inventory account. (p. 337)
invoice	A request for payment to a customer for products and/or services sold.. (See bill.) (p. 63; 353)
item list	Shows information about inventory items including names, numbers, descriptions, types, prices, and stock status. (p. 55; 340)
liabilities	The business's debts. (p. 519)
menu bar	A horizontal bar below the title bar on a window that contains the names of menus. (p. 8)
MOA	Acronym (abbreviated name) for Microsoft Office Accounting. (p. 1).
modem	The word modem is an abbreviation of Modulator/Demodulator. A modem is a device that translates the digital signals from your computer into analog signals that can travel over telephone lines. There are also DSL (digital subscriber lines), wireless, and cable modems, as well as T-1 lines for faster connections. (p. 33)
mouse	A pointing device that is used to interact with images on the screen. The left mouse button is used in MOA. (p. 1)

navigation pane	The pane on the left side of the MOA window that includes the Start a Tasks list, the Find List, and the navigation buttons. (p. 9)
navigation buttons	Links in the Navigation Panel for the home pages: Company, Customers, Vendors, Employees, Banking, and Reports. (p. 10)
net income	A net income results when revenues (income) exceed expenses. (p. 164)
net loss	An excess of expenses over revenues (income) results in a net loss. (p. 164)
perpetual inventory	In a perpetual inventory system, an up-to-date record of inventory is maintained. Each time a sales or purchase is made, the inventory account is updated. (p. 71).
posting	The process of transferring information from the journal to the ledger. In MOA, when you save an entry, you are posting to the ledger. (p. 219).
physical inventory worksheet	A printable form that you can use to take a physical count of inventory. (p. 92)
purchase order	A request from a company to pay vendor, usually for purchasing stock items. A purchase order can be sent to the vendor or used internally by the company. (p. 95)
quote list	A list, accessed from the customers find list, on which you can find all quotes. (p. 60)
received payment list	A list that shows details about the payments received from customers. (p. 66)
restore	Previously backed up data can be restored or retrieved. (p. 22)

sales order	A sales agreement between a company and a customer. In MOA, a sales order can be created from a quote and converted to an invoice. It can be used for a back order and partial invoicing and as a work order in service-based companies. (p. 62)
shortcut keys	Enable you to perform some operations by pressing two or more keys at the same time. For example <Ctrl> + <1> goes to the Company home page. (p. 4)
source documents	Written evidence of a business transaction. Examples of source documents are sales invoices, purchase invoices, and a check register. (p. 67, 221)
start a task	The start a task list contains links to help manage company. (p. 10)
statement of financial position	Another name for balance sheet. (See balance sheet). (p. 238)
system date	Today's date or the current date. (p. 250)
taskbar	In Windows XP, the Start button and taskbar are located at the bottom of your screen. (p. 9)
title bar	The top line of every window is a bar which contains the name of the application or menu in that window. (p. 8)
toolbar	A horizontal bar at the top of a software program window that contains buttons and options you can use to carry out commands. If a button appears dimmed, it is unavailable. (p. 8)

trackball	A device that works like a built-in mouse. (p. 1)
transactions	A deposit, a withdrawal, or another exchange that changes the financial position of a business. Transactions are recorded in a journal and are then posted to a ledger. (p. 67)
unearned revenue	A liability account used to report advance collections from customers. (p. 286)
undeposited funds	Account No. 1005, Undeposited Funds, is a cash account for amounts received from customers but not yet deposited to the bank account. (p. 65; 397)
vendors	A person or company from whom your company buys products or services. (p. 321)
vendor list	Shows information about vendors and the current balance owed. (p. 85)
WIMP	The acronym, WIMP, stands for Windows, Icons, Menus, and Pull-downs. This acronym is used to describe the way personal computer software looks and works. (p. 2)
windows	A visual (instead of typographic) format for computer operations. (p. 1)
World Wide Web (WWW)	A way of accessing information over the Internet. To read about the differences between the Internet and the World Wide Web, go online to www.webopedia.com/DidYouKnow/Internet/2002/Web_vs_Internet.asp. (p. 33)

Index