Automated Accounting Instructions for a Merchandising Company

First, look over the chart of accounts. It is located at the bottom of the middle column. It is pretty much of a standard chart of accounts for companies that sell merchandise. If you hover over the name of the account, you will see what type of account it is: asset, liability, stockholders’ equity, revenue or expense and the type of balance debit or credit. The software is programmed to know the type of account and whether it has a debit or credit balance. All accounts appear on the trial balance. Only asset, liability, stockholders’ equity accounts appear on the balance sheet. Expense accounts, cost of goods sold, and revenue accounts appear on the income statement. Common stock and retained earnings appear of the stockholders’ equity report. When entering numbers into the application, you can either backspace once to erase the zero or just enter your number. Do not just leave a field blank, however, without a 0 or a number or you will get an error( NAN), not a number when you click the Post All Accounts button. If this happens, just enter 0 in the field, or correct the number, then click on the Post to All Accounts button again.

The owners have invested $85,000 of their own money in the business. They have also obtained a loan for $150,800 which they plan to use to purchase merchandise inventory, furniture and fixtures and office equipment.

Use the automated accounting program for a merchandising business to enter these transactions as well as transactions for their first month of operation.

Recording opening balances

1. Cash beginning balance is 235,800
2. Common Stock beginning balance is 85,000
3. Note Payable beginning balance is 150,800
4. Click Post All Accounts button to see if your trial balance is in balance.
5. What is your trial balance total? \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
6. What are your total assets? \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
7. What are your total liabilities? \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Purchasing items

1. Cash credit 150,800. Use the first credit posting field
2. Merchandise Inventory beginning balance 100,000
3. Furniture and Fixtures beginning balance 47,000
4. Office Equipment beginning balance 3,800
5. Click Post All Accounts button to see if your trial balance is in balance.
6. What is your trial balance total? \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Cash Sales for the month

1. Debit Cash 327,169.60. Use the first debit posting field.
2. Credit Sales 316,270.01 Use the beginning balance field.
3. Credit Sales Tax Payable 10,899.59 Use the beginning balance field.
4. What is your trial balance total? \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Charge Sales for the month

1. Credit Sales 17,302.75. Use the first credit posting field.
2. Debit Accounts Receivable 18,686.97. Use the beginning balance field.
3. Credit Sales Tax Payable 1,384.22. Use the first credit posting field.
4. What is your total revenue at this point? \_\_\_\_\_\_\_\_\_\_

Purchases on Account

1. Debit Purchases 60,000. Use the beginning balance field
2. Credit Accounts Payable 60,000. Use the beginning balance field.
3. What is your trial balance total? \_\_\_\_\_\_\_\_\_\_\_\_\_\_

Salary Transactions

1. Debit Salary Expense 119,166.67. Use the debit posting field.
2. Credit Cash 82,570.21. Use the second credit posting field.
3. Credit Federal Income Tax Payable 20,497.70. Use the beginning balance field.
4. Credit FICA Tax Payable 7,388.33. Use the beginning balance field.
5. Credit Medicare Tax Payable 1,727.97 Use the beginning balance field.
6. Credit State Income Tax Payable 6,267.50 Use the beginning balance field.
7. Credit State Disability Insurance 595.83. Use credit posting field.
8. What is your trial balance total? \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Employers share of Payroll taxes

1. Debit Payroll Taxes Expense 14,020.08 Use debit posting field
2. Credit FICA 7,388.33 Use credit posting field.
3. Credit Medicare 3,455.84 Use credit posting field.
4. Credit FUTA 953.34. Use beginning balance field.
5. Credit SUTA 4.051.67. Use credit posting field.

Cash Payments

1. Credit Cash 133,439.44. Use the third credit posting field.
2. Debit Notes Payable 655.54 Use the debit posting field.
3. Debit Sales Tax Payable 10,899.59 Use the debit posting field.
4. Debit Purchases 60,858.42 Use debit posting field.
5. Debit Advertising Expense 1,000.00. Use the debit posting field.
6. Debit Delivery Expense 25.00. Use the debit posting field.
7. Debit Insurance Expense 812.50. Use the debit posting field.
8. Debit Interest Expense.1,508.00. Use the debit posting field.
9. Debit Misc. Expense 200.00. Use the debit posting field.
10. Debit Repairs Expense 350.00 Use the debit posting field.
11. Debit Supplies Expense 135.00. Use the debit posting field.
12. Debit Alterations Expense 459.25. Use the debit posting field.
13. Debit Rent Expense 3,750. Use the debit posting field.
14. Debit Utilities Expense 2,187.50. Use the debit posting field.
15. Debit Federal Income Tax Payable 20,497.70. Use the debit posting field.
16. Debit FICA 14,776.66. Use the debit posting field.
17. Debit Medicare Tax Payable 3,455.84. Use the debit posting field.
18. Debit FUTA 953.33. Use the debit posting field.
19. Debit State Income Tax Payable 6,267.50. Use the debit posting field.
20. Debit SUTA 4,051.67. Use the debit posting field.
21. Debit State Disability Insurance 595.83. Use the debit posting field.
22. What is your trial balance total? \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
23. What is your total expense total? \_\_\_\_\_\_\_\_\_\_\_\_

Adjusting Entries

1. Debit Merchandise Inventory 50,502.92 use the debit posting field. This is your ending inventory.
2. Debit Depreciation Expense 491.12. use the debit posting field.
3. Credit Accumulated Depreciation Furniture and Fixtures 375.00. Use the credit posting field.
4. Credit Accumulated Depreciation Office Equipment 116.12. Use the credit posting field.

What is your trial balance total? \_\_\_\_\_\_\_\_

What is the total Revenue? \_\_\_\_\_\_\_\_\_

Total Expenses? \_\_\_\_\_\_\_\_\_\_\_\_\_

What is your Net Income? \_\_\_\_\_\_\_\_\_

Total Assets? \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Total Liabilities? \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Total Liabilities and Stockholders’ Equity? \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_