Chapter 9
Maintaining Accounting Records for Service Businesses
This diagram illustrates how Peachtree processes data. After journalizing and posting, ledgers and financial statements follow.
Chapter 9 begins Part 2 of the book—Peachtree Complete Accounting 2008 for Service Businesses. In this part of the book, you are the owner of an accounting practice that does the monthly record keeping for several service businesses.

In Chapter 9, you maintain the accounting records for two service businesses—Jon Haney Design and the end-of chapter exercise, Your Name, Designer. You set up a business using one of PCA’s sample companies. Then, you complete the computer accounting cycle for the month of October.
Software Objectives, p. 251

- Set up company information for Jon Haney Design.
- Select a sample company.
- Edit the chart of accounts.
- Enter chart of accounts beginning balances.
- Use Windows Explorer to see the company’s file size.
- Record and post transactions in the cash receipts and cash disbursements journals.
- Complete account reconciliation.
- Preview the general ledger trial balance.
- Preview the cash account register.
- Print financial statements.
- Make four backups: 1) back up Chapter 9 beginning data; 2) back up October data; 3) back up Exercise 9-1; 4) back up Exercise 9-2.
Web Objectives, p. 251

Use your Internet browser to go to the book’s website. (Go online to www.mhhe.com/yacht2008).

Go to the Internet Activity link on the book’s website. Then, select WEB EXERCISES, PART 2. Complete the first web exercise in Part 2, Starting a Business.

Use a word processing program to write summaries of the websites that you visited.
The chart of accounts beginning balances must be set for the preceding month—September 1 through 30, 2008. See Entering Chart of Accounts Beginning Balances text pages 267 through 271. Specifically, review steps 2, 3, and 4 on page 269.

The businesses that you set up in Chapter 9 are continued in Chapters 10.

Remember to use a unique name for the businesses that you set up in Chapter 9. For example, you may use your first and last name to identify these businesses.

When a company is set up in Peachtree, a shortened named is assigned for that company; for example, the shortened company name for Jon Haney Design is jonhande. The hard drive location of Jon Haney Design is C:\Program Files\Sage Software\Peachtree\Company\jonhande. (If a unique name is used, the shortened company name will differ.)

See detailed steps for Using Windows Explorer to see the file size on text pages 275 and 276.
You can restore to an existing company—one that is previously set up—or restore a new company, bypassing the process of creating a new company. The Restore Wizard includes two options on the Select Company window: An Existing Company and A New Company. If A New Company is selected, then the company will be named exactly as the backup file selected.

Let’s say you want to restore a backup file for a company that is not set up in Peachtree; for example, a back up file exists but the company is not shown as a Peachtree company.

If you start Peachtree and the appropriate company cannot be opened, use the Restore Wizard to select A New Company. Using the appropriate backup file, and the selection for A New Company, you can start where you left off the last Peachtree was used.
In the textbook, detailed steps are shown for backing up to Peachtree’s default hard drive location: C:\Program Files\Sage Software\Peachtree\Company\jonhande [or, your company’s shortened name]. The chart on page 248 shows the size of the backup files. The textbook steps explain how to backup to external media such as CD-Rs, DVD-Rs, Zip disks, and USB media.

<table>
<thead>
<tr>
<th>Backup Name</th>
<th>Kilobytes</th>
<th>Page Nos.</th>
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<tbody>
<tr>
<td>Chapter 9 Begin.ptb</td>
<td>1,344 KB</td>
<td>277-279</td>
</tr>
<tr>
<td>Chapter 9 Check Register.ptb</td>
<td>1,367 KB</td>
<td>291</td>
</tr>
<tr>
<td>October (optional)</td>
<td></td>
<td></td>
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<tr>
<td>Chapter 9 October</td>
<td>1,376 KB</td>
<td>305</td>
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<tr>
<td>Exercise 9-1</td>
<td>921 KB</td>
<td>313</td>
</tr>
<tr>
<td>Exercise 9-2</td>
<td>936 KB</td>
<td>317</td>
</tr>
</tbody>
</table>
Chapter 9 Topics

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New Company Setup – Introduction, p. 252

Start Peachtree. (If a company opens, click File; Close Company.) At the Peachtree Accounting startup window, click Create a new company. Read the information on the Create a New Company - Introduction window.

Click <Next>. The Company Information window appears. Type the company information shown on page 252.
Check the information you typed. Make sure you use your first and last name so that your name will appear on all printouts.

Click on <Next.>
Accept the default for Use a sample business type that closely matches your company.

Click on <Next.>
Read the information about selecting a business type. If necessary, select Service Company (in the Simplified types list).

Click <Next.>
New Company Setup – Accounting Method, p. 255

- Accept the default for Accrual.

- Click on <Next.>
New Company Setup – Posting Method, p. 255

- Accept the default for Real Time posting.

- Click on <Next.>
New Company Setup – Accounting Periods, p. 256

Accept the default for 12 monthly accounting periods.

Click on <Next.>
Complete step 10 on page 256. Make sure that your window matches the one shown after step 10 on page 256. The information cannot be changed later.

Click on <Next.>.
New Company Setup – Finish, p. 257

- Read the information on this window.

- Click <Finish>.
The Setup Guide window appears.

Click on the box next to Don’t show this screen at startup to put a checkmark in it -  

Click  . The Peachtree Accounting: Jon Haney Design window opens. Review the information on the Business Status page which is also called Peachtree’s dashboard. The Peachtree Accounting: Jon Haney Design, Business Status page is shown on slide 23.
Change Accounting Periods, p. 258

- On the Business Status’s toolbar, check the Period button. Period 10, October 2008, is the first month that transactions are recorded for Jon Haney Designer.

- On the toolbar, click . The Change Accounting Period window appears. Refer to step 15, on page 257.
Shortened name for Jon Haney Design, p. 259

- A folder is set up on the hard drive for Jon Haney Design—C:\Program Files\Sage Software\Peachtree\Company\jonhande.

- Peachtree’s shortened name is the first three letters from the first word (jon), the second word’s first three letters (han), the third word’s first two letters (de).

- If you used your first and last name, the shortened name will differ.
From the menu bar, select Maintain; Company Information.

Compare the fields shown to the company information entered on text page 253. They should agree.

Notice that the Directory field on the Maintain Company Information window shows the program and data path where the company is located on your computer—C:\Program Files\Sage Software\Peachtree\Company\jonhande. (If you used your first and last name, Peachtree’s shortened name will differ.)

Click OK to close the Maintain Company Information window. Continue with the Chart of Accounts section on p. 260.
From the Business Status page, link to View Account List. In the Account ID field, click on the magnifying-glass icon. Double-click on Account No. 1150 Allowance for Doubtful Account.

Click on the Delete icon. Then, select <Yes>. Complete the steps on pages 260 through 265 to delete, change, and add accounts. Compare your chart of accounts to the one shown on page 266.
Entering Chart of Accounts
Beginning Balances, pages 267-269

Follow steps 1-3 on pp. 268 and 269 to select the beginning balance period. (The Select Period window is shown below step 3 on p. 269).

Make sure you have selected From 9/1/08 through 9/30/08. You cannot change this later. Then, click on <OK>.
Make sure that your beginning balances are as of **September 30, 2008**. If you enter your balances for the wrong month (period), your financial statements will not show the current month and year-to-date amounts correctly.

Complete steps 6 - 8, pp. 270-272.
The balance sheet shown on page 273 represents the beginning balances for Jon Haney Design.

Compare your balance sheet amounts to those shown on page 273.
Go to Windows Explorer. Double-click on the folder for Peachtree. The default program and data path is C:\Program Files\Sage Software\Peachtree\Company.

Right-click on the folder for jonhande. Left-click on Properties. This window is shown on p. 275.

Read p. 276.
After setting up a company and modifying the chart of accounts, back up the data.

Read the information on pages 276 and 277. Then, follow the steps on pages 277-280 to back up Chapter 9’s beginning data.

The suggested file name for backing up is Chapter 9 Begin.
After completing new company setup, editing the chart of accounts and recording beginning balances, you backed up (saved) company information. In order to start where you left off the last time you backed up, use the Restore Wizard. Review the information in the Read Me box on page 281 about restoring data. Then, complete the steps on pages 281 through 283 to restore data.
Maintain Global Options, pp. 283-284

From the menu bar, click on Options, Global. Make sure the box next to Recalculate cash balance automatically in Receipts, Payments, and Payroll Entry has a check mark next to it.

Click <OK>. When you use Receipts and Write Checks, make sure that the check register’s balance agrees with the cash balance shown on the check register. Refer to the partial check register on p. 284.
Select a Cash Account, p. 284

From the menu bar, select Tasks, then Receipts. Click on the down arrow, then select Checking Account from the drop-down list.

Click <OK>. The Receipts window appears.
Steps 3 – 13, pp. 283-285

Complete steps 3 through 13 on pages 283-285.

Then compare your window to the one shown after instruction 13 on page 286. This is also the next slide.
After completing steps 3-13 on pp. 283-285, the completed Receipts window appears.

Click Save to post. Read steps 14 and 15 on page 286.
After completing steps 1 – 8 on pages 287 and 288 the completed Write Checks window appears.

Click Save to post. Read steps 9, 10, and the Comment on pages 289 -290. Then, continue with the work on pages 290 and 291.
After following steps 1-6 on pages 293-294, account reconciliation is completed. (The Account Reconciliation window is shown on p. 294.)

Click OK when you are finished.
After completing steps 1 and 2 on page 295, the Account Register appears showing all your entries.

The Account Register lists payments and receipts similarly to the check register on pages 290-291. Read a., b., c and d. on page 296 to use drill-down.
After completing the steps shown on pages 294 and 295, the Cash Account Register is shown.

Read the information and follow the steps on pp. 297-298.
Printing the Cash Receipts Journal, p. 298

- From the menu bar, select Reports & Forms; Accounts Receivable.
- Double-click Cash Receipts Journal.
- Compare your cash receipts journal to the one shown on p. 298.
The Select a Report or Form window should be displayed. In the Report Area, highlight Accounts Payable.

Scroll down the Report List. Click on Cash Disbursements Journal to highlight it.

Click on the Print icon. Make the selections to print.

Compare your printout to the Cash Disbursements Journal shown on page 299.
Click on Tasks, then Receipts. Click on the icon. Double-click the deposit you want to edit. Make any necessary changes, then click on Save to post.
Displaying the General Ledger Trial Balance, pp. 301-302

Follow the steps on p. 301 to display the general ledger trial balance.

Compare your display with the general ledger trial balance shown on p. 301.

Read page 302.
Follow the steps on pp. 302-304 302 to print the balance sheet and income statement.

Compare your printouts with the balance sheet shown on p. 303 and the income statement shown on page 304.

To print an income statement without zero balances, uncheck the Show Zero Amounts box on the <Standard> Income Statement Options window.

Follow steps 1-6 on page 305 to back up Chapter 9 data. The suggested filename is Chapter 9 October.
Chapter 9
Glossary of Terms
Source Documents, p. 252

Source documents are used to show written evidence of a business transaction. For Jon Haney Design, the source documents used are his checkbook register and bank statement.
The chart of accounts is a list of General Ledger accounts, which are used to classify transaction information for reporting purposes. Peachtree includes numerous sample charts of accounts. Jon Haney Design chart of accounts is shown on p. 266.
A Balance Sheet lists the types and amounts of assets, liabilities, and equity as of a specific date. The balance sheet is also called a statement of financial position. Jon Haney’s October 1, 2008 balance sheet is shown on page 268.
Peachtree’s Account Reconciliation feature allows you to adjust Mr. Haney’s bank statement. Bank reconciliation is the process of bringing the balance of the bank statement and the balance of the cash account into agreement.
## Internet Activity, p. 305

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
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<tbody>
<tr>
<td>2</td>
<td>Link to Student Edition.</td>
</tr>
<tr>
<td>3</td>
<td>In the Course-wide Content list, link to Part 2 Internet Activities for Chapters 9-10. 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.)</td>
</tr>
<tr>
<td>4</td>
<td>Scroll down the window to STARTING A BUSINESS – Chapter 9. Read steps 1, 2 and 3.</td>
</tr>
<tr>
<td>5</td>
<td>Follow the steps shown on the textbook’s website to complete this Internet activity.</td>
</tr>
<tr>
<td>6</td>
<td>Use a word processing program to write a summary for each website visited. Your summaries should be no more than 75 words.</td>
</tr>
</tbody>
</table>
Access information about the chart of accounts at www.allianceonline.org. In the Search field, type chart of accounts; click 🔄. Link to What should our chart of accounts include?, and then link to What are the Features of a Simple Chart of Accounts? The URL for this website is 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?