Completing Quarterly Activities and Closing the Fiscal Year

Chapters 9 and 10 work together. In Chapter 10, you will continue recording financial information for Jon Haney Design. You complete the Computer Accounting Cycle for November and December. Mr. Haney’s checkbook registers and bank statements are used as source documents.

At the end of December, which is also the end of the fourth quarter, you complete adjusting entries for Mr. Haney, print financial statements, and close the fiscal year.
Software Objectives, p. 319

- Restore data from Chapter 9. (The Chapter 9 October.ptb back up was made on page 305. All activities in Chapter 9 must be completed before starting Chapter 10.)
- Change accounting periods.
- Journalize and post transactions for November and December.
- Complete account reconciliation.
- Print a General Ledger Trial Balance (unadjusted)
- Journalize and post quarterly adjusting entries in the General Journal.
- Print adjusted trial balance and financial statements.
- Close the fiscal year.
- Print a Post-Closing Trial Balance.
- Make eight backups: four backups of Jon Haney Design data: one backup of Exercise 10-1; three backups in Exercise 10-2.
Web Objectives, p. 319

Use your Internet browser to go to the book’s website at www.mhhe.com/yacht2008.

Go to the Internet Activity link on the book’s website. Then, select WEB EXERCISES PART 2. Complete the second web exercise in Part 2, Understanding Accounting Terms.

Use a word processing program to write summaries of the websites that you visited.
### PCA's Computer Accounting Cycle

<table>
<thead>
<tr>
<th>Step</th>
<th>Task</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.</td>
<td>Journalize entries.</td>
</tr>
<tr>
<td>3.</td>
<td>Post entries to the General Ledger.</td>
</tr>
<tr>
<td>4.</td>
<td>Account Reconciliation.</td>
</tr>
<tr>
<td>5.</td>
<td>Print the General Ledger Trial Balance (unadjusted).</td>
</tr>
<tr>
<td>7.</td>
<td>Print the General Ledger Trial Balance (adjusted).</td>
</tr>
<tr>
<td>9.</td>
<td>Close the fiscal year.</td>
</tr>
<tr>
<td>10.</td>
<td>Interpret accounting information.</td>
</tr>
</tbody>
</table>
You must complete Chapter 9 *before* starting Chapter 10.

To check that you have completed Chapter 9, display Jon Haney Design’s general ledger trial balance. Compare it to the one shown on page 301. This is the trial balance at the end of Chapter 9.

If any of the account balances are incorrect on the general ledger trial balance, follow the steps for Editing Journal Transactions on pages 300 and 301. Then, reprint the trial balance.
Peachtree Tips (concluded)

- If you do not get the correct year-to-date amounts on the Income Statement (p. 344), Statement of Cash Flow (p. 346) and Statement of Changes in Financial position (p. 347), you may have set your chart of accounts beginning balances in Chapter 9 incorrectly. Refer to pages 267-272, Entering Chart of Accounts Beginning Balances in Chapter 9. Jon Haney’s beginning balance sheet is dated October 1, 2008 (p. 268). Since Peachtree posts on the last day of the month (September 30), you must set beginning balances for the preceding month—September 1 through 30, 2008. This is shown on the Select Period window illustration below step 3 on page 269.
Back Up Chapter 10

Part 2 continues in Chapter 10. The chart below shows the size of the backups made in Chapter 10. Refer to textbook pp. 248-249 for the chart of backups made in Part 2-Chapters 9, 10 and Project 1.

<table>
<thead>
<tr>
<th>Backup Name</th>
<th>Kilobytes</th>
<th>Pages</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chapter 10 November</td>
<td>1,386 KB</td>
<td>330-331</td>
</tr>
<tr>
<td>Chapter 10 December UTB</td>
<td>1,392 KB</td>
<td>337-338</td>
</tr>
<tr>
<td>Chapter 10 December</td>
<td>1,396 KB</td>
<td>347-348</td>
</tr>
<tr>
<td>Chapter 10 EOY</td>
<td>1,394 KB</td>
<td>354-355</td>
</tr>
<tr>
<td>Asset depreciation.xls</td>
<td>24 KB</td>
<td>356</td>
</tr>
<tr>
<td>Exercise 10-1</td>
<td>964 KB</td>
<td>362</td>
</tr>
<tr>
<td>Exercise 10-2 Unadjusted Trial Balance</td>
<td>978 KB</td>
<td>364</td>
</tr>
<tr>
<td>Exercise 10-2 Financial Statements</td>
<td>978 KB</td>
<td>364</td>
</tr>
<tr>
<td>Exercise 10-2 End of Year</td>
<td>977 KB</td>
<td>364</td>
</tr>
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</table>
Chapter 10 Topics

1. Software & web objectives, p. 319
2. Getting started, pp. 320-323
4. Backing up November Data, pp 330-331
5. Data File Statistics, pages 331-332
8. Back up the unadjusted trial balance, pp. 337-338
9. End-of-Quarter Adjusting Entries, pp. 338-347
Chapter 10 Topics, concluded

10. Backing up December Data, p. 348
11. Closing the Fiscal Year, pp. 348-353
12. Printing the Post-Closing Trial Balance, pages 353-354
13. Backing up year-end data, page 354-355
14. Internet Activity, page 355
15. Summary and Review, pp. 355-356
   a. Going to the Net, page 356
   b. True/Make True questions, page 357-359
   c. Exercise 10-1, pages 359-362
   d. Exercise 10-2, pages 362-364
   e. Chapter 10 Index, page 365
Change accounting periods, pp. 321-322

- Click on Tasks, then System. From the System menu, select Change Accounting Period. Select 11-Nov 01, 2008 to Nov 30, 2008.
- The Change Accounting Period window is shown on p. 322.
- Click on <OK>. Click on <No> at the window prompt.
Pages 323 through 328

- Continue with the activities shown on pages 323 – 325.
- Compare your Cash Account Register to the one shown on p. 325.
- Compare your account reconciliation report to the one shown on p. 326.
- Compare your cash receipts journal to the one shown on p. 327.
- Compare your cash disbursements journal to the one shown on p. 327.
- Compare your general journal to the one shown on p. 328.
- Print the general ledger trial balance, then compare it to the one shown on p. 328.
Pages 329 and 330

- Print the balance sheet, then compare it to the one shown on p. 329.
- Print the income statement, then compare it to the one shown on p. 330.
- Follow the steps to back up November data shown on pages 330-331.
From the menu bar, click Help, Customer Support and Service, then select File Statistics.

The File Statistics window shows the shortened name for the company. If you used your name as the company name, your shortened name will differ. The Data File Statistics window is shown on page 332.

Click OK to close the Data File Statistics window.
Continue with the steps for changing the accounting period shown on pages 332-333.

Complete entries using the December check register, p. 333.

Complete account reconciliation, p. 334.

Compare your Cash Account Register to the one shown on p. 335.

Compare your Account Reconciliation to the one shown on p. 335.

Compare your General Journal to the one shown on p. 336.

Compare your cash receipts journal to the one shown on p. 336.

Compare your cash disbursements journal to the one shown on p. 336.

Print the general ledger trial balance, then compare it to the one shown on p. 337.
Backing up the Unadjusted Trial Balance, pages 337-338

Follow steps 1 through 6 on pages 337-338 to back up your unadjusted trial balance.

Use Chapter 10 December UTB as the file name. (UTB is an abbreviation of unadjusted trial balance.)
Mr. Haney’s accounting records are adjusted at the end of December. Follow the steps on pages 338-341 to record adjusting entries.

Compare your December 31, 2008 general journal to the one shown on p. 341.

Compare your adjusted trial balance to the one shown on p. 342.
Financial Statements, pp. 343-347

- Compare your balance sheet to the one shown on p. 343.
- Compare your income statement to the one shown on p. 344.
- Compare your statement of retained earnings to the one shown on p. 345.
- Compare your statement of cash flow to the one shown on p. 346.
- Compare your statement of changes in financial position to the one shown on p. 347.
Backing up December data, p. 348

Follow the steps on p. 348 to back up December data.

Use Chapter 10 December as the backup name.
From the menu bar, select Tasks, System, Year-End Wizard.

Click <Next>.
Closing the fiscal year (continued), p. 349

The Year-End Wizard – Welcome window appears.

Click <Next>.
The Close Options window appears. Read the information on this window.

Click on <Next>.
Closing the fiscal year (continued), p. 350

- Read the information on the Print Fiscal Year-End Reports window. Click Check None.

- Makes sure the boxes are unchecked. Click <Next>.
The Back Up Company Data window appears. You already made a back up of your data but you may want to make another one. Read the information on this window. Click on Back Up. The Back Up Company window appears.

Observe that the box next to Include company name in the backup file name is checked. Click on the Back Up button. Complete steps 7-14 on pages 350 and 351.
The New Open Fiscal Years window appears. Read the information on this window.

Accept the default for Next Fiscal Year by clicking on <Next>.
The Important – Confirm Year-End Close window appears. Read the information on this window.

Click <Next>.

Closing the fiscal year (continued), p. 352
The Begin Close-Year Process window appears. Read the information on this window.

Click <Begin Close>.
Closing the fiscal year (concluded), p. 353

- The Congratulations! window appears. Read the information on this window.

- Click <Finish>. 
After the fiscal year is closed, a post-closing trial balance is printed. Only permanent accounts appear on the post-closing trial balance. All temporary accounts (revenues and expenses) have been closed. This completes the computer accounting cycle.

Follow steps 1 and 2 on page 353 to print the post-closing trial balance.

Compare your post-closing trial balance to the one shown on page 354.
Backing Up Year-End Data, pp. 354-355

- Follow steps 1 through 6 on pages 354 and 355 to back up year-end data.
- The back up name is Chapter 10 EOY. (EOY is an abbreviation for end of year.)
Chapter 10
Glossary of Terms
Unearned revenue is a liability account used to report advance collections from customers or clients.
<table>
<thead>
<tr>
<th></th>
<th>Internet Activity, p. 355</th>
</tr>
</thead>
<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 10, 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 UNDERSTANDING ACCOUNTING TERMS – Chapter 10. Read steps 1 – 3.</td>
</tr>
<tr>
<td>5</td>
<td>Follow the steps shown on the book’s website to complete this Internet activity.</td>
</tr>
</tbody>
</table>

Complete the following fields. Press <Enter> to move between fields.

- **Date:** 1/1/2004
- **Initial cost:** 7000
- **Salvage value:** 0
- **Useful life (years):** 7

Click on Asset Depreciation. Type **Furniture** to replace it.

From Excel’s menu bar, click File, Print.

Click File; Save. The suggested file name is **Asset depreciation.xls**; click Save.

What depreciation methods are shown?

Close Excel; close Internet Explorer.