

# 2

## *Preparing a Balance Sheet Using Peachtree*

Chapters 1-5 are designed to help students get a top-down view of Peachtree as a user-oriented accounting program. Students can be expected to work through these on their own. In Chapter 2, students learn, in an interactive way, how to create different balance sheets, investigate detail supporting balance sheet items, and print balance sheets for distribution.

### **CHAPTER 2 QUESTIONS**

1. Peachtree has one preset Balance Sheet called the Standard Balance Sheet.
2. Peachtree has two methods for customizing a financial statement. A user can use the Financial Statement Wizard or modify an existing statement with the Design feature.
3. Click the Accounting Period button on the button control bar, and then select the accounting period you want to report.
4. This type of column displays the balance amount—net, budget, credit, or debit—of the accounts appearing on the statement.
5. Click Design from the button bar.
6. Double-click the Column Desc. Button to edit what appears in the columns for any financial statement.
7. Select Whole Dollars from the Round drop-down list in the column properties for each column.
8. Column - 2 means two periods before the current period. The Time Frame section specifies what accounting period data you want in this column relative to the current period. For example, since we specified Period 3 before we started this exercise, Peachtree knows that is our current period, in this case March 07. Thus in a separate column we told Peachtree to place balances in one column 2 periods before Period 3, which is Period 1 (January 07).
9. To drill down means to view the underlying general ledger report or source document which supports an amount or individual transaction.
10. Accounts receivable are affected by the sales journal (SJ) and related sales invoice source documents and by the cash receipts journal (CRJ) and related cash receipts source documents.

## CHAPTER 2 CENTURY KITCHENS ASSIGNMENTS

## 1. Printed reports:

a.

Century Kitchens Balance Sheet February 28, 2007		
ASSETS		
Current Assets		
Checking	\$ 42,923.82	
Accounts Receivable	65,630.00	
Prepaid Insurance	4,000.00	
Total Current Assets		112,553.82
Property and Equipment		
Equipment	50,000.00	
Accumulated Depreciation	(1,666.66)	
Total Property and Equipment		48,333.34
Other Assets		
Total Other Assets		0.00
Total Assets	\$	160,887.16
LIABILITIES AND CAPITAL		
Current Liabilities		
Accounts Payable	\$ 14,220.00	
Payroll Liabilities	9,051.12	
Total Current Liabilities		23,271.12
Long-Term Liabilities		
Total Long-Term Liabilities		0.00
Total Liabilities		23,271.12
Capital		
Common Stock	125,000.00	
Net Income	12,616.04	
Total Capital		137,616.04
Total Liabilities & Capital	\$	160,887.16

b.

Century Kitchens Comparative Balance Sheets For the Month Ended		
	January 31, 2007	February 28, 2007
<b>ASSETS</b>		
Current Assets		
Checking	\$ 48,189	\$ 42,924
Accounts Receivable	36,795	65,630
Inventory Asset	6,980	0
Prepaid Insurance	0	4,000
	<u>91,964</u>	<u>112,554</u>
Total Current Assets		
Property and Equipment		
Equipment	50,000	50,000
Accumulated Depreciation	(833)	(1,667)
	<u>49,167</u>	<u>48,333</u>
Total Property and Equipment		
Other Assets		
	<u>0</u>	<u>0</u>
Total Other Assets		
	<u>0</u>	<u>0</u>
Total Assets		
	<u>\$ 141,131</u>	<u>\$ 160,887</u>
<b>LIABILITIES AND CAPITAL</b>		
Current Liabilities		
Accounts Payable	\$ 6,980	\$ 14,220
Payroll Liabilities	4,771	9,051
	<u>11,751</u>	<u>23,271</u>
Total Current Liabilities		
Long-Term Liabilities		
	<u>0</u>	<u>0</u>
Total Long-Term Liabilities		
	<u>0</u>	<u>0</u>
Total Liabilities		
	11,751	23,271
Capital		
Common Stock	125,000	125,000
Net Income	4,381	12,616
	<u>129,381</u>	<u>137,616</u>
Total Capital		
	129,381	137,616
Total Liabilities & Capital		
	<u>\$ 141,132</u>	<u>\$ 160,887</u>

c.

Century Kitchens  
Comparative Balance Sheets with Ratios  
For the Month Ended

	January 31, 2007		February 28, 2007	
<b>ASSETS</b>				
Current Assets				
Checking	\$ 48,189	34.14	\$ 42,924	26.68
Accounts Receivable	36,795	26.07	65,630	40.79
Inventory Asset	6,980	4.95	0	0.00
Prepaid Insurance	0	0.00	4,000	2.49
	<u>91,964</u>	65.16	<u>112,554</u>	69.96
Property and Equipment				
Equipment	50,000	35.43	50,000	31.08
Accumulated Depreciation	(833)	(0.59)	(1,667)	(1.04)
	<u>49,167</u>	34.84	<u>48,333</u>	30.04
Other Assets				
	<u>0</u>	0.00	<u>0</u>	0.00
	<u>0</u>	0.00	<u>0</u>	0.00
<b>Total Assets</b>	<b>\$ 141,131</b>	<b>100.00</b>	<b>\$ 160,887</b>	<b>100.00</b>
<b>LIABILITIES AND CAPITAL</b>				
Current Liabilities				
Accounts Payable	\$ 6,980	4.95	\$ 14,220	8.84
Payroll Liabilities	4,771	3.38	9,051	5.63
	<u>11,751</u>	8.33	<u>23,271</u>	14.46
Long-Term Liabilities				
	<u>0</u>	0.00	<u>0</u>	0.00
	<u>0</u>	0.00	<u>0</u>	0.00
<b>Total Liabilities</b>	<b>11,751</b>	<b>8.33</b>	<b>23,271</b>	<b>14.46</b>
Capital				
Common Stock	125,000	88.57	125,000	77.69
Net Income	4,381	3.10	12,616	7.84
	<u>129,381</u>	91.67	<u>137,616</u>	85.54
<b>Total Capital</b>	<b>129,381</b>	<b>91.67</b>	<b>137,616</b>	<b>85.54</b>
<b>Total Liabilities &amp; Capital</b>	<b>\$ 141,132</b>	<b>100.00</b>	<b>\$ 160,887</b>	<b>100.00</b>

d.

**Century Kitchens  
General Ledger**

**For the Period From Feb 1, 2007 to Feb 28, 2007**

Filter Criteria includes: 1) IDs from 1200 to 1200. Report order is by ID. Report is printed with Truncated Transaction Descriptions and in Detail Format.

Account ID Account Description	Date	Reference	Jrnl	Trans Description	Debit Amt	Credit Amt	Balance
1200	2/1/07			Beginning Balance			36,795.00
Accounts Receivable	2/5/07	2534	CRJ	S Gomez - Invoice:		5,950.00	
	2/5/07	2534	CRJ	S Gomez - Invoice:		4,050.00	
	2/13/07	7865	CRJ	J Wilson - Invoice:		5,000.00	
	2/15/07	1008	SJ	A Monroe	13,535.00		
	2/16/07	234526	CRJ	I Bowen - Invoice:		1,050.00	
	2/16/07	234526	CRJ	I Bowen - Invoice:		4,950.00	
	2/19/07	1009	SJ	I Bowen	9,475.00		
	2/20/07	1010	SJ	S Gomez	8,250.00		
	2/28/07	1011	SJ	B Scaggs	1,425.00		
	2/28/07	1014	SJ	R Rose	4,500.00		
	2/28/07	1015	SJ	J Summer	2,250.00		
	2/28/07	1012	SJ	S Gomez	5,120.00		
	2/28/07	1013	SJ	I Bowen	5,280.00		
				Current Period Cha	49,835.00	21,000.00	
	2/28/07			Ending Balance			65,630.00

e.

**Century Kitchens  
General Ledger**

**For the Period From Feb 1, 2007 to Feb 28, 2007**

Filter Criteria includes: 1) IDs from 2000 to 2000. Report order is by ID. Report is printed with Truncated Transaction Descriptions and in Detail Format.

Account ID Account Description	Date	Reference	Jrnl	Trans Description	Debit Amt	Credit Amt	Balance
2000	2/1/07			Beginning Balance			-6,980.00
Accounts Payable	2/16/07	TC98745	PJ	Thomasville Cabin		7,620.00	
	2/19/07	KM74844	PJ	Kraft Maid		6,600.00	
	2/28/07	122	CDJ	Kraft Maid - Invoic	6,980.00		
				Current Period Cha	6,980.00	14,220.00	
	2/28/07			Ending Balance			-14,220.00

## 2. Answers to questions:

- a. Century is billing A Monroe 62 hours to install cabinets on the first line of invoice 1008.  
Total invoice = \$13,535.00
- b. This payment was received from S Gomez. The total payment was \$10,000.
- c. The first item listed on this bill is item 1003, Base Double Door Double Drawer. The total cost for that item was \$1,920.
- d. This is a payment to Kraft Maid paying their invoice KM23903.

## CHAPTER 2 CASE PROBLEM: KELLY JENNINGS ADVERTISING

## 1. Printed reports:

a.

Kelly Jennings Advertising Balance Sheet February 29, 2008		
ASSETS		
Current Assets		
First Valley Savings & Loan	\$	67,460.00
Union Bank Checking		10,600.49
Inventory Asset		1,582.79
Accounts Receivable		1,987.50
Interest Receivable		41.17
Prepaid Insurance		2,000.00
Short-term investments		5,300.00
		88,971.95
Total Current Assets		
Property and Equipment		
Computer Equipment		7,000.00
Accumulated Depreciation		(1,228.33)
Furniture		2,500.00
Accumulated Depreciation		(583.34)
		7,688.33
Total Property and Equipment		
Other Assets		
		0.00
Total Other Assets		
Total Assets	\$	96,660.28
LIABILITIES AND CAPITAL		
Current Liabilities		
Accounts Payable	\$	7,164.00
Payroll Liabilities		6,694.08
		13,858.08
Total Current Liabilities		
Long-Term Liabilities		
Bank of San Martin		5,000.00
		5,000.00
Total Long-Term Liabilities		
Total Liabilities		18,858.08
Capital		
Capital Stock		73,590.00
Retained Earnings		2,250.00
Net Income		1,962.20
		77,802.20
Total Capital		77,802.20
Total Liabilities & Capital	\$	96,660.28

b.

Kelly Jennings Advertising  
Balance Sheet  
February 29, 2008

ASSETS

Current Assets		
First Valley Savings & Loan	\$ 67,460.00	69.79
Union Bank Checking	10,600.49	10.97
Inventory Asset	1,582.79	1.64
Accounts Receivable	1,987.50	2.06
Interest Receivable	41.17	0.04
Prepaid Insurance	2,000.00	2.07
Short-term investments	5,300.00	5.48
	<u>                    </u>	
Total Current Assets	88,971.95	92.05
Property and Equipment		
Computer Equipment	7,000.00	7.24
Accumulated Depreciation	(1,228.33)	(1.27)
Furniture	2,500.00	2.59
Accumulated Depreciation	(583.34)	(0.60)
	<u>                    </u>	
Total Property and Equipment	7,688.33	7.95
Other Assets		
	<u>                    </u>	
Total Other Assets	0.00	0.00
	<u>                    </u>	
Total Assets	\$ <u>96,660.28</u>	100.00

LIABILITIES AND CAPITAL

Current Liabilities		
Accounts Payable	\$ 7,164.00	7.41
Payroll Liabilities	6,694.08	6.93
	<u>                    </u>	
Total Current Liabilities	13,858.08	14.34
Long-Term Liabilities		
Bank of San Martin	5,000.00	5.17
	<u>                    </u>	
Total Long-Term Liabilities	5,000.00	5.17
	<u>                    </u>	
Total Liabilities	18,858.08	19.51
Capital		
Capital Stock	73,590.00	76.13
Retained Earnings	2,250.00	2.33
Net Income	1,962.20	2.03
	<u>                    </u>	
Total Capital	77,802.20	80.49
	<u>                    </u>	
Total Liabilities & Capital	\$ <u>96,660.28</u>	100.00



c.

Kelly Jennings Advertising  
Comparative Balance Sheets  
For the Months Ended

	January 31, 2008	February 29, 2008
<b>ASSETS</b>		
Current Assets		
First Valley Savings & Loan	\$ 1,455	\$ 67,460
Union Bank Checking	98	10,600
Inventory Asset	973	1,583
Accounts Receivable	11,828	1,988
Interest Receivable	41	41
Prepaid Insurance	2,200	2,000
Short-term investments	0	5,300
	<hr/>	<hr/>
Total Current Assets	16,595	88,972
Property and Equipment		
Computer Equipment	4,000	7,000
Accumulated Depreciation	(1,083)	(1,228)
Furniture	2,500	2,500
Accumulated Depreciation	(542)	(583)
	<hr/>	<hr/>
Total Property and Equipment	4,875	7,689
Other Assets		
	<hr/>	<hr/>
Total Other Assets	0	0
	<hr/>	<hr/>
Total Assets	\$ 21,470	\$ 96,661
	<hr/> <hr/>	<hr/> <hr/>
<b>LIABILITIES AND CAPITAL</b>		
Current Liabilities		
Accounts Payable	\$ 6,184	\$ 7,164
Payroll Liabilities	3,408	6,694
	<hr/>	<hr/>
Total Current Liabilities	9,592	13,858
Long-Term Liabilities		
Bank of San Martin	5,000	5,000
	<hr/>	<hr/>
Total Long-Term Liabilities	5,000	5,000
	<hr/>	<hr/>
Total Liabilities	14,592	18,858
Capital		
Capital Stock	3,590	73,590
Retained Earnings	2,250	2,250
Net Income	1,038	1,962
	<hr/>	<hr/>
Total Capital	6,878	77,802
	<hr/>	<hr/>
Total Liabilities & Capital	\$ 21,470	\$ 96,660
	<hr/> <hr/>	<hr/> <hr/>

d.

**Kelly Jennings Advertising**  
**General Ledger**  
**For the Period From Jan 1, 2008 to Jan 31, 2008**

Filter Criteria includes: 1) IDs from 1200 to 1200. Report order is by ID. Report is printed with Truncated Transaction Descriptions and in Detail Format.

Account ID Account Description	Date	Reference	Jrnl	Trans Description	Debit Amt	Credit Amt	Balance
1200	1/1/08			Beginning Balance			3,250.00
Accounts Receivable	1/3/08	337	CRJ	AAA Appliance Co.		100.00	
	1/7/08	1002	CRJ	Fancy Yogurt Co. -		500.00	
	1/10/08	1	SJ	Bob and Mary Sch	300.00		
	1/11/08	2	SJ	Evelyn Walker Rea	390.00		
	1/15/08	150	CRJ	Sally's Fabrics - In		200.00	
	1/15/08	215	CRJ	Bob and Mary Sch		500.00	
	1/15/08	215	CRJ	Bob and Mary Sch		300.00	
	1/16/08	375	CRJ	Ray's Chevron - In		75.00	
	1/18/08	3	SJ	Yaskar Farm	1,612.50		
	1/21/08	659	CRJ	AAA Appliance Co.		25.00	
	1/21/08	659	CRJ	AAA Appliance Co.		250.00	
	1/21/08	2251	CRJ	Ray's Chevron - In		75.00	
	1/21/08	850	CRJ	Evelyn Walker Rea		700.00	
	1/22/08	4	SJ	Evelyn Walker Rea	200.00		
	1/23/08	5	SJ	Big 10 Sporting Go	325.00		
	1/25/08	6	SJ	AAA Appliance Co.	25.00		
	1/28/08	7	SJ	Sally's Fabrics	4,375.00		
	1/28/08	852	CRJ	Sally's Fabrics - In		4,375.00	
	1/29/08	9875	CRJ	Paulson's Nursery		600.00	
	1/31/08	455	CRJ	Big 10 Sporting Go		250.00	
	1/31/08	8	SJ	Ray's Chevron	650.00		
	1/31/08	9	SJ	Fancy Yogurt Co.	1,562.50		
	1/31/08	10	SJ	Paulson's Nursery	1,950.00		
	1/31/08	11	SJ	Evelyn Walker Rea	4,275.00		
	1/31/08	12	SJ	Sally's Fabrics	862.50		
				Current Period Cha	16,527.50	7,950.00	8,577.50
	1/31/08			<b>Ending Balance</b>			<b>11,827.50</b>

e.

**Kelly Jennings Advertising**  
**General Ledger**  
**For the Period From Feb 1, 2008 to Feb 29, 2008**

Filter Criteria includes: 1) IDs from 2000 to 2000. Report order is by ID. Report is printed with Truncated Transaction Descriptions and in Detail Format.

Account ID Account Description	Date	Reference	Jrnl	Trans Description	Debit Amt	Credit Amt	Balance
2000	2/1/08			Beginning Balance			-6,184.00
Accounts Payable	2/11/08	2304985	PJ	Rex's Film Supply		150.00	
	2/11/08	1003	CDJ	Rex's Film Supply -	150.00		
	2/19/08	654654	PJ	Rex's Film Supply		750.00	
	2/20/08	18151	PJ	San Martin Water		75.00	
	2/20/08	98784	PJ	General Telephone		95.00	
	2/20/08	17774	PJ	Pacific Electric		60.00	
				Current Period Cha	150.00	1,130.00	-980.00
	2/29/08			<b>Ending Balance</b>			<b>-7,164.00</b>

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2. Answers to questions:

- a. Kelly Jennings Advertising invoiced Yaskar Farm for 20 units of a television commercial and 15 units of film for a total invoice of \$1,612.50.
- b. The payment received was from Paulson's Nursery, reference #9875, and was part of the beginning balance owed to Kelly Jennings Advertising.
- c. Kelly Jennings Advertising purchased 50 units of High Quality Film for \$750.
- d. This payment was made to Rex's Film Supply in payment of their invoice 2304985 for \$150.