

# Index

## • Numerics •

12-month files, 107

## • A •

Account column

Chart of Accounts, 44

General journal, 78

Account Credited column (Cash Receipts journal), 69

Account Debited column (Cash Disbursements journal), 72

Account format (balance sheet), 265–266

accountant

certified public accountant (CPA), 20

relationship to bookkeeper, 9

accounting cycle

beginning, 321–322

closing, 25, 318–321

diagram of, 24

financial statements, 25

journal entries, 23, 25

posting, 24

transactions, 23

trial balance, 24

worksheet, 24

accounting (defined), 19

accounting methods

accrual accounting, 10, 25–27, 333

cash-basis accounting, 10, 25–27, 333

accounting period (defined), 22

accounting software

add-ons, 91

backups, 108

balance sheets, 270

benefits of, 13, 44

Chart of Accounts, 44, 92

CNET reviews, 89–90

converting to from manual

bookkeeping, 94–95

costs of, 87–88

customizing, 93–94

Find Accounting Software Web site, 88

fiscal year, 92–93

journals, 232–235

Peachtree Accounting, 88–90

printing checks, 101–102

QuickBooks, 88, 90–91

reports, 245–246

Simply Accounting Pro, 88–89

trial balance, 241–242

tutorials, 91

updates, 88

versus paper systems, 13

accounts

Accounts Payable, 22, 37, 60–61, 127–128, 330, 333

Accounts Receivable, 22, 34, 59, 61, 141–142, 330, 333

Accrued Payroll Taxes, 38

Accumulated Depreciation – Buildings, 35

Accumulated Depreciation – Equipment, 36

Accumulated Depreciation – Furniture and Fixtures, 36

Accumulated Depreciation – Leasehold Improvements, 35

Accumulated Depreciation – Vehicles, 36

adding, 63, 256

Advertising, 42

Amortization – Organization Costs, 36

accounts (*continued*)

Amortization – Patents, 37

Bank Service Charges, 42

Buildings, 35

Capital, 21, 39

Cash, 57–58, 61, 329

Cash in Checking, 34

Cash in Savings, 34

Cash on Hand, 34

Chart of Accounts, 11, 31–45,  
255–256, 325

Common Stock, 39

Copyrights, 37

Cost of Goods Sold, 22, 32, 41

Credit Cards Payable, 38

cumulative, 332

customers, 320–321

deleting, 63, 255, 321

Depreciation Expense, 198

Drawing, 21, 39, 244

Dues and Subscriptions, 42

Equipment, 36

Equipment Rental, 42

equity accounts, 21, 39, 334

expense accounts, 41–43

Freight Charges, 41

Furniture and Fixtures, 36

General Ledger, 12

Goodwill, 37

Insurance, 42

Interest Income, 41

Inventory, 34, 118, 330

journals, 12–13

Land, 35

Leasehold Improvements, 35

Legal and Accounting, 42

Loans Payable, 38, 330

Miscellaneous Expenses, 42, 256

Notes Payable, 39

Office Expenses, 43, 331

Organization Costs, 36

Other Assets, 37

Other Income, 40, 202

Other Liabilities, 39

Other Sales Costs, 41

Owner's Equity, 332

Patents, 37

Payroll Expenses, 331

Payroll Taxes, 43

Postage, 43

Prepaid Insurance, 35

Purchase Discount, 41

Purchase Returns, 41

Purchases, 41, 118, 331

Rent Expense, 43

Retained Earnings, 21, 39, 63, 332, 335

Salaries and Wages, 43

Sale of Fixed Assets, 41

Sales, 61–62, 331

Sales Discounts, 40

Sales of Goods or Services, 40

Sales Returns, 40

Sales Tax Collected, 38

Supplies, 43

Telephone, 43

Travel and Entertainment, 43

Utilities, 43

Vehicles, 36, 43

vendors, 321

writing off, 142–143, 252–253, 321

## accounts payable

current liabilities, 37

defined, 22, 333

functions of, 127–128

General Ledger, 60–61

importance of, 330

## Accounts Payable Credit column

(Purchases journal), 76

## Accounts Payable Debit column (Cash

Disbursements journal), 73

## accounts receivable

Aging Summary Report, 141–142

current assets, 34

- defined, 22, 333
- General Ledger, 59, 61
- importance of, 330
- Accounts Receivable Credit column  
(Cash Receipts journal), 69
- Accounts Receivable Debit column  
(Sales journal), 74
- accrual accounting, 10, 25–27, 333
- Accrued Payroll Taxes account, 38
- Accumulated Depreciation – Buildings  
account, 35
- Accumulated Depreciation – Equipment  
account, 36
- Accumulated Depreciation – Furniture  
and Fixtures account, 36
- Accumulated Depreciation – Leasehold  
Improvements account, 35
- Accumulated Depreciation – Vehicles  
account, 36
- accuracy
  - paper trail, 12
  - testing for, 15–16
- acid test (quick) ratio, 269
- adding accounts, 44, 63, 256
- add-ons to accounting software, 91
- address verification service (AVS)  
fee, 216
- adjustments
  - defined, 24
  - General Ledger, 63
  - journal entries, 25
  - posting, 224
  - trial balance, 24, 254–255
- adoption assistance (employee  
benefit), 157
- Advertising account, 42
- Aging Summary Report, 141–142,  
228–229, 326
- allowances
  - income statement, 283
  - recording, 140–141
- alphabetical files, 107
- amortization
  - calculator, 208
  - defined, 36, 333
  - intangible assets, 263
- Amortization – Organization Costs  
account, 36
- Amortization – Patents account, 37
- amortization schedule, 208–209
- analyzing journal summary results, 230
- annual income statement, 272
- annual reports, 22
- Annual Return of Withheld Income Tax  
(Form 945), 296, 298
- Annual Summary and Transmittal of U.S.  
Information Returns (Form 1096),  
292–293, 295–297
- arm's length transaction, 333
- assets
  - balance sheet, 17, 21, 32–37, 261–263
  - cost basis, 190–191
  - credits, 30
  - current assets, 32, 34–35, 261, 334
  - debits, 30
  - defined, 10–11, 21, 333
  - depreciation, 22, 35, 187–195, 248–249
  - depreciation schedules, 197
  - dual-usage assets, 189
  - fixed assets, 187–191
  - intangible assets, 36–37, 262–263, 334
  - lifespan, 188–190
  - long-term assets, 32, 35–36,  
261–263, 335
  - Return on Assets (ROA) ratio, 282
  - tangible assets, 262–263, 335
  - value, 188–189
- athletic facilities (employee benefit), 157
- audit trial, 241
- authorization levels, 111
- automobiles
  - depreciation schedule, 197
  - Vehicles accounts, 36, 43
- average costing, 333

averaging method of valuing inventory, 122–126  
 AVS (address verification service) fee, 216

## ● B ●

backing up computerized accounting systems, 108

bad debt  
 defined, 333  
 recording, 251–253  
 taxes, 321  
 writing off, 142–143, 252–253, 321

balance sheet  
 Account format, 265–266  
 acid test (quick) ratio, 269  
 assets, 17, 21, 32–37, 261–263  
 carrying over, 319  
 Chart of Accounts, 32–39  
 computerized accounting systems, 270  
 contents of, 259–260  
 current ratio, 268–269  
 debt to equity ratio, 270  
 defined, 17, 21  
 double-entry bookkeeping, 28–29  
 equity, 17, 21, 32–33, 39, 264  
 Financial Position format, 267–268  
 investments, 264  
 liabilities, 17, 21, 32–33, 37–39, 263–264  
 Report format, 266–267  
 reports, 246  
 trial balance worksheet, 260

balancing the books, 325–326

Bank Service Charges account, 42

BankRate.com Web site, 208

banks

checking accounts, 99  
 credit-card fees, 215–217  
 credit lines, 203–205  
 employee theft, 111  
 reconciling bank accounts, 220–223

beginning an accounting cycle, 321–322

benchmarking, 279–281

benefit ratio formula for FUTA taxes, 173

benefit wage formula for FUTA taxes, 173

benefits

adoption assistance, 157  
 athletic facilities, 157  
 cafeteria plans, 158–159  
 defined, 156  
 dependent care assistance, 157  
 education assistance, 157  
 employee discounts, 158  
 group term life insurance, 158  
 meals, 158  
 moving expense reimbursements, 158  
 outsourcing, 167  
 taxable benefits, 158  
 tax-exempt benefits, 157–158

bill payment, 127–128, 326

binders, 107

board of directors (corporations), 302

bookkeeper

certified public accountant (CPA), 20  
 definition of role, 9  
 relationship to accountant, 9  
 responsibilities, 20  
 skills required, 20

bookkeeping

accuracy, 15–16  
 controls, 13  
 defined, 19  
 double-entry bookkeeping, 11, 27–30  
 employee theft controls, 111  
 importance of, 9–10  
 year-end tasks, 319–320

budget, comparing to actual

expenses, 327

Buildings account, 35

business equipment depreciation

recovery periods, 189–190

Business Owner's Toolkit Web site, 153

Business & Specialty Tax Line (IRS), 146

- business types
  - corporations, 301–302
  - Limited Liability Companies (LLCs), 300–301
  - partnerships, 17, 300
  - sole proprietorship, 17, 300
- business voucher checks, 99–100
- buying supplies, 126–127
- C ●
- C corporation, 312–314
- cafeteria plans, 158–159
- calculating
  - amortization, 208
  - compound interest, 200–201
  - cost of goods sold, 118–119, 274
  - credit-card interest, 203
  - depreciation, 248–249
  - interest income, 201
  - net sales, 274
  - prepaid expenses, 249–250
  - Return on Assets (ROA) ratio, 282
  - Return on Equity (ROE) ratio, 282
  - Return on Sales (ROS) ratio, 281
  - simple interest, 200
  - unpaid salaries and wages, 252–254
- Capital account, 21, 39
- capitalized lease, 262
- carrying over the balance sheet, 319
- cars
  - depreciation schedule, 197
  - Vehicles accounts, 36, 43
- Cash account, 57–58, 61, 329
- Cash Disbursements journal
  - Account Debited column, 72
  - Accounts Payable Debit column, 73
  - Cash Credit column, 73
  - Check # column, 73
  - closing, 213–214, 219
  - Date column, 72
  - defined, 13
  - examples, 52, 71–73
  - General Debit column, 73
  - PR (post reference) column, 73
  - Salaries Debit column, 73
- cash flow
  - cash registers, 98, 104–106
  - checking accounts, 98–99, 101–103
  - defined, 335
  - petty cash, 98, 103–104, 335
  - planning, 230–231
  - preventing employee cash theft, 105–106
  - reports, 246
  - savings accounts, 98, 103
  - testing, 268–269
- Cash in Checking account, 34
- Cash in Savings account, 34
- Cash on Hand account, 34
- cash receipts, 130–132
- Cash Receipts journal
  - Account Credited column, 69
  - Accounts Receivable Credit column, 69
  - Cash Debit column, 69
  - closing, 213–215, 218
  - Date column, 69
  - defined, 13, 68–69
  - example, 70
  - General Credit column, 69
  - PR (post reference) column, 69
  - Sales Credit column, 69
  - signing and dating, 71
- cash registers
  - cash flow, 98, 104–106
  - proving out, 137–138
- cash sales, 130–133
- cash transactions, 132–133
- cash-basis accounting, 10, 25–27, 333
- cash-handling systems, 111–112
- certificates of deposit, 201
- certified public accountant (CPA), 20
- Change in Accounting Method (Form 3115), 26

- chargeback and retrieval fees, 217
- Chart of Accounts
  - Account column, 44
  - adding accounts, 44, 256
  - balance sheet accounts, 32–39
  - computerized accounting systems, 44, 92
  - creating, 33, 43–44
  - defined, 11, 31–32
  - deleting accounts, 255
  - Description column, 44
  - example, 45
  - importance of, 325
  - income statement accounts, 32, 40–43
  - numbering systems, 44
  - organization and structure of, 32
  - Type column, 44
- Check # column (Cash Disbursements journal), 73
- checking accounts
  - business voucher checks, 99–100
  - cash flow, 98
  - check types, 99–100
  - check-signing procedures, 102
  - choosing the right bank, 99
  - deposits, 102–103
  - printing checks, 101–102
- child labor laws, 153
- chronological order of journals, 68
- citizenship, 148–149
- closing
  - accounting cycle, 25, 318–321
  - Cash Disbursements journal, 213–214, 219
  - Cash Receipts journal, 213–215, 218
- closing balance, 227
- CNET's reviews of accounting software, 89–90
- collecting employee taxes, 153–156
- collections, 326
- commission checks, 160–161
- Common Stock account, 39
- compound interest, 200–201
- computerized accounting systems
  - add-ons, 91
  - backups, 108
  - balance sheets, 270
  - benefits of, 13
  - Chart of Accounts, 44, 92
  - CNET reviews, 89–90
  - converting to from manual
    - bookkeeping, 94–95
  - costs of, 87–88
  - customizing, 93–94
  - Find Accounting Software Web site, 88
  - fiscal year, 92–93
  - journals, 232–235
  - Peachtree Accounting, 88–90
  - printing checks, 101–102
  - QuickBooks, 88, 90–91
  - reports, 245–246
  - Simply Accounting Pro, 88–89
  - trial balance, 241–242
  - tutorials, 91
  - updates, 88
- controls
  - cash-handling systems, 111–112
  - costs of, 112–113
  - documentation, 113
  - financial fraud, 109–111
  - importance of, 13
- converting to computerized
  - bookkeeping, 94–95
- copyrights, 37, 262
- Copyrights account, 37
- corporate board, 302
- corporations
  - C corporation, 312–314
  - defined, 301–302
  - S corporation, 312–313
  - tax reporting, 312–314
- corrections, 224

- cost basis of assets, 190–191
- cost of goods sold
  - calculating, 118–119, 274
  - defined, 22
  - finished-goods inventory, 276
  - income statement, 22, 32, 41, 272, 274, 276
  - raw materials, 276
  - work-in-process inventory, 276
- Cost of Goods Sold account, 22, 32, 41
- cost trends, 328
- Cotrugli, Benedetto, early practitioner of
  - double-entry bookkeeping, 30
- counting inventory, 250–251
- CPA (certified public accountant), 20
- creating
  - Chart of Accounts, 33, 43–44
  - financial reports, 16–17
  - financial statements, 243–244
  - trial balance, 238
- credit cards
  - calculating credit-card interest, 203
  - fees, 203, 215–217
  - finance charges, 203
- Credit Cards Payable account, 38
- credit lines, 203–205
- credit-card statements, 217–218
- credits
  - assets, 30
  - bad debt, 142, 143
  - cash receipts, 131–132
  - defined, 11, 333
  - discounts, 140
  - double-entry bookkeeping, 28
  - expenses, 30
  - income, 30
  - liabilities, 30
  - store credit, 135
  - trial balance, 238
- criminal activity
  - customer theft, 111
  - employee bonding, 114
  - financial fraud, 109–113
    - preventing employee cash theft, 105–106
    - white-collar crime, 111
- cumulative account, 332
- current assets, 32, 34–35, 261, 334
- current liabilities, 32, 37–38, 263–264, 334
- current ratio, 268–269
- Customer Account Debited column
  - (Sales journal), 74
- customer accounts
  - bad debt, 142–143, 321, 333
  - reviewing, 320–321
- customer collections, 326
- customer sales
  - Aging Summary Report, 141–142
  - allowances, 141
  - cash sales, 130–133
  - comparing sales goals to actual sales, 327
  - discounts, 40, 139–140
  - income statement, 272
  - net sales, 274
  - pricing decisions, 328
  - proving out the cash register, 137–138
  - receipts, 130–132
  - recording cash transactions, 132–133
  - Return on Sales (ROS) ratio, 281
  - returns, 140–141
  - sales allowances, 141
  - store credit, 130, 133–137
  - tracking, 14–15
  - writing off accounts, 142–143
- customer support fee, 216
- customer theft, 111
- customizing accounting software, 93–94
- cycle of accounting
  - beginning, 321–322
  - closing, 25, 318–321
  - diagram of, 24
  - financial statements, 25
  - journal entries, 23, 25

cycle of accounting (*continued*)

- posting, 24
- transactions, 23
- trial balance, 24
- worksheet, 24

## • D •

Date column

- Cash Disbursements journal, 72
- Cash Receipts journal, 69
- General journal, 78
- Purchases journal, 76
- Sales journal, 74

de minimis benefits, 334

debits

- assets, 30
- bad debt, 142, 143
- cash receipts, 131–132
- defined, 11, 334
- discounts, 140
- double-entry bookkeeping, 28
- expenses, 30
- income, 30
- liabilities, 30
- store credit, 135
- trial balance, 238

debt

- bad debt, 142–143, 251–253, 321, 333
- debt to equity ratio, 270
- long-term debt, 202, 206–209
- recording, 204–209
- short-term debt, 202–205

deductible for workman's

- compensation, 180

deleting accounts, 63, 255, 321

Department of Labor, 153

dependent care assistance (employee benefit), 157

deposits

- checking accounts, 102–103
- employee taxes, 163–167

depreciation

- business equipment, 189–190
- calculating, 248–249
- cost basis of assets, 190–191
- defined, 22, 35, 187–188, 334
- Double-Declining Balance, 193
- dual-usage assets, 189
- expenses, 198
- General Ledger, 63
- lifespan of assets, 188–190
- property, 196–197
- QuickBooks, 194–195
- speeding up, 249
- Straight-Line, 191–192, 249
- Sum-of-Years-Digits (SYD), 192–193
- tangible assets, 263
- taxes, 196–197
- Units of Production (UOP), 194
- useful life of an asset, 189–190
- value of assets, 188–189

Depreciation Expense account, 198

depreciation schedules, 197

Description column (Chart of Accounts), 44

developing General Ledger entries, 50–56

diagram of accounting cycle, 24

discount rate fee, 216

discounts

- employee discounts, 158
- income statement, 283
- sales discounts, 40, 139–140

dividends, 21, 244

dividing staff responsibilities, 111

Double-Declining Balance

- depreciation, 193

double-entry bookkeeping

- balance sheet, 28–29
- balancing the books, 326
- benefits of, 27–28
- credits, 28
- debits, 28
- defined, 11

example of, 28–29  
history of, 30  
transactions, 28–29  
Drawing account, 21, 39, 244  
dual-usage assets, 189  
Dues and Subscriptions account, 42

## ● E ●

Earned Income Credit (EIC), 149–151  
earnings, 21, 39, 63, 332, 335  
education assistance (employee benefit), 157  
EFTPS (Electronic Federal Tax Payment System), 171–172  
EIN (Employer Identification Number), 146–147  
embezzlement, 109, 111  
employee benefits  
adoption assistance, 157  
athletic facilities, 157  
cafeteria plans, 158–159  
defined, 156  
dependent care assistance, 157  
education assistance, 157  
employee discounts, 158  
group term life insurance, 158  
meals, 158  
moving expense reimbursements, 158  
outsourcing, 167  
taxable benefits, 158  
tax-exempt benefits, 157–158  
employee bonding, 114  
employee discounts, 158  
employee payroll. *See* payroll  
employee records, 180–183  
employee taxes  
collecting, 153–156  
depositing, 163–167  
federal withholding taxes, 154–155  
Medicare, 154, 170

Social Security, 154, 170  
state and local withholding taxes, 156  
employee theft, 105–106, 109–112  
employee time sheets, 152  
employees  
child labor laws, 153  
citizenship, 148–149  
commission checks, 160–161  
dividing staff responsibilities, 112  
exempt, 152–153  
immigrant workers, 148–149  
labor laws, 153  
minimum wage, 152  
money-handling policies, 112  
net pay, 156  
nonexempt, 152–153  
payroll, 15, 23, 159–160, 162–163  
tips, 162, 288, 293  
W-2 form, 285–290  
W-3 form, 290–292  
workman's compensation insurance, 178–180, 336  
*Employees Daily Record of Tips and Report to Employer* IRS publication, 162  
Employee's Report of Tips to Employer (Form 4070), 162  
Employee's Withholding Allowance Certificate, 146, 148  
Employer Identification Number (EIN), 146–147  
employer taxes  
Federal Unemployment Tax (FUTA), 172–176  
Medicare, 170  
Social Security, 170  
state unemployment taxes, 176–178  
Employer's Annual Federal Unemployment Tax Return (Form 940 or 940-EZ), 175–176, 296

- Employer's Federal Tax Return (Form 941), 170–172
  - Employer's Quarterly Federal Tax Return (Form 941), 164–167
  - Entity Classification Election with the IRS (Form 8832), 308
  - entries (General Ledger)
    - adjusting entries, 63
    - defined, 334
    - developing, 50–56
    - posting, 57–63, 231–232
  - entries (journals)
    - accounting cycle, 23, 25
    - adjusting, 25
    - General Ledger, 50–56
    - posting, 81–83
  - Equipment account, 36
  - equipment and software fees, 217
  - equipment depreciation recovery periods, 189–190
  - Equipment Rental account, 42
  - equity
    - balance sheet, 17, 21, 32–33, 39, 264
    - Capital account, 21, 39
    - Common Stock account, 39
    - defined, 10–11, 21
    - Drawing account, 21, 39
    - Retained Earnings account, 21, 39
    - Return on Equity (ROE) ratio, 282
  - equity accounts, 21, 39, 334
  - errors
    - bank accounts, 221–222
    - journals, 226
    - trial balance, 240–241
  - Everything About Arithmetic, Geometry and Proportions*, Luca Pacioli, 30
  - exempt employees, 152–153
  - expandable files, 107
  - expense accounts, 41–43
  - expenses
    - bad debts, 333
    - comparing budget to actual expenses, 327
    - credits, 30
    - debits, 30
    - defined, 22, 334
    - depreciation, 198
    - income statement, 22, 32, 40–43, 272, 277–278
    - Miscellaneous Expenses account, 256
    - operating expenses, 272, 277–278, 335
    - prepaid expenses, 63, 249–250
    - reports, 246
    - supplies, 126–127
- F ●**
- Fair Labor Practices Act, 153
  - Fair Labor Standards Act (FLSA), 152
  - Federal Tax Deposit (FTD) Coupon (Form 8109), 163–164
  - Federal Unemployment Tax (FUTA), 172–176
  - federal withholding taxes, 154–155
  - fees for credit cards, 203, 215–217
  - fidelity bonds, 114
  - FIFO (First In, First Out) method of valuing inventory, 122–126, 334
  - file folders, 107
  - filing cabinets, 107
  - filing system, 106–108
  - finalizing the General Ledger, 318–319
  - finance charges for credit cards, 203
  - financial fraud
    - embezzlement, 109, 111
    - employee bonding, 114
    - internal theft, 109, 111
    - kickbacks, 109–110
    - payoffs, 109–110
    - preventive measures, 111–113
    - skimming, 110
  - Financial Position format (balance sheet), 267–268
  - financial reports
    - annual reports, 22
    - creating, 16–17

- quarterly reports, 22
  - staff responsibilities, 112
  - financial statements
    - accounting cycle, 25
    - creating, 243–244
    - dividends, 244
  - Find Accounting Software Web site, 88
  - finished-goods inventory, 276
  - First In, First Out (FIFO) method of
    - valuing inventory, 122–126, 334
  - fiscal year, 92–93
  - fixed assets
    - business equipment, 189–190
    - cost basis, 190–191
    - defined, 187
    - depreciation, 187–195
    - depreciation schedules, 197
    - lifespan, 188–190
    - useful life of an asset, 189–190
    - value, 188–189
  - FLSA (Fair Labor Standards Act), 152
  - forms
    - Form 940 or 940-EZ, Employer’s Annual Federal Unemployment Tax Return, 175–176, 296
    - Form 941, Employer’s Federal Tax Return, 170–172
    - Form 941, Employer’s Quarterly Federal Tax Return, 164–167
    - Form 945, Annual Return of Withheld Income Tax, 296, 298
    - Form 1096, Annual Summary and Transmittal of U.S. Information Returns, 292–293, 295–297
    - Form 1099, Miscellaneous Income, 292–295
    - Form 3115, Change in Accounting Method, 26
    - Form 4070, Employee’s Report of Tips to Employer, 162
    - Form 8027, Employer’s Annual Information Return of Tip Income and Allocated Tips, 293
    - Form 8109, Federal Tax Deposit (FTD) Coupon, 163–164
    - Form 8832, Entity Classification Election with the IRS, 308
    - Form SS-4, 146–147
    - I-9 form, 148–150
    - Schedule C, Profit or Loss from Business, 303–305
    - Schedule E, Supplemental Income and Loss, 311–312
    - Schedule K-1 (Form 1065), Partner’s Share of Income, Deductions, Credits, etc., 309–310
    - Schedule SE, Self-Employment Tax, 303, 306–307
    - W-2, 285–290
    - W-3, 290–292
    - W-4, 146, 148
    - W-5, 149–151
  - fraud
    - embezzlement, 109, 111
    - employee bonding, 114
    - internal theft, 109, 111
    - kickbacks, 109–110
    - payoffs, 109–110
    - preventive measures, 111–113
    - skimming, 110
  - Freight Charges account, 41
  - FTD (Federal Tax Deposit) Coupon (Form 8109), 163–164
  - Furniture and Fixtures account, 36
  - FUTA (Federal Unemployment Tax), 172–176
- **G** ●
- General Credit column (Cash Receipts journal), 69
  - General Debit column (Cash Disbursements journal), 73

- General journal, 54, 56, 78–80
  - General Ledger
    - accounts payable, 60–61
    - accounts receivable, 59, 61
    - adding accounts, 63
    - adjustments, 63
    - Cash account, 57–58, 61
    - Cash Disbursements journal, 52
    - defined, 12, 22, 334
    - deleting accounts, 63
    - depreciation, 63
    - developing entries, 50–56
    - entries (defined), 334
    - finalizing, 318–319
    - General journal, 54, 56
    - importance of, 50
    - posting entries, 57–63, 231–232
    - prepaid expenses, 63
    - Purchases journal, 54–55
    - QuickBooks, 64–65
    - Retained Earnings account, 63
    - Sales account, 61–62
    - Sales journal, 53–54
  - general partner, 300
  - gift cards
    - income statement, 283
    - recording, 140–141
  - Goodwill account, 37
  - government forms
    - Form 940 or 940-EZ, Employer’s Annual Federal Unemployment Tax Return, 175–176, 296
    - Form 941, Employer’s Federal Tax Return, 170–172
    - Form 941, Employer’s Quarterly Federal Tax Return, 164–167
    - Form 945, Annual Return of Withheld Income Tax, 296, 298
    - Form 1096, Annual Summary and Transmittal of U.S. Information Returns, 292–293, 295–297
    - Form 1099, Miscellaneous Income, 292–295
    - Form 3115, Change in Accounting Method, 26
    - Form 4070, Employee’s Report of Tips to Employer, 162
    - Form 8027, Employer’s Annual Information Return of Tip Income and Allocated Tips, 293
    - Form 8109, Federal Tax Deposit (FTD) Coupon, 163–164
    - Form 8832, Entity Classification Election with the IRS, 308
    - Form SS-4, 146–147
    - I-9 form, 148–150
    - Schedule C, Profit or Loss from Business, 303–305
    - Schedule E, Supplemental Income and Loss, 311–312
    - Schedule K-1 (Form 1065), Partner’s Share of Income, Deductions, Credits, etc., 309–310
    - Schedule SE, Self-Employment Tax, 303, 306–307
    - W-2, 285–290
    - W-3, 290–292
    - W-4, 146, 148
    - W-5, 149–151
  - gross profit (income statement), 272, 276–277
  - group term life insurance (employee benefit), 158
- **H** ●
- How to Depreciate Property* IRS publication, 196–197
- **I** ●
- identification number for employers, 146–147
  - immigrant workers, 148–149

- incentive programs, 140–141
- income
  - credits, 30
  - debits, 30
  - defined, 334
  - interest income, 201–202
  - reports, 246
- income statement
  - allowances, 283
  - annual, 272
  - benchmarking, 279–281
  - Chart of Accounts, 32, 40–43
  - contents of, 271–272
  - cost of goods sold, 22, 32, 41, 272, 274, 276
  - defined, 17, 21
  - discounts, 283
  - example, 275–276
  - expenses, 22, 32, 40–43, 272, 277–278
  - gross profit, 272, 276–277
  - monthly, 271
  - multi-step format, 272–273
  - net income or loss, 272
  - net sales, 274
  - Profit & Loss (income statement) report, 245–246
  - quarterly, 271
  - reports, 283–284
  - Return on Assets (ROA) ratio, 282
  - Return on Equity (ROE) ratio, 282
  - Return on Sales (ROS) ratio, 281
  - returns, 283
  - revenue, 21, 32, 40, 272
  - sales, 272
  - single-step format, 272–273
  - uses, 278–279
  - zeroing out, 318–319
- income withholding taxes
  - federal, 154–155
  - state and local, 156
- incorporating a business, 312
- industry trends, 279–281
- I-9 form, 148–150
- initial cost of inventory, 119–122
- injuries to employees (workman's compensation), 178–180, 336
- installment loans, 206
- Institute for Financial Crime Prevention, 111
- insurance
  - employee bonding, 114
  - fidelity bonds, 114
  - group term life insurance (employee benefit), 158
  - Insurance account, 42
  - Prepaid Insurance account, 35
  - workman's compensation, 178–180, 336
- intangible assets, 36–37, 262–263, 334
- interest
  - compound interest, 200–201
  - credit card interest, 203
  - defined, 22, 199
  - separating from principal, 207–209
  - simple interest, 200
- interest income
  - calculating, 201
  - defined, 201
  - Other Income account, 202
  - recording, 201–202
- Interest Income account, 41
- internal controls
  - cash-handling systems, 111–112
  - costs of, 112–113
  - documentation, 113
  - financial fraud, 109–111
  - importance of, 13
- Internal Revenue Service (IRS). *See* IRS (Internal Revenue Service)
- Internal Revenue Service (IRS) forms. *See* IRS (Internal Revenue Service) forms
- Internal Revenue Service (IRS) publications. *See* IRS (Internal Revenue Service) publications

- internal theft, 109, 111
- Intuit's QuickBooks
  - Archive And Condense wizard, 319–320
  - Charts of Accounts, 92
  - costs, 88, 91
  - customizing, 93–94
  - depreciation, 194–195
  - employee records, 182–183
  - features, 90–91
  - fiscal year, 92–93
  - General Ledger, 64–65
  - journals, 83–86, 232–235
  - payroll services, 167
  - QuickBooks Basic, 91
  - QuickBooks Pro, 91
  - QuickBooks Simple Start, 88
  - reports, 245–246
  - trial balance, 241–242
  - tutorials, 91
  - W-2 forms, 296
  - Year-End Guide Checklist, 319–320
- inventory
  - counting, 250–251
  - defined, 23
  - finished-goods inventory, 276
  - initial cost, 119–122
  - Inventory account, 34, 118, 330
  - managing, 14
  - periodic inventory, 118, 335
  - perpetual inventory, 118, 335
  - Purchases account, 41, 118
  - QuickBooks, 120–122
  - raw materials, 276
  - shrinkage, 119
  - valuation methods, 122–126
  - work-in-process inventory, 276
- investments
  - balance sheet, 264
  - interest income, 201
  - stocks, 265
- Invoice Number column
  - Purchases journal, 76
  - Sales journal, 74
- IRS (Internal Revenue Service)
  - Business & Specialty Tax Line, 146
  - corporate board minutes, 302
  - Electronic Federal Tax Payment System (EFTPS), 171–172
  - tax tables, 155
- IRS (Internal Revenue Service) forms
  - Form 940 or 940-EZ, Employer's Annual Federal Unemployment Tax Return, 175–176, 296
  - Form 941, Employer's Federal Tax Return, 170–172
  - Form 941, Employer's Quarterly Federal Tax Return, 164–167
  - Form 945, Annual Return of Withheld Income Tax, 296, 298
  - Form 1096, Annual Summary and Transmittal of U.S. Information Returns, 292–293, 295–297
  - Form 1099, Miscellaneous Income, 292–295
  - Form 3115, Change in Accounting Method, 26
  - Form 4070, Employee's Report of Tips to Employer, 162
  - Form 8027, Employer's Annual Information Return of Tip Income and Allocated Tips, 293
  - Form 8109, Federal Tax Deposit (FTD) Coupon, 163–164
  - Form 8832, Entity Classification Election with the IRS, 308
  - Form SS-4, 146–147
  - Schedule C, Profit or Loss from Business, 303–305
  - Schedule E, Supplemental Income and Loss, 311–312

Schedule K-1 (Form 1065), Partner's  
Share of Income, Deductions,  
Credits, etc., 309–310  
Schedule SE, Self-Employment Tax, 303,  
306–307  
W-2, 285–290  
W-3, 290–292  
W-4, 146, 148  
W-5, 149–151  
IRS (Internal Revenue Service)  
publications  
*Employees Daily Record of Tips and  
Report to Employer*, 162  
*How to Depreciate Property*, 196–197

## • J •

journal entries  
accounting cycle, 23, 25  
adjusting, 25  
General Ledger, 50–56  
posting, 81–83  
journals  
Aging Summary Report, 228–229  
analyzing summary results, 230  
Cash Disbursements, 13, 52, 71–73,  
213–214, 219  
Cash Receipts, 13, 68–71, 213–215, 218  
chronological order, 68  
closing balance, 227  
computerized accounting systems,  
232–235  
defined, 12–13, 23  
errors, 226  
General, 54, 56, 78–80  
Purchases, 54–55, 76–77  
QuickBooks, 83–86, 232–235  
Sales, 53–54, 73–75  
summarizing, 81–83, 225–229  
Temporary Posting, 220  
transactions, 67–68, 226, 228

## • K •

kickbacks, 109–110  
Koers, Diane, *Peachtree For Dummies*,  
(Wiley, Inc.), 90

## • L •

labor laws, 153  
Land account, 35  
larceny, 109, 111  
Last In, First Out (LIFO) method of  
valuing inventory, 122–126, 334  
LCM (Lower of Cost or Market) method  
of valuing inventory, 123, 335  
Leasehold Improvements account, 35  
ledger  
accounts payable, 60–61  
accounts receivable, 59, 61  
adding accounts, 63  
adjustments, 63  
Cash account, 57–58, 61  
Cash Disbursements journal, 52  
defined, 12, 22, 334  
deleting accounts, 63  
depreciation, 63  
developing entries, 50–56  
entries (defined), 334  
finalizing, 318–319  
General journal, 54, 56  
importance of, 50  
posting entries, 57–63, 231–232  
prepaid expenses, 63  
Purchases journal, 54–55  
QuickBooks, 64–65  
Retained Earnings account, 63  
Sales account, 61–62  
Sales journal, 53–54  
Legal and Accounting account, 42  
legal structures of businesses,  
17, 299–301

## liabilities

- balance sheet, 17, 21, 32–33, 37–39, 263–264
- credits, 30
- current liabilities, 32, 37–38, 263–264, 334
- debits, 30
- defined, 10–11, 21, 334
- long-term liabilities, 32, 38–39, 263–264

## lifespan of assets, 188–190

LIFO (Last In, First Out) method of valuing inventory, 122–126, 334

## limited partner, 300

LLC (Limited Liability Companies), 300–301

## loans

- amortization schedule, 208–209
- credit cards, 203
- credit lines, 203–205
- debt to equity ratio, 270
- installment loans, 206
- interest, 22, 199–201, 207–209
- long-term debt, 202, 206–209
- principal, 207–209
- promissory note, 206
- short-term debt, 202–205

Loans Payable account, 38, 330

## local taxes

- income withholding taxes, 156
- sales taxes, 314

long-term assets, 32, 35–36, 261–263, 335

long-term debt, 202, 206–209

long-term liabilities, 32, 38, 263–264

Lower of Cost or Market (LCM) method of valuing inventory, 123, 335

## • M •

MACRS (Modified Accelerated Cost Recovery System), 196–197

management by walking around, 112

## managing

inventory, 14

payroll, 15

manual bookkeeping, converting to computerized bookkeeping, 94–95

Marmel, Elaine J., *Peachtree For Dummies*, (Wiley, Inc.), 90

meals (employee benefit), 158

Medicare, 154, 170

## methods of accounting

accrual accounting, 10, 25–27, 333

cash-basis accounting, 10, 25–27, 333

minimum wage, 152

Miscellaneous Expenses account, 42, 256

Miscellaneous Income (Form 1099) IRS form, 292–295

Modified Accelerated Cost Recovery System (MACRS), 196–197

money-handling responsibilities, 112

monitoring supplies, 126–127

monthly income statement, 271

monthly minimum fee (for credit card transactions), 216

moving expense reimbursements (employee benefit), 158

multi-step format for an income statement, 272–273

## • N •

National Council on Compensation Insurance (NCCI), 179

net income or loss (income statement), 272

net pay, 156

net profit, 335

net sales, 274

net worth report, 246

nonexempt employees, 152–153

Notes Payable account, 39

numbering systems for Chart of Accounts, 44

## • 0 •

Office Expenses account, 43, 331  
operating cash flow  
  cash registers, 98, 104–106  
  checking accounts, 98–99, 101–103  
  defined, 335  
  petty cash, 98, 103–104, 335  
  planning, 230–231  
  preventing employee cash theft,  
    105–106  
  reports, 246  
  savings accounts, 98, 103  
  testing, 268–269  
operating expenses  
  defined, 335  
  income statement, 272, 277–278  
operating profit, 335  
Organization Costs account, 36  
Other Assets account, 37  
Other Income account, 40, 202  
Other Liabilities account, 39  
Other Sales Costs account, 41  
outsourcing payroll and benefits  
  work, 167  
Owner's Equity account, 332

## • p •

Pacioli, Luca, *Everything About  
  Arithmetic, Geometry and  
  Proportions*, 30  
paper accounting systems, 13  
paper trail, 12  
paperwork  
  filing system, 106–108  
  how long to keep files, 108–109  
Partner's Share of Income, Deductions,  
  Credits, etc. (Schedule K-1,  
  Form 1065), 309–310

partnerships  
  defined, 17, 300  
  Schedule E, Supplemental Income and  
    Loss, 311  
  Schedule K-1 (Form 1065), Partner's  
    Share of Income, Deductions,  
    Credits, etc., 309–310  
  tax reporting, 17, 309–312  
patents, 37, 262  
Patents account, 37  
pay periods, 151  
paying  
  bills, 127–128, 326  
  taxes, 17  
payoffs, 109–110  
payroll  
  Accrued Payroll Taxes account, 38  
  calculating unpaid salaries and wages,  
    252–254  
  commission checks, 160–161  
  defined, 23  
  hourly employees, 159–160  
  managing, 15  
  net pay, 156  
  outsourcing, 167  
  recording, 162–163, 252–254  
  salaried employees, 160  
  tips, 162  
  W-2 form, 285–290  
  W-3 form, 290–292  
payroll decline ratio formula for FUTA  
  taxes, 173  
Payroll Expenses account, 331  
Payroll Taxes account, 43  
Peachtree Accounting  
  Charts of Accounts, 92  
  cost, 88  
  customizing, 93–94  
  features, 89–90  
  fiscal year, 92–93  
  tutorials, 91

- Peachtree For Dummies* (Wiley, Inc.),  
 (Marmel and Koers), 90  
 periodic inventory, 118, 335  
 perpetual inventory, 118, 335  
 petty cash, 98, 103–104, 335  
 planning  
   cash flow, 230–231  
   profits, 327  
 point of sale (defined), 335  
 point-of-sale software, 91  
 post reference (PR) column  
   Cash Disbursements journal, 73  
   Cash Receipts journal, 69  
   General journal, 78  
   Purchases journal, 76  
   Sales journal, 74  
 Postage account, 43  
 posting  
   accounting cycle, 24  
   adjustments, 224  
   corrections, 224  
   General Ledger entries, 57–63, 231–232  
   journal entries, 81–83  
   transactions, 326  
 PR (post reference) column  
   Cash Disbursements journal, 73  
   Cash Receipts journal, 69  
   General journal, 78  
   Purchases journal, 76  
   Sales journal, 74  
 prepaid expenses, 63, 249–250  
 Prepaid Insurance account, 35  
 preventing employee cash theft, 105–106  
 pricing decisions, 328  
 principal (on loans), 207–209  
 printing checks, 101–102  
 profit  
   gross profit (income statement),  
     272, 276–277  
   net profit, 335  
   operating profit, 335  
   planning, 327  
   Profit & Loss (income statement)  
     report, 245–246  
     testing, 281–282  
 Profit or Loss from Business (Schedule C)  
   IRS form, 303–305  
 promissory note, 206  
 property depreciation, 196–197  
 proving out the cash register, 137–138  
 publications from the IRS  
   *Employees Daily Record of Tips and  
     Report to Employer*, 162  
   *How to Depreciate Property*, 196–197  
 Purchase Discount account, 41  
 Purchase Returns account, 41  
 Purchases account, 41, 118, 331  
 Purchases journal  
   Accounts Payable Credit column, 76  
   Date column, 76  
   defined, 76  
   examples, 54–55, 77  
   Invoice Number column, 76  
   PR (post reference) column, 76  
   Purchases Debit column, 76  
   Vendor Account Credited column, 76
- *Q* •
- quarterly income statement, 271  
 quarterly reports, 22  
 quick (acid test) ratio, 269  
 QuickBooks  
   Archive And Condense wizard, 319–320  
   Charts of Accounts, 92  
   costs, 88, 91  
   customizing, 93–94  
   depreciation, 194–195  
   employee records, 182–183  
   features, 90–91  
   fiscal year, 92–93  
   General Ledger, 64–65  
   inventory, 120–122  
   journals, 83–86, 232–235

payroll services, 167  
QuickBooks Basic, 91  
QuickBooks Pro, 91  
QuickBooks Simple Start, 88  
reports, 245–246  
trial balance, 241–242  
tutorials, 91  
W-2 forms, 296  
Year-End Guide Checklist, 319

## ● R ●

raw materials inventory, 276  
receipts for sales, 130–132  
reconciling bank accounts, 220–223  
recording  
    allowances, 140–141  
    bad debt, 251–253  
    cash transactions, 132–133  
    debt, 204–209  
    depreciation expenses, 198  
    interest income, 201–202  
    payroll, 162–163, 252–254  
    store credit transactions, 134–137  
reference numbers (transactions), 228  
Rent Expense account, 43  
Report format (balance sheet), 266–267  
reports  
    Aging Summary Report, 141–142,  
        228–229, 326  
    annual reports, 22  
    audit trial, 241  
    balance sheet, 246  
    cash flow, 246  
    computerized accounting systems,  
        245–246  
    creating, 16–17  
    expenses, 246  
    income, 246  
    income statement, 283–284  
    net worth, 246

Profit & Loss (income statement),  
    245–246  
quarterly reports, 22  
    QuickBooks, 245–246  
    staff responsibilities, 112  
reserve ratio formula for FUTA taxes, 174  
Retained Earnings account, 21, 39, 63,  
    332, 335  
Return on Assets (ROA) ratio, 282  
Return on Equity (ROE) ratio, 282  
Return on Sales (ROS) ratio, 281  
returns  
    income statement, 283  
    recording, 140–141  
revenue  
    defined, 21  
    income statement, 21, 32, 40, 272  
reviewing  
    customer accounts, 320–321  
    vendor accounts, 321  
ROA (Return on Assets) ratio, 282  
ROE (Return on Equity) ratio, 282  
ROS (Return on Sales) ratio, 281

## ● S ●

S corporation, 312–313  
Salaries and Wages account, 43  
Salaries Debit column (Cash  
    Disbursements journal), 73  
Sale of Fixed Assets account, 41  
sales  
    Aging Summary Report, 141–142  
    allowances, 140–141, 283  
    cash sales, 130–133  
    comparing sales goals to actual  
        sales, 327  
    discounts, 40, 139–140  
    income statement, 272  
    net sales, 274  
    pricing decisions, 328  
    proving out the cash register, 137–138

- sales (*continued*)
  - receipts, 130–132
  - recording cash transactions, 132–133
  - Return on Sales (ROS) ratio, 281
  - returns, 140–141, 283
  - store credit, 130, 133–137
  - tracking, 14–15
  - writing off accounts, 142–143
- Sales account, 61–62, 331
- Sales Credit column
  - Cash Receipts journal, 69
  - Sales journal, 74
- Sales Discounts accounts, 40
- sales incentive programs, 140–141
- Sales journal
  - Accounts Receivable Debit column, 74
  - Customer Account Debited column, 74
  - Date column, 74
  - defined, 73–74
  - examples, 53–54, 75
  - Invoice Number column, 74
  - PR (post reference) column, 74
  - Sales Credit column, 74
- Sales of Goods or Services account, 40
- sales receipts, 130–132
- sales returns
  - income statement, 283
  - recording, 140–141
- Sales Returns accounts, 40
- sales tax, 314–316
- Sales Tax Collected account, 38
- savings accounts
  - cash flow, 98, 103
  - interest income, 201
- Schedule C, Profit or Loss from Business
  - IRS form, 303–305
- Schedule E, Supplemental Income and Loss IRS form, 311–312
- Schedule K-1 (Form 1065), Partner's Share of Income, Deductions, Credits, etc. IRS form, 309–310
- Schedule SE (Self-Employment Tax) IRS form, 303, 306–307
- schedules
  - amortization, 208–209
  - depreciation, 197
- Section 179 Deduction, 196
- secure payment gateway fee, 216
- Self-Employment Tax (Schedule SE) IRS form, 303, 306–307
- short-term debt, 202–205
- shrinkage, 119
- simple interest, 200
- Simply Accounting Pro
  - Charts of Accounts, 92
  - cost, 88
  - customizing, 93–94
  - features, 88–89
  - tutorials, 91
- single-step format for an income statement, 272–273
- skimming, 110
- Social Security, 154, 170
- Social Security Administration Web site, 293
- software, point-of-sale, 91. *See also* accounting software
- software fees, 217
- sole proprietorship
  - defined, 17, 300
  - Form 8832, Entity Classification Election with the IRS, 308
  - Schedule C, Profit or Loss from Business IRS form, 303–305
  - Schedule SE, Self-Employment Tax IRS form, 303, 306–307
  - tax reporting, 17, 302–308
- specific identification method of valuing inventory, 122, 335
- speeding up depreciation, 249
- staff responsibilities
  - authorization levels, 111
  - bookkeeping, 111

- dividing, 111
  - financial reports, 112
  - money-handling, 112
  - state taxes
    - income withholding taxes, 156
    - sales taxes, 314
    - unemployment, 176–178
  - stock market exchanges, 265
  - stocks, 265
  - store credit
    - credits, 135
    - debits, 135
    - deciding whether to offer it, 133–134
    - defined, 22, 130
    - recording store credit transactions, 134–137
  - Straight-Line depreciation, 191–192, 249
  - summarizing journals, 81–83, 225–229
  - Sum-of-Years-Digits (SYD) depreciation, 192–193
  - Supplemental Income and Loss (Schedule E) IRS form, 311–312
  - supplies
    - buying, 126–127
    - monitoring, 126–127
  - Supplies account, 43
  - SYD (Sum-of-Years-Digits) depreciation, 192–193
- T ●
- tangible assets, 262–263, 335
  - Tax and Accounting Sites Directory Web site, 314
  - tax forms
    - Form 940 or 940-EZ, Employer’s Annual Federal Unemployment Tax Return, 175–176, 296
    - Form 941, Employer’s Federal Tax Return, 170–172
    - Form 941, Employer’s Quarterly Federal Tax Return, 164–167
    - Form 945, Annual Return of Withheld Income Tax, 296, 298
    - Form 1096, Annual Summary and Transmittal of U.S. Information Returns, 292–293, 295–297
    - Form 1099, Miscellaneous Income, 292–295
    - Form 3115, Change in Accounting Method, 26
    - Form 4070, Employee’s Report of Tips to Employer, 162
    - Form 8027, Employer’s Annual Information Return of Tip Income and Allocated Tips, 293
    - Form 8109, Federal Tax Deposit (FTD) Coupon, 163–164
    - Form 8832, Entity Classification Election with the IRS, 308
    - Form SS-4, 146–147
    - Schedule C, Profit or Loss from Business, 303–305
    - Schedule E, Supplemental Income and Loss, 311–312
    - Schedule K-1 (Form 1065), Partner’s Share of Income, Deductions, Credits, etc., 309–310
    - Schedule SE, Self-Employment Tax, 303, 306–307
    - W-2, 285–290
    - W-3, 290–292
    - W-4, 146, 148
    - W-5, 149–151
  - tax reporting
    - corporations, 312–314
    - partnerships, 17, 309–312
    - sole proprietorship, 17, 302–308
  - taxable benefits, 158
  - taxes. *See also* state taxes
    - bad debt, 321
    - depreciation, 196–197
    - Earned Income Credit (EIC), 149–151
    - employee taxes, 153–156, 163–167, 170

- taxes (*continued*)
    - employer taxes, 170–178
    - Federal Unemployment Tax (FUTA), 172–176
    - federal withholding taxes, 154–155
    - Medicare, 154, 170
    - Modified Accelerated Cost Recovery System (MACRS), 196–197
    - partnership, 17
    - paying, 17
    - sales tax, 314, 315–316
    - Section 179 Deduction, 196
    - Social Security, 154, 170
  - tax-exempt benefits, 157–158
  - Telephone account, 43
  - Temporary Posting journal, 220
  - testing
    - accuracy, 15–16
    - cash flow, 268–269
    - profits, 281–282
  - theft
    - customer theft, 111
    - employee bonding, 114
    - financial fraud, 109–113
    - preventing employee cash theft, 105–106
  - three-ring binders, 107
  - time sheets, 152
  - tips, 162, 288, 293
  - tracking
    - cost trends, 328
    - sales, 14–15
    - sales discounts, 139–140
  - trademarks, 262
  - transaction fees (credit cards), 203, 217
  - transactions
    - accounting cycle, 23
    - accuracy, 15–16
    - arm’s length transaction, 333
    - cash, 132–133
    - Chart of Accounts, 11
    - double-entry bookkeeping, 28–29
    - General Ledger, 12
    - journals, 12–13, 67–68, 226, 228
    - posting, 326
    - reference numbers, 228
    - store credit, 134–137
  - Transmittal of Wage and Tax Statements
    - IRS form, 290–292
  - Travel and Entertainment account, 43
  - trends
    - cost trends, 328
    - industry trends, 279–281
  - trial balance
    - accounting cycle, 24
    - adjusted trial balance, 254–255
    - adjustments, 24
    - balance sheet, 260
    - computerized accounting systems, 241–242
    - creating, 238
    - credits, 238
    - debits, 238
    - defined, 23, 238
    - errors, 240–241
    - example, 238–239
    - purpose of, 238
    - QuickBooks, 241–242
  - tutorials (accounting software), 91
  - 12-month files, 107
  - Type column (Chart of Accounts), 44
  - types of businesses
    - corporations, 301–302
    - Limited Liability Companies (LLCs), 300–301
    - partnership, 17
    - partnerships, 300
    - sole proprietorship, 17, 300
- U •
- unemployment compensation
    - Federal Unemployment Tax (FUTA), 172–176
    - state taxes, 176–178

Units of Production (UOP)  
    depreciation, 194  
unpaid salaries and wages, 252–254  
updates to accounting software, 88  
U.S. Citizenship and Immigration  
    Services (USCIS), 148–149  
U.S. Department of Labor, 153  
useful life of an asset, 189–190  
Utilities account, 43

● **V** ●

value of inventory, 122–126  
vehicles  
    depreciation schedule, 197  
    Vehicles accounts, 36, 43  
Vendor Account Credited column  
    (Purchases journal), 76  
vendors  
    Form 1096, Annual Summary and  
        Transmittal of U.S. Information  
        Returns, 292–293, 295–296  
    Form 1099, Miscellaneous Income,  
        292–295  
    reviewing vendor accounts, 321

● **W** ●

W-2 form, 285–290  
W-3 form, 290–292

W-4 form, 146, 148  
W-5 form, 149–151  
Wage and Tax Statement IRS form,  
    285–290  
Web sites. *See specific sites by name*  
white-collar crime, 111  
withholding taxes  
    federal, 154–155  
    state and local, 156  
work-in-process inventory, 276  
workman's compensation insurance,  
    178–180, 336  
worksheets  
    accounting cycle, 24  
    financial statements, 243–244  
    trial balance, 238–242, 260  
writing off accounts, 142–143,  
    252–253, 321

● **Y** ●

year-end bookkeeping tasks, 319–320

● **Z** ●

zeroing out an income statement,  
    318–319

