

Using Commercial Accounting Software To Illustrate Accounting Information Systems Topics

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Abstract

General agreement now exists regarding the desirability of including software specific training in the undergraduate Accounting Information Systems class. This paper presents materials built upon the widely-used manual accounting systems practice case—the Systems Understanding Aid (SUA) by Arens and Ward [1995]. The transaction set from the SUA is adapted for use with Great Plains' Dynamics, a high-end windows-based accounting general ledger package available free to universities. These educational materials expose students to practical application of many of the topics found in AIS courses thus enhancing both their understanding of the topics and facilitating their transition to the largely automated real-world accounting environment.

Introduction

Both practitioners and academics have placed great importance on the need for students to have overall familiarity and detailed knowledge of specified Accounting Information Systems (AIS) topics [Siegel and Kulesza, 1996; Bedford Committee, 1986; Accounting Education Change Commission, 1990; Heagy and McMickle, 1988; Siegel and Sorensen, 1994]. In spite of this stated importance, there remains widespread disagreement among academics over AIS course content, making the topics covered extremely professor dependent. This lack of a standardized course content exists not only between schools, but often even among different professors at the same school [Hollander, Denna and Cherrington, 996; Leitch and Davis, 1992; Zenith, Frownfelter, and Harper, 1992; Gelin

and Verrault, 1984; Wu, 1983].

Pedagogical Approaches To The Systems Class

There are two common approaches to teaching the AIS course. The first teaches basic factual knowledge about computers and accounting systems using a traditional "textbook" approach. The second, "integrated" approach, combines textbook knowledge with hands-on software skill training [Stone, Arunachalam and Chandler, 1996; Levitan, 1988]. Although there was earlier debate about the educational usefulness of including specific software training in the AIS course, more recent views have held the importance of including a hands-on learning component to the class [Borthick and Clark, 1987;

Romney, Cherrington and Denna, 1996; Calderon, Olsen and Conrad, 1996; Heagy and Gallun, 1994; New Accountant, 1992]. Particularly, accounting practitioners have expressed the strong need for inclusion of microcomputer skills and an understanding of computerized accounting systems. Professors have responded by offering specific software applications ranging from spreadsheet applications to general ledger packages with a more recent shift toward including database systems [Stone, Arunachalam and Chandler, 1996; Jensen, 1992; Zenith, Frownfelter and Harper, 1992; Calderon, Olsen and Conrad, 1996; Perry and Schneider, 1988].

The authors of this paper have elected to use a high-end, windows-based commercial general ledger package--Great Plains' *Dynamics* to illustrate application of many of the theoretical concepts taught in the AIS class. *Dynamics* was chosen for four major reasons:

1. The general ledger packages which have been developed for educational purposes tend to have a large number of "bugs" and are too simplistic and not robust enough to demonstrate the capabilities of a high quality commercial package.
2. Lower-end packages previously used by the authors resulted in a number of problems (lack of technical support and networking ability, etc.) that should not be present with a higher-end package.
3. *Dynamics* has won several awards, most recently PC Magazine's 1995 Editor's Choice Award for multi-user high-end windows accounting packages in 1995 and MCI's top national service award for the company-wide commitment to delivering exceptional customer service.
4. Great Plains has established the DEAN Program (Dynamics Educational Alliance Network) which is making *Dynamics* available for educational purposes at no cost to the professor, students or school along with toll-free technical support. Great Plains software and the educational materials and data described herein are available at <http://www.gps.com/true/dean/dean.htm>.

Purpose

The purpose of this paper is to present educational materials which utilize a high quality commercial accounting package to illustrate application of many of the topics taught in today's AIS classes. The materials build upon the widely-used *Systems Understanding Aid* (SUA) by Arens and Ward [1995] which involves student completion of a manual accounting system, typically performed early in the course. The SUA introduces students to flowcharting, manual internal controls, and transaction processing through financial statement preparation. The focus of the SUA is on completing transactions within the revenue, expenditure and payroll cycles. The integration of *Dynamics* with this manual application exposes students to a computerized accounting system and allows them to see the benefits of control, security, and other special capabilities of a good general ledger package. Because they are using the same SUA data set in both the manual system and *Dynamics*, students can fully focus on the differences resulting from computerization of the accounting system, rather than being distracted by consideration of a new data set.

Our purpose in utilizing a software application project in the Systems class is generally not to make a student proficient in a particular accounting package, there simply is not adequate time to do so. For example, the beginning training class for *Dynamics* users consists of 40 hours of instructor-led sessions. Such a time commitment would make coverage of the myriad of other relevant topics impossible. Thus, a difficult decision is faced in the nature of the instructions given to students. One approach is that students should be given a very detailed set of instructions thereby avoiding the need for them to master the program. Detailed instructions allow students to complete the work more efficiently, but are less preferable because students will tend to follow the "click by click" steps without really focusing on understanding what they are doing. On the other hand, if broader instructions are given, students "struggle" to learn the software at the expense of

learning basic systems concept. Except for the most technologically-oriented student, this approach consumes a tremendous amount of time and is generally not an efficient learning experience. Those students who are not technologically-inclined tend to get lost, become frustrated, and tend to lose out on the benefits of the experience.

Our perspective in preparing these instructional materials is that there are too many topics worthy of attention in AIS to allow students to take the time to become truly proficient in a particular package. Hence, we opt to provide detailed instructions for students but we force "focused learning" in two ways. First, we integrate numerous questions throughout the materials which require students to stop and reflect on what they have done. These questions are a significant part of the contribution of this paper. And although they have been prepared for use with *Dynamics*, many of them could be adapted for use with other comparable packages. Examples of the questions are:

How could the company use Dynamics to assure that sales returns and allowances are applied only when properly authorized?

List three transactions that you recorded in Part One of this assignment and describe at least one control over the entry. E.g., for sales on account you cannot record the sale if the amount exceeds the customer's credit limit.

You needed a password to change credit limits for customers. Do you believe a similar control should exist for changing the Employee Pay Codes? Explain and indicate who should know the password if one is needed.

Do you think accounting controls over payroll transactions are stronger in a manual system or in a computerized system like Dynamics? Provide some specific examples that lead you to this conclusion.

In the real world, of course you do not have check figures to assure you entered all the data

correctly. Utilizing the reports that Dynamics provides, what steps could Ray take at year-end to gain some assurance that the financial statements are correct (without reviewing every single transaction)?

By focusing on what a high quality general ledger package can do rather than trying to master the specific details of how to use it, our materials provide students with an overall understanding of important accounting concepts in a computerized setting. We generally devote one class hour to the discussion of general ledger packages and a demonstration of *Dynamics*. Students then complete the on-line tutorial accompanying *Dynamics* outside of class and turn in a detailed set of questions based on the tutorial (The tutorial questions and SUA related data can be obtained from <http://www.gps.com/DEAN>). Students must also read through the entire set of transaction instructions BEFORE the next class and write a two paragraph summary of what they are about to do. We have found this to be a very important step in focusing students on what they are really doing. At this point, the professor may use one of two approaches. If facilities are available, class time (one to three class periods) may be dedicated to student entry of the basic SUA transaction set. This approach offers students, especially those who are unfamiliar or uncomfortable with computers, more direction and reduces computer-related stress. If computer labs are not accessible for class meetings or if class time is too limited, the instructor or teaching assistant should be available during designated hours to answer students' questions while working on the SUA transaction set as a homework assignment.

Using either approach, we found that pairing up a less computer-literate student with a more computer-literate student enhances the learning experience for both. The less computer-literate student should work the keyboard with the more experienced student providing guidance. This allows the more experienced student to help the novice better understand the flow of transactions and work more efficiently. Furthermore, the two students working together

generate better answers to the related questions than either one alone. The basic set of SUA instructions is included in Appendix A. Whichever approach is used, a small amount of additional of class time should be set aside to discuss the set of questions and to assure that students have understood the concepts addressed. We finish the *Dynamics* assignment by having the students complete a final set of transactions which extends beyond the basic SUA transaction to cover issues related to establishing security, use of classes in recording transactions, reporting capabilities, incorporating macros into *Dynamics* to facilitate workload. These transactions will be the subject of a future article but are currently available for those interested.

Using the suggested materials exposes students in the AIS course to the following topics: (1) microcomputers as used in accounting practice, (2) computerized account structure and file management, (3) audit trails and data query through "drill down" capabilities, (4) transaction processing from journal entry through financial statement preparation in a computerized environment, (5) design features of computerized accounting packages that are not available in manual systems, (6) general computer controls such as security setup and retention, (7) application controls such as edit and validity checks and batch processing, (8) end-user computing, and (9) systems design issues, such as chart of account assignment, data entry screen design, and report formatting.

Conclusion

Microcomputer simulation of an accounting system can be instrumental in reinforcing students' understanding of the accounting cycle and internal controls. Use of a commercial package also provides students with the opportunity to see many systems "concepts" applied in a typical real-world application. This should both enhance student learning and allow easier transition for students to the largely automated real-world accounting environment. Professors experience difficulty in implementing commercial packages in Systems classes primarily because of the resources and time commitments re-

quired. This paper presented educational materials which accomplish the needed objectives using free software--Great Plains' *Dynamics*. The prepared materials reduce the preparation and class time commitment required to introduce students to important current topics in AIS. But we would be remiss if we didn't mention the commitment necessary to get Great Plains installed. *Dynamics* is a full featured commercial package designed, as all commercial packages are, to have many users operating on one set of data. In an academic setting many users must have individual sets of data to work on. To get *Dynamics* to operate in this fashion on a college network requires a detailed understanding of the local network and its administration. However, Great Plains does have technical support personnel who will work with the local systems administrator to facilitate implementation. ☐

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Appendix A

Module One - Part One Entering Daily Transactions

Overview

This assignment is an extension of the Systems Understanding Aid manual practice case. You will now be completing transactions in a computerized accounting system. Part one of this assignment involves a number of sales, purchasing and inventory transactions that are entered on a daily basis for Waren Distributing. Some of these transactions will be entered individually and others will be entered in batches using batch totals to check for possible errors. When you are finished entering the daily transactions, all the entries from the sales, purchasing and inventory modules will be posted to the general ledger. The final step is printing a detailed trial balance to see how the general ledger accounts have been affected.

Opening Dynamics

Before you use Dynamics, you need to log in to the network using a special login name. Your group will receive a unique name, ex. "GP03". The password is (currently) "great."

Windows95 If you are using a machine with Win95, the procedure is very simple. *Click Start, Programs, Novell, Network Login.* When you see the login screen, *type* your group login name and password.

Windows 3.1 If you are using a machine with Windows 3.1, simply *exit* windows. (File, Exit) You will be at a DOS prompt. *Type f:*, then *login.* *Type* your group login name and password. Finally, *type win* to start windows again.

Click on the *Dynamics LAN 3.1* icon which is available in the *Great Plains* program group. (In Windows 3.1, you should be able to find the group. In Win95, choose Start, Application, Great Plains.) The first window that opens informs Dynamics who you are and what company data you want to access. This assignment requires you to play the role of Jim Adams so *select Jim Adams* (by clicking on it once) as the user ID and then *select Waren Distributing* as the company. The password for Jim Adams is "AIS." Enter this password and then *click OK* to start Dynamics.

Showing Required Fields

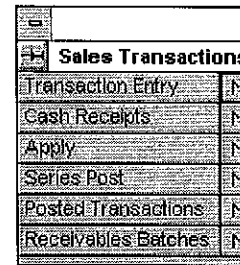
Before you begin, it is recommended that you activate the Show Required Fields feature. To *activate the Show Required Fields* feature, *open* the *Help* menu and *click* on the *Show Required Fields* item. If you ever get a message that says, "Not all required fields have been entered," you can easily determine which field(s) have been overlooked because all of the required fields will be displayed in bold type. The other non-bold fields, while they may be important, are not required to post the transaction.

Setting the System Date The system date indicator is located near the upper right-hand corner of the Dynamics window. By default, the program will choose the current date. **You will have to reset the system date for each day that you enter transactions.** To reset the system date, *click on the date indicator* and a small window will open. *Enter the new date* in the following format: mmddyy (m =

month, d = day, y = year). The first transaction will be entered on December 26, 1995. *Set the system date to 12/26/95 now.* Click **OK** when you are finished. **Note:** Resetting the system date will not affect windows that are already open. You can make the change manually or close and reopen the window to have Dynamics enter the new date by default.

Opening Windows in Dynamics Every window mentioned in this document is followed by parenthetical instructions for opening that window. Here is an example of how the instructions will look: (Transactions ⇒ Sales ⇒ Transaction Entry)

The first item refers to one of the six choices on the toolbar that appears across the top of the main Dynamics window. The second refers to an item on the toolbar that will open a palette. Recall that a palette is a just a list of options that relate the choice you initially made (ie. see the illustration to the right). The third item refers to one of the selections on the palette.



Sales Transactions Palette

Customizing Your Output In most business settings it would not make sense to change the company name on the accounting system unless the name had actually changed. However, in the lab environment with many users printing similar reports on shared printers, it can be difficult to figure out who printed what report. To make your output easier to identify, *change the company name* from Waren Distributing to something clever that *includes the names of your group members*. (You are limited to 30 characters.)

To make the change, *open the Company Setup* window (Setup ⇒ Company ⇒ Company) and *replace Waren Distributing with your new name*. Click **OK** to save the new name. Now when you print any output, it will be printed with your unique company name at the top of the page.

Transactions List

December 26

Waren received a purchase order in the mail from Hanover Hardware. Ray Kramer approved Hanover's credit and Nancy Ford prepared the sales invoice and shipped the goods. One copy of the sales invoice is sent to Jim Adams in the accounting department (*See Document 1*). Record the sale on account to Hanover.

Open the Receivables Transaction Entry window (Transactions ⇒ Sales ⇒ Transaction Entry) and *enter the information* as it appears on the sales invoice. The following table lists in detail the data that must be entered. **Suggestion:** Use the **Tab** key to move from one field to the next. The cursor will move through the fields in the same order that they appear in the table below. You can reverse tab (Shift - Tab) to return to a previous field.

See *Illustration 1*, later in this handout, to check your work. Click on the **Post** button to post this transaction. When you are finished entering and posting this transaction, *close* the window by clicking on the little square in the upper left-hand corner.

Field	Input	Note
Document Type	Sales / Invoices	This should be the default setting
Number	See Note	Dynamics will use the next available number
Description	Sale on Account	
Document Date	12/26/95	This should appear automatically if the system date is set correctly.
Customer ID	HANOVER	Use the looking glass to select this Customer ID
Address ID	PRIMARY	The system should enter this automatically
Payment Terms	2/10, Net/30	The system should enter this automatically
P.O. Number	P54223	This is the customer's P.O. Number
Sales	5,180.00	This is the total sales amount

December 27

(Don't forget to change the date) Waren received Invoice #342332 (*Document 2*) from Chicago Office Supply for goods already received. Jim Adams compared the invoice with the original P.O. and the receiving report and found no discrepancies. Record the transaction.

Open the *Payables Transaction Entry* window (*Transactions* ⇒ *Purchasing* ⇒ *Transaction entry*) and enter the transaction according to the data on the vendor's invoice (*Document 2*). The table below lists detail. See *Illustration 2* to check your work. When you have finished entering this transaction, post it by clicking the *Post* button and then *close* this window.

Field	Input	Note
Voucher No.	See Note	Dynamics will use the next available number
Document Type	Invoice	Make this selection using the drop-down list
Description	Purchase on Account	
Vendor ID	CHICAGO	Use the looking glass to select this Vendor ID
Address ID	PRIMARY	The system should enter this automatically
Document No.	342332	This is the vendor's invoice #
Doc. Date	12/27/95	Dynamics should enter this automatically if the system date is set correctly
P.O. Number	PO45642	This is Waren's P.O. #
Purchases	595.00	This is the total invoice amount

December 28

Waren received three purchase orders from customers today (*Documents 3-5*). Ray Kramer approved the credit on all three orders and the goods were shipped immediately. Record the sales using the batch method explained below.

Using Batches When entering multiple transactions that are similar in nature it is a good idea to enter the transactions in a single batch. Companies often use batch systems because you have the option of using control totals to help detect errors before posting. Dynamics will calculate the number of transactions and the total dollar amount of all the transactions in the batch. If you first calculate what these figures should be, you can compare the correct amounts with the amounts you have entered

and make any necessary corrections before you post any of the transactions. This is important in the real world, because Dynamics, like most accounting systems, requires you to delete out and then reenter the transaction if you didn't catch your mistake before posting.

Open the *Receivables Batch Entry* window (*Transactions* ⇒ *Sales* ⇒ *Receivables Batches*) and *create* a new receivables *batch* by *typing a unique name* (such as bat2) in the **Batch ID field. Fill in the remainder of the fields that are listed in the table below. See *Illustration 3* for an example if you have trouble.**

Field	Input	Note
Batch ID	See Note	Use your own unique name
Origin	Transaction Entry	Make this selection using the drop-down list
Comment	See Note	Enter any comment or description that will help you identify this batch.
Frequency	Single Use *	The system should enter this automatically
Posting Date	12/28/95	The system should enter this automatically
Checkbook ID	FIRST NATIONAL	Use the looking glass to select this ID
Transactions	See Note	Enter the total number of transactions that are included in this batch
Batch Total	See Note	Enter the total dollar amount of all transactions in the batch

* You could use a recurring batch for items such as regular monthly receipts.

Entering Transactions in a Batch When you have filled all the necessary fields in the *Receivables Batch Entry* window, *click* on the **Transactions** button in the lower right-hand corner of the window. This will open the *Receivables Transaction Entry* window – the same window you used to enter the sales transaction on Dec. 26. *Enter* the first transaction and *click the save button* when you are finished. Now *enter* the other two transactions and *save* them. **Note:** *Dynamics will not let you post these transactions individually because they are assigned to a batch.*

The sale to Fritter puts them over their credit limit of \$20,000. Ray Kramer has authorized you to override the limit. When you enter that transaction, the system will prompt you for a password. The password is “**BIGBUCKS.**”

STOP and answer question #1-3 on the answer sheet located at the end of this handout.

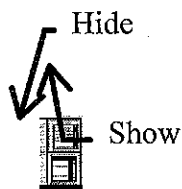
Comparing the control and actual amounts before posting When you have entered all three transactions *close* the *Receivables Transaction Entry* window and *return* to the *Receivables Batch Entry* window. (*It should already be open.*) *Select* your unique batch ID *using the looking glass* and compare the control amounts with the actual figures. If the numbers agree, *post* the batch. If the numbers don't agree, *click* on the **Transactions** button to go back and correct your mistake(s). *Close* the *Receivables Batch Entry* window after you have posted.

December 28 (continued)

Waren received check #14258 from Saginaw Sales and Service for \$9,065.00. The check was restrictively endorsed immediately and added to the cash receipts prelist. **Record** this transaction in the **Cash**

Receipts Entry window (*Transactions*⇒*Sales*⇒*Cash Receipts*). The following data should be entered. **Do Not Post Yet!**

Field	Input	Note
Receipt	See Note	Dynamics will use the next available number
Customer ID	SAGINAW	
Form of Payment	Check	
Date	12/28/95	Dynamics should enter this automatically if the system date is set correctly
Checkbook ID	First National	The system should enter this automatically
Amount	9,065.00	
Check/Card Number	14258	



Before posting, you must tell Dynamics to which invoice the payment should be applied. Dynamics needs this information to manage receivables. All receivables are treated as being collectible until the total invoice amount has been offset by cash receipts, authorized returns or credit memos. *By default, Dynamics displays several lines of information for each item. This detailed information can be turned off by clicking the hide button, as illustrated to the left. Leave the detail on for now.*

Click on the **Apply** button in the lower right-hand corner of the **Cash Receipts Entry** window to view a list of invoices for sales to Saginaw. Scroll down to notice that the only invoice with an unpaid balance is Sales Invoice 518. **Choose invoice 518** by **clicking** on the little **box** to the left of that row of data.

Notice that the terms taken by Saginaw are \$185.00 (2%) and that the discount is available until January 7, 1996. **Click** on the **OK** button to apply payment and **return** to the **Cash Receipts Entry** window. **Post** the transaction.

December 28 (continued)

Waren received legal notification that Okemos Housewares filed bankruptcy and will not be paying its outstanding debt to Waren. Okemos has an unpaid balance of \$850.00 and Ray Kramer has authorized you to write that amount off as uncollectible.

Start by entering the **Apply** window (*Transactions*⇒*Sales*⇒*Apply*). **Choose** Okemos as the vendor and then **click** the right arrow by the Document No. field. A list of invoices for sales to Okemos will appear.

Notice that the only invoice with an unpaid balance is Sales Invoice 515. One of the fields in the second line of data is for a write-off amount. (See *Illustration 5* if you are not sure.) **Click** on this field, **type \$850.00** and **hit Tab**. Dynamics will require a password to record this write-off in accordance with Waren's policy. The password is "**GOINHUNGRY.**" **Click OK** to close the **Apply** window. The 'entry' is now finished and is waiting to be posted with other batches. At the end of this assignment, you will tell Dynamics to 'really post' it.

Waren Distributing's policy is to place a hold on the account of any customer who defaults. **Place a hold on Okemos** to prevent any further sales transaction entries from being entered. To do this, **go** to the **Customer Maintenance** window (**Cards**⇒**Sales**⇒**Customer**) and **use the looking glass to select Okemos**. **Mark the Hold** box next to the customer name and **save** the change.

Now try **posting** a credit sale to Okemos Housewares.

STOP and answer questions #4 and #5 on the answer sheet. (You will need to **delete** the transaction before the Sales Transaction Entry window can be closed.)

December 28 (continued)

Every month Ray Kramer reconciles Waren's bank account and gives a copy of the reconciliation to Jim Adams for him to file. Kramer prepares the bank reconciliation as soon as the statement is received from the bank. This is normally done near the beginning of the month, but for the purpose of this exercise, assume that Jim Adams has just received the reconciliation of the account balance on November 30. At the same time that the bank reconciliation is filed, it is standard procedure for Jim Adams to record certain monthly bills as payable. The bills that he records are the type that are due every month with an amount that does not change, like rent and lease payments. This group of payables is unique because no invoice is received from the vendor. Waren has established this procedure to ensure that the monthly payables are not forgotten.

A monthly batch has been setup to automate this process. **Open the Payables Batch Entry** window (**Transactions**⇒**Purchasing**⇒**Batches**) and use the looking glass to **select** the batch called **Monthly-pay**. This batch consists of three purchasing entries. Before posting the monthly payables batch, Jim Adams inspects each of the transactions to be sure that they do not need to be changed. **Click** on the **Transactions** button in the lower right-hand corner to inspect the transactions. The window that opens is the same window that you used to enter purchases earlier.

By default, Dynamics will display the next unused invoice number. This is so you can add another transaction if you want to. The invoices that are already part of the batch are listed immediately before the invoice that appears when you open the window. **Use the browse buttons** to **review** the transactions.

STOP and answer question #6 on the answer sheet.

When you are finished recording the information, **close the Payables Transaction Entry** window, use the looking glass to **reselect** the **MONTHLYPAY** batch, and **post** the batch in the **Payables Batch Entry** window. **Close** the window.

December 28 (continued)

Once a week Jim Adams selects the payables that have a discount available or will be due within the next ten days. He automates the process by having Dynamics automatically find the unpaid invoices that meet his criteria and by having the computer print the checks for him. **Open the Select Payables Checks** window (**Transactions**⇒**Purchasing**⇒**Select Checks**), and use the looking glass button to **select** the **WEEKLY** batch. This is the batch that Jim Adams uses every week to handle payables.

Using the table below as a guide, *select* the *invoices* for payment.

Field	Input	Note
Batch ID	WEEKLY	
Vendor ID	All	This tells Dynamics to include invoices from all vendors in its search
Voucher Number	All	This tells Dynamics to include all documents in its search
Due Date Cutoff	01/07/96	Click on the radio button that says due date and then enter the date in the field
Discount Date Cutoff	All	This tells Dynamics to select all invoices with a discount available

See *Illustration 6* for an example of how this window should look. *Click* on *Save* to have Dynamics select all of the payables that meet the criteria for payment. *Close* the window when you are finished. Now *open* the *Edit Payables Checks* window (*Transactions*⇒*Purchasing*⇒*Edit Checks*) to see the invoices that have been selected for payment. *Use* the looking glass in the Payment Number field to see a list of the payments that Dynamics created. You will have to *scroll up* to see the complete list.

STOP and answer questions #7 and #8 on the answer sheet.

Ray Kramer instructed you to hold all payments to Midwest Property Management because of an unresolved dispute over a tax bill. *Select* the *payment to Midwest* using the looking glass. *Delete* the payment by *clicking* on the *Delete* button. Deleting the payment will remove it from this batch of checks and leave the amount as payable on Waren's books.

Now it is time to print the payables checks. *Open* the *Print Payables Checks* window (*Transactions*⇒*Purchasing*⇒*Print Checks*) and *select* the *weekly batch* using the looking glass. Notice that Dynamics automatically selects the next available check and enters the current date. Near the bottom of the window is a box that gives the option of printing an alignment form before printing actual checks. Tell the system to *print actual checks* and *click* on the *Print* button.

When prompted for a destination, *send the checks* to the *screen*. (*Dynamics will not process the transaction until at least one destination has been chosen.*) The Post Payables Checks window should appear next. *Click* on the *Process* button to post the transactions to the general ledger.



The checks will be printed to the screen in what Dynamics calls a *Screen Output Window*. The interface is a little strange; *there is a trick to viewing the output*. Before you can use the scroll bar on the bottom of the window you must *click* the *button* at the top of the window that has a picture of a piece of paper. (*See the picture in the margin.*) *Close* the window when you are finished.

December 29

Waren Distributing received a new computer that was ordered from Chicago Office Supply. The vendor's invoice was included in the delivery (*Document 6*). *Record* the purchase in the *Payables Transaction Entry* window (*Transactions*⇒*Purchasing*⇒*Transaction Entry*). Record the transaction the

same way you handled the one on December 27, but *do not post yet*.

Before posting this transaction it is necessary to change the general ledger account to which Dynamics will post the purchase amount. The system has been setup to post all purchases on account from Chicago Office Supply as a debit to office supplies expense and a credit to accounts payable. In this case, however, fixed assets should be debited instead of purchases because Waren is buying a computer. To make a change to the general ledger posting accounts for this single transaction, *click* on the *Distributions* button in the lower right hand corner of the Purchasing Transactions window. The Payables Transaction Entry Distribution window will open.

Dynamics is configured to post all purchases from Chicago Office Supply as a debit to account 40300 (Office Supplies Expense). To change this account number to 10800 (Fixed Assets) *click* on the \$2,000 figure in the debit column of the top line, and then *click* on the looking glass above the Account column to view a list of all accounts. *Scroll up or down* until you locate account 10800. *Select it* and *click OK* to close this window. See Illustration 7 for guidance. *Post* the transaction and *close* the *Payables Transaction Entry* window when you are finished.

December 30

Waren received a \$20,000 check (#34234) from Bertram Appliance for payment on their account. *Record* the transaction in the accounting system the same way you entered the receipt of Saginaw's check on December 28.

To apply this payment *click* on the *Apply* button in the lower right-hand corner of the window. The Apply Sales Documents window will display a list of invoices for sales to Bertram. Notice that some of invoices have amounts remaining and some have been fully received.

Apply this payment to the oldest outstanding invoice(s) by *clicking* the little *box* to the left of the invoice number(s). *Click* on the *OK* button to return to the Cash Receipts entry window. *STOP* and answer question #9 on the answer sheet. After applying the document, *post* the transaction.

December 30 (continued)

Waren received 80 irons that are being returned by Hanover Hardware. This return has already been authorized by Ray Kramer. Use the credit memo that Jim Adams prepared (*Document 7*) to record this transaction.

Record the sales return from Hanover Hardware in the *Receivables Transaction entry* window (*Transactions* ⇒ *Sales* ⇒ *Transaction entry*). In the Document Type field *Select Return* from the drop-down list, and enter the following data, but *do not post yet*.

Field	Input	Note
Date	12/30/95	The system should input this automatically
Customer ID	HANOVER	Use the looking glass to select Hanover Appliance from the list of all customers
Sales amount	1060.00	This is actually the return amount

Before the sales return from Hanover can be posted, it is necessary to apply the return amount the same way cash receipts are applied. **Apply** the return to the invoice you entered December 26 and **post** the transaction **after** answering the following questions.

STOP and answer questions #10 and #11 on the answer sheet.

Posting to the General Ledger Dynamics is configured to save all sales, purchasing, and payroll transaction in batches that are ready for posting to the general ledger. The transactions that you entered have not been posted to the general ledger yet. (*This may be a confusing concept; the transactions have been posted to the individual modules, but not to the general ledger yet.*) One of the reasons the system is set up this way is to make it easier to correct mistakes. **Go** to the Master Posting window (*Routines*⇒*Master Posting*) to post your transactions to the general ledger. This window displays all of the existing batches that are available for posting. You should see nine. **Click** on the **Mark All** button and then **click Post**.

Printing a Trial Balance A trial balance is useful for checking the reasonableness of account balances. It is also a good way to verify that transactions posted in other modules have been recorded in the general ledger. Dynamics offers several formats for trial balances. For the purpose of this assignment, print a detailed trial balance because this report will show how the individual transactions you entered have been posted.

To print a detailed trial balance **open** the **Trial Balance Report** window (*Reports*⇒*Financial*⇒*Trial Balance*). In the drop-down list at the top of the screen **select Detailed** as the Report. The options window on the left-hand side of the screen lists all the different types of detailed trial balances that are available. **Select Current (paper)** by **clicking once** on it and add it to the print list by **clicking** on the **Insert** button. That done, you can send the report to the printer by **clicking** on the **Print** button.

Using the Trial Balance to Check Your Work Take a look at the trial balance that you printed. Notice that all the transactions entered since December 26, 1995 are listed in detail.

For the following list of transactions, **circle** the individual debits and credits as they appear on the trial balance and **mark them** with a number that corresponds with the numbers below.

1. December 26 - Credit Sale to Hanover (This should be posted as a debit to accounts receivable and a credit to sales. Circle these debits and credits and mark them with a #1.)
2. December 29 - Purchase of Computer from Chicago Office Supply
3. December 30 - Receipt of \$20,000 from Bertram.

Submit the following to receive credit for this part of the Great Plains Assignment:

1. Trial Balance
2. Part 1 Answer Sheet

Illustration 1

Receivables Transaction Entry

by Document

Document Type: Sales / Invoices
 Number: SALES516
 Description: Sale on Account

Batch ID:
 Document Date: 12/26/95
 Currency ID:

Customer ID: HANOVER
 Name: HANOVER HARDWARE
 Address ID: PRIMARY

Payment Terms: 2% 10/Net 30
 Shipping Method:
 Tax Schedule ID:

Salesperson ID:
 Territory ID:

P.O. Number: P54223

Cost	\$0.00	Cash	\$0.00
Sales	\$5,180.00	Check	\$0.00
Trade Discount	\$0.00	Credit Card	\$0.00
Freight	\$0.00	Terms Disc Taken	\$0.00
Miscellaneous	\$0.00	On Account	\$5,180.00
Tax	\$0.00		
Total	\$6,180.00		

Illustration 2

Payables Transaction Entry

by Batch ID

Voucher No.: 521
 Document Type: Invoice
 Description: Purchase on Account

Batch ID:
 Document No.: 342332
 Doc. Date: 12/27/95
 P.O. Number: 45642
 Currency ID: Z-US\$

Vendor ID: CHICAGO
 Name: CHICAGO OFFICE SUPPLY
 Address ID: PRIMARY

Payment Terms:
 Shipping Method:
 Tax Schedule:

Purchases	\$595.00	1099 Amount	
Trade Discount	\$0.00	Cash	\$0.00
Freight	\$0.00	Check	\$0.00
Miscellaneous	\$0.00	Credit Card	\$0.00
Tax	\$0.00	Terms Disc Taken	\$0.00
Total	\$595.00	On Account	\$595.00

Illustration 3

Receivables Batch Entry

Save Clear Delete Post

Batch ID: UNIQUE NAME Origin: Transaction Entry

Comment: This is a unique description

Frequency: Single Use Posting Date: 12/28/95

Recurring Posting: 0 Checkbook ID: FIRST NATIONAL

Days to increment: 0 Currency ID:

Times Posted: Last Date Posted:

Transactions	Control	100
Batch Total		\$999,999.99

User ID: Approval Date:

Approved Transactions

Note: A callout box points to the '100' value in the Transactions table, stating: 'These are not the numbers you should use.'

Illustration 4

Receivables Transaction Entry

by Document Save Delete Post

Document type: Credit Memos Batch ID:

Number: CREDT501 Document Date: 12/28/95

Description: Currency ID:

Customer ID: OKEMOS Payment Terms:

Name: OKEMOS HOUSEWARES Shipping Method:

Address ID: PRIMARY Tax Schedule ID:

Salesperson ID: P.O. Number:

Territory ID:

Cost	\$0.00	Cash	\$0.00
Credit Amount	\$0.00	Check	\$0.00
Trade Discount	\$0.00	Credit Card	\$0.00
Freight	\$0.00	Discount Returned	\$0.00
Miscellaneous	\$0.00	On Account	\$0.00
Tax	\$0.00		
Total	\$0.00		

Apply Distribution Permissions

Illustration 5

Apply Sales Documents

by Customer ID OK Unapply Find Auto Apply

Customer ID: OKEMOS Name: OKEMOS HOUSEWARES Document No.: CREDIT501 Type: Credit Memos Posting Date: 0/0/00

Original Amount: \$0.00 Unapplied Amount: \$0.00

Apply to Document	Due Date	Amount Remaining	Apply Amount
Type	Original Document Amt	Discount Date	Terms Available
<input type="checkbox"/> SALES501	10/31/95	\$0.00	\$0.00
SLS	\$14,000.00	10/11/95	\$0.00
<input type="checkbox"/> SALES515	11/1/95	\$850.00	\$0.00
SLS	\$8,850.00	10/12/95	\$177.00
			\$650.00

Enter the write-off amount here

Illustration 6

Select Payables Checks

Save Clear

Batch ID: WEEKLY Currency: Checkbook ID: Batch Total:

Select Vendor By:
 Vendor ID: All From: To:

Select Document By:
 Voucher Number: All From: To:

Due Date Cutoff: None Due Date: 1/7/96
 Discount Date Cutoff: None All Discount Date: 0/0/00

Remittance:
 Take All Discounts Sort Documents by: Date Number
 Pay Only Minimum List Documents by: All Documents

Automatically Apply: Unapplied Payments Credit Memos Returns

One Check Per: Vendor Invoice Edit Payments

Illustration 7

Payables Transaction Entry Distribution

Vendor ID: CHICAGO Voucher Number: 423
Distribution Amount: \$2,000.00

Account	Description	Type	Debit	Credit
10800		PURCH	\$2,000.00	\$.00
20100		PAY	\$.00	\$2,000.00
			\$.00	\$.00
Total Amounts Distributed:			\$2,000.00	\$2,000.00

Document 2

ORIGINAL INVOICE

CHICAGO OFFICE SUPPLY

1411 E. Michigan
Chicago, Illinois 60606

We're looking out for YOU!

Since 1956

NO.	342332
DATE	12/27/95

Sold To: Wren Distributing
1978 Michigan Ave.
Chicago, Illinois 60612

SHIP TO: 1978 Michigan Ave.
Chicago, Illinois 60612

Your Order Number	Date Received	Date Processed	Date Shipped	Number of Cartons	Shipped Via	SPECIAL
PO45642	12/22/95	12/22/95	12/23/95	11	Interstate	

Stock Number	DESCRIPTION	Quantity Shipped	COST EACH	Extension
4126	Masking Tape	500	.75	375.00
4733	Xerox Paper - Box	10	22.00	220.00

Amount Due → 595.00

Document 3

Charge Sale Invoice

2 - Accounting Copy



WARREN DISTRIBUTING, INC.
1978 Michigan Avenue
Chicago, IL 60612
(312) 349-0407

INVOICE NO. 517

Sold To: Fritter Appliance
13210 Logan St.
Chicago, Illinois 60614

Invoice Date: 12/28/95
Prepared By: Nancy Ford
Credit Terms: 2/10, Net 30

Customer Purchase Order
Number 85489
Date 12/23/95

Shipment Date
Shipped Via: Allied
Bill of Lading: 579

QTY ORDERED	PRODUCT NO.	DESCRIPTION	Quantity Shipped	Unit Price	Extension
50	CO-22	Can Opener	50	20.00	1000.00
100	FP-2	Food Processor	100	135.00	13,500
					0
Important All returns must be made within 10 days and accompanied by an invoice copy and packed in the original carton.			Total Sale		14,500.00
			Customer Acct.		
			Verified By		RK

Document 5

Charge Sale Invoice

2 - Accounting Copy

WAREN DISTRIBUTING, INC.
 1978 Michigan
 Avenue
 Chicago, IL 60612
 (312) 349-0407



INVOICE NO.
 519

Sold To: Bertram Appliance
 121 E. Front
 Chicago, Illinois 60613

Invoice Date: 12/28/95
Prepared By: Nancy Ford
Credit Terms: 2/10, Net 30

Customer Purchase Order
 Number 46548
 Date 12/23/95

Shipment Date
 Shipped Via Allied
 Bill of Lading 581

QTY ORDERED	PRODUCT NO.	DESCRIPTION	Quantity Shipped	Unit Price	Extension
200	SD-21	Smoke Detector	200	25.00	5,000.00
20	FP-2	Food Processor	20	135.00	2,700.00
Important			Total Sale		7,700.00
All returns must be made within 10 days			Customer Acct.		
and accompanied by an invoice copy and			Verified By		RK
packed in the original carton.					

Document 6

CHICAGO OFFICE SUPPLY
1411 E. Michigan
Chicago, Illinois 60606

We're looking out for YOU!

Since 1956

ORIGINAL INVOICE

NO.	PO45853
DATE	12/29/95

Sold To: Waren Distributing
1978 Michigan Ave.
Chicago, Illinois 60612

SHIP TO 1978 Michigan Ave.
Chicago, Illinois 60612

Your Order Number	Date Received	Date Ordered	Date Shipped	Number of Cartons	Shipped Via	SPECIAL
PO45651	12/26/95	12/24/95	12/26/95	2	Our Truck	

Stock Number	DESCRIPTION	Quantity Shipped	COST EACH	Extension
PC65465	Packard Bell 486 DX2 66 Mhz	1	2,000	2,000.00

Amount Due → 2,000.00

2 - Accounting Copy

CREDIT MEMO
For Returned Merchandise

NO 109

WAREN DISTRIBUTING, INC.
1978 Michigan
Avenue
Chicago, IL 60612
(312) 349-0407



Credit To: Hanover Hardware
242 W. Holt Road
Chicago, Illinois 60613

Date: 12/30/95

Return Request No.	Invoice No.	Invoice Date	Receiving Report No.	Item Number	Description	Quantity	Price	Amount
54	335	12/26/95	407	I-52	Iron	80	13.25	1,060.00
TOTAL CREDIT								1,060.00

You must present this copy when applying to future orders

Prepared By Jim Adams

Approved By Ray Kramer

Great Plains Answer Sheet

Part One

Name: _____

1. For maximum control, who at Waren should know the credit limit override password?

Circle One

Jim Adams (Acctg. Clerk)	Should know password / Should not know password
Nancy Ford (Shipping/Receiving clerk)	Should know password / Should not know password
Ray Kramer (Manager)	Should know password / Should not know password

2. As we have Dynamics set up right now, you must enter the post command for both the batch transactions and the single transactions you have entered so far. You could elect not to use batches and have Dynamics post transactions automatically without requiring you to click on post. However, many companies elect to use batches and to require a separate 'click' on post. Why?

3. Go back and look at the transactions you have entered noticing when Dynamics has entered information automatically for you. What kinds of items does Dyanmics enter for you automatically?

4. Describe what happened when you tried to post the sale to Okemos.

5. For maximum control, who should know the A/R write-off password?

Circle One

Jim Adams (Acctg. Clerk)	Should know password / Should not know password
Nancy Ford (Shipping/Receiving clerk)	Should know password / Should not know password
Ray Kramer (Manager)	Should know password / Should not know password

6. Ray Kramer is conducting a review of the monthly expense budget. He asked you for information about fixed amounts that are paid on a monthly basis. Fill in the amount on the chart below.

<u>Vendor</u>	<u>Amount</u>	<u>Description</u>
Midwest Property Management	_____	Office Rent
Lease Associates	_____	Copier Lease
Ford Motor Credit	_____	Vehicle Lease

7. Take a look at payment 523.

Who is the vendor?

What is the discount taken?

8. *Click* on the *Apply* button to see how Dynamics suggests applying this payment.

What invoice(s) does Dynamics want to apply this payment to

What is the original invoice amount?

9. To which invoices did you apply the cash receipt? _____

10. How much remains to be paid on this invoice? _____

11. What is the amount of discount available? _____

Module One - Part Two

Year End Transactions

Note: In the manual case, Waren Distributing calculated payroll on a semimonthly basis. In order to facilitate automatic overtime calculations, we will use a biweekly basis. Dynamics can not calculate automatic overtime on a semimonthly basis because not all periods have the same number of work days.

December 31 Don't forget to set the system date!

Changing the Employee Pay Rates Effective December 20, all Waren employees are to receive a pay rate increase. This increase has not been entered into the system yet, so you must record the new rates before entering payroll on December 31, 1995. The current and new rates are as follows:

	Current Rate	New Rate
Adams, Jim	\$9.00/hour	\$9.50/ hour
Ford, Nancy	\$8.00/ hour	\$8.40/ hour
Kramer, Ray	\$2,100/2 weeks	\$2,200/2 weeks

Information about how much money is paid to and withheld from each employee is stored in what Dynamics calls a pay code. **Open** the **Employee Pay Code Maintenance** window (**Cards**⇒ **Payroll-USA**⇒ **Pay Code**), and **select Jim Adams'** Employee ID **using** the **looking glass** button. Jim Adams is paid an hourly wage, so **select** the **Hourly** pay code using the looking glass button.

Update the amount that Jim Adams is paid by **clicking** on the **Pay Rate** field and **typing** in the new rate. See *Illustration 1* if you are not sure where to enter this amount. This is the only change necessary because Dynamics is configured to automatically calculate all applicable withholding amounts. **Save** the change to Jim Adams' pay code and now **update** the pay codes of Waren's other two employees.

Entering Payroll Transactions In the final two-week payroll period of 1995 (Dec. 17 - Dec. 31) **Jim Adams** worked **88.25** hours and **Nancy Ford** worked **97.75** hours. Both of these hourly employees should receive overtime pay for their hours over 80.

Use the **Payroll Transactions Entry** window (**Transactions**⇒ **Payroll-USA**⇒ **Transaction Entry**) to enter the hours worked by Waren's two hourly employees. To record Jim Adams' hours **enter** the following inputs. See *Illustration 2* to check your work.

Field	Input	Note
Transaction	See Note	Dynamics will automatically choose the next unused Transaction Number
Batch ID	PE123195	A batch ID is required because we will be referring to this batch to build the payroll checks in the next step. "PE123195" stands for "Period Ended 12/31/95," but any easy to remember ID will work.
Employee ID	ADAMS	Click on the looking glass to view a list of Employee IDs
Code	HOURLY	Use this pay code for all hourly employees
Date	12/17/95 To: 12/31/95	Enter the date as only numbers. Dynamics will separate the month, day and year
Hours/Units	88.25	This is the number of regular hours Jim Adams worked
Department	GENER	The system should enter this automatically
Job Title	CLERK1	The system should enter this automatically
SUTA State	IL	The system should enter this automatically

Click on the *Save* button when you have entered all the information for Jim Adams' regular hours. Notice that Dynamics automatically updates the transaction number and clears most of the input fields. The system is now ready to record another payroll transaction. **Enter** the hours worked by Nancy Ford. *Note: that the Batch ID will be the same for both transactions.*

After you have entered both payroll transactions, **close** this window by clicking on the little square in the upper left-hand corner (or the X in the upper-right corner in Win95.) The computer will take a few seconds to process the transactions and then it will ask if you want to print a Transaction Audit List. This report would be useful if there were a greater number of transactions to enter, but is not very useful in this case. You can print it if you wish, but it's not necessary.

Building the Payroll Checks This is the point where Dynamics groups all of the employees that are included in the pay run. **Open** the *Build Checks* window (*Transactions* ⇒ *Payroll - USA* ⇒ *Build Checks*). Follow the instructions below to build the checks and refer to *Illustration 3* for guidance.

1. **Enter** the pay period dates (12/17/95 - 12/31/95). *Leave all other input fields blank.*
2. At the bottom left of the window is a box with the heading *Include Pay Periods*. **Select** *biweekly* because that is how all Waren employees are paid.
3. Near the bottom center of the window is a box with the heading *Include Automatic Pay Types*. Ray Kramer is a salaried employee. **Select** the *Salary* option, and Dynamics will include a check for Ray Kramer's salary in this pay run.
4. The final step before building checks is selecting the batch of transactions for the employees who are paid an hourly wage. **Click** on the *Select Batches* button near the bottom right-hand corner of the window and **select** the *payroll* batch.

Click on the *Build* button when you are ready to build the checks. Dynamics will ask whether you wish to print a Build Checks Report. **Print** it to the screen if you like, but it's not necessary.

Calculating Payroll Checks Calculating payroll checks is a simple procedure in this automated sys-

tem. **Open** the **Calculate Payroll Checks** window (*Transactions⇒ Payroll - USA⇒ Calculate Checks*) and **click** on the **OK** button.

Dynamics will ask whether you wish to print a Calculate Payroll Checks report. **Print** this report to the printer, and use this report to verify that the wages, salaries and withholdings are reasonable. **Save** this report because it will be collected when you complete this assignment.

If you see problems, go back to the Payroll Transaction window and reenter the transactions with a different batch name. If you reenter the transactions, you will also have to repeat the building and calculating steps.

Printing Payroll Checks The **Print Payroll Checks** window (*Transactions⇒ Payroll - USA⇒ Print Checks*) gives the option (near the bottom) of printing to actual checks or printing to an alignment form. Tell the system to **print actual checks** and then **click** the **Print** button. When Dynamics asks where to print the checks, **send** the output to the **screen**. **Close** the **Screen Output** window when the checks are finished printing and then **click** on the **Process** button in the window that will appear. When Dynamics processes the checks, it posts the distributions to the general ledger.

Year-End Entries

At year-end Waren Distributing prints an unadjusted trial balance to use when preparing the adjusting entries. **Go** to the **Trial Balance Report** window (*Reports⇒Financial⇒Trial Balance*) and **print** a trial balance worksheet using the Current (Screen) option. Start by **selecting Worksheet** from the drop-down list of possible reports and then add the **Current (Screen)** option to the print list and **click** on the **Print** button.

View the report on the screen to be sure that it is reasonable and then **print** a paper copy by **clicking** the **Print** button.

Use the paper copy of the worksheet to **prepare** the year-end adjustments. It is suggested that you **record your entries** in the adjustments column of the worksheet. (*You may instead write down your entries on a separate sheet if you wish. Either way, you must hand in a copy of your trial balance and a list of the adjusting entries when you complete the assignment.*) Here are the adjustments that are needed at year-end:

1. **Depreciation** - This amount is \$16,256.80.
2. **Interest Expense Incurred in 1995** - This amount is \$98.63.
3. **Bad Debt Expense** - Waren estimates bad debt expense to be one-quarter of one percent of net sales. Remember that Waren **does not** use the direct write-off method.
4. **Inventory and Cost of Goods Sold Adjustment** - A 12/31/95 physical inventory found inventory valued at \$60,975.00. Make the necessary adjustments to the purchasing related accounts and calculate the 1995 cost of goods sold. (*This entry is a little tricky if you are rusty with a manual COGS system; take your time. Check Figure: COGS should be \$496,160.44*)
5. **Federal Income Tax Expense** - This amount is \$5,637.99.

Enter the adjustments in the **Financial Transactions Entry** window (*Transactions⇒ Financial⇒ General*). (*Although you can make all the entries at once, you may find it easier to do them one at a time, allowing you to make sure that each entry balances.*) **Post** the entries. **Print** an adjusted **summary**

(from the drop-down list) *trial balance* using the *Current (paper)* option.

Printing Financial Statements

The final step in finishing this assignment is printing the financial statements. *Open* the *Financial Statement Report* window (*Reports*⇒*Financial*⇒*Financial Statements*) and use the looking glass button to view the Financial Statements that are available. *Select 1995 Balance Sheet* first. Notice that there are two options available – *paper copy* and *screen output*. *Select a paper copy*. Dynamics will add that option to your print list in the left-hand column. Now, use the looking glass button to *select 1995 Income Statement* from the list of financial statements. *Add the paper copy* of this financial statement to your print list. *Click Print* to send these two financial statements to the printer.

If you have entered all the data correctly, 1995 Net Income should be \$62,994.59 and the total assets should be \$232,724.68.

Closing the Year

Year-end closing is a process that zeroes out all the accounts that appear on the income statement. *Be sure that you have a copy of both the balance sheet, the income statement and trial balance before continuing with this step*. Go to the *Year-End Closing* window (*Routines*⇒*Financial*⇒*Year-End Closing*). Dynamics should already know that account 29000 is Retained Earnings. *Click* on the *Close Year* button and Dynamics will do the rest. The system automatically closes out the income statement accounts and posts entries to the Retained Earnings account.

Now *change* the system *date* to *1/1/96* and *print* a post closing *summary* (from the drop-down list) trial balance using the *1996* choice. Notice that all the income statement accounts have been closed.

Answer the questions on the Part 2 Answer Sheet and then you are ALL DONE!!!

Submit the Following to receive credit for this part of the Great Plains Assignment:

1. Part 2 Answer Sheet
2. Calculate Payroll Checks Report
3. Unadjusted Trial Balance and Adjusting Entries
4. Adjusted Trial Balance
5. Post-Closing Trial Balance

Illustration 1

Employee Pay Code Maintenance - USA

by Employee ID Save Clear Delete

Employee ID: ADAMS Inactive

Name: JIM ADAMS T

Pay Code: HOURLY

Description: ALL HOURLY ASSOCIATES

Pay Type: Hourly

Based on Pay Code: []

Pay Rate: \$9.5000

Unit of Pay: Hourly

Pay Period: Biweekly

Subject To Taxes:

- Federal
- FICA/Social Security
- FICA/Medicare
- State
- Local
- FUTA
- SUTA

Pay per Period: \$0.00

Maximum per Period: \$0.00

Advance Amount: \$0.00

Flat Tax Rates:

- Federal: []
- State: .00%

Accrue:

- Vacation
- Sick Time

SUTA State: IL

Workers' Comp Code: []

Benefits/Wages:

- W-2 Box: []
- W-2 Label: []

Summary History

Enter the New Pay Rate Here.

Illustration 2

Payroll Transaction Entry - USA

by Transaction Save Clear Delete

Transaction: 511

Batch ID: PE123195

Method: None Code Employee ID

Employee ID: ADAMS Hours: 88.25

Name: JIM ADAMS T

Transaction Type: Pay Code

Code: HOURLY Reduction Adjustment

Description: ALL HOURLY ASSOCIATES Pay Rate: \$0.0000

Date: 12/17/95 To: 12/31/95

Department: GENER SUTA State: IL

Job Title: CLERK1 Workers' Comp: []

Hours/Units: 88.25

Days Worked: .00

Weeks Worked: .00

Illustration 3

The screenshot shows a software window titled "Build Payroll Checks - USA". At the top, there are buttons for "Build", "Cancel", and "Help". Below this, the "User ID" is set to "JIM ADAMS". There are fields for "Build Date" and "Build Time", with a callout box labeled "Step 1" pointing to the "Build Time" field. Below these are fields for "Default ID" and "Description". The "Type of Pay Run" is set to "Regular Pay". A section titled "Pay Run Ranges" contains a "Pay Period Date" field with "From: 12/17/95" and "To: 12/31/95". Below this are two "Employee" fields, each with a "From" radio button and a date field; a callout box labeled "Step 2" points to the first "Employee" field. A callout box labeled "Step 3" points to the "From" radio button of the second "Employee" field. The "Include Pay Periods" section has checkboxes for "Weekly", "Biweekly" (checked), "Semimonthly", and "Monthly". The "Include Automatic Pay Types" section has checkboxes for "Salary" (checked), "Pension", and "Earned Income Credit". A "For This Pay Period" section has fields for "Days Worked" and "Weeks Worked", with a callout box labeled "Step 4" pointing to the "Weeks Worked" field. At the bottom, there are buttons for "Include Pay Codes", "Include Deductions", "Include Benefits", and "Select Batches".

Great Plains Answer Sheet

Part Two

Name: _____

1. Dynamics needs a good deal of information about each employee in order to automatically calculate income tax withholding amounts. List four specific pieces of information that must be entered for each employee. [Hint: See the *Employee Tax maintenance Window (Cards⇒ Payroll-USA⇒ Employee⇒ Tax Info)* - the *Tax Info* button is near the bottom of the window]

1. _____
2. _____
3. _____
4. _____

2. In the manual system Waren used the Income Summary account (#28000) to calculate earnings for the year and close the nominal accounts. Explain how the Income Summary account is used differently in this automated system. Hint: See the *Account Maintenance window (Cards⇒ Financial⇒ Account)* for help.

3. You needed a password to change credit limits for customers. Do you believe a similar control should exist for changing the Employee Pay Codes? Explain and indicate who should know the password if one is needed.

4. The Calculate Payroll Checks Report should be reviewed before payroll checks are distributed. Who should review it?

- _____ Jim Adams (Acctg Clerk)
- _____ Nancy Ford (Shipping/Receiving)
- _____ Ray Kramer (Manager)

Explain your answer.

List four items in the Calculate Payroll Checks Report that warrant the reviewer's attention and explain why.

- _____
- _____
- _____
- _____

5. Do you think accounting controls over payroll transactions are stronger in a manual system or in a computerized system like Dynamics? Provide some specific examples that lead you to this conclusion.

6. In the real world, of course you do not have check figures to assure you entered all the data correctly. Utilizing the reports that Dynamics provides, what steps could Ray take at year-end to gain some assurance that the financial statements are correct (without reviewing every transaction)?

7. In an accounting system, it is necessary to record transactions, maintain data files, and report output. Although these three functions exist in a manual system, they are more clearly delineated in a computerized system.

List three transactions that you recorded in Parts One and Two of this assignment and describe at least one control over the entry.

Example: Sale on account. Cannot be recorded if the sale amount exceeds the customer's credit limit.

- _____
- _____
- _____

8. List two changes you made to data files and explain the importance of restricting changes to these files.

Example: Add a customer to the Customer Maintenance File. Adding unauthorized customers may result in sales to fictitious customers or customers with bad credit.

- _____
- _____
- _____

9. List two reports you printed out and explain how each could be used by management to monitor business and/or make decisions.

Example: The Trial Balance Report was used to determine needed adjustments at year-end.

- _____
- _____
- _____

10. One problem with computerized accounting systems is in the availability of confidential information to unauthorized users. Give an example of one report that should be carefully guarded and explain why.

Describe how recording, maintaining and reporting are related to each other.

