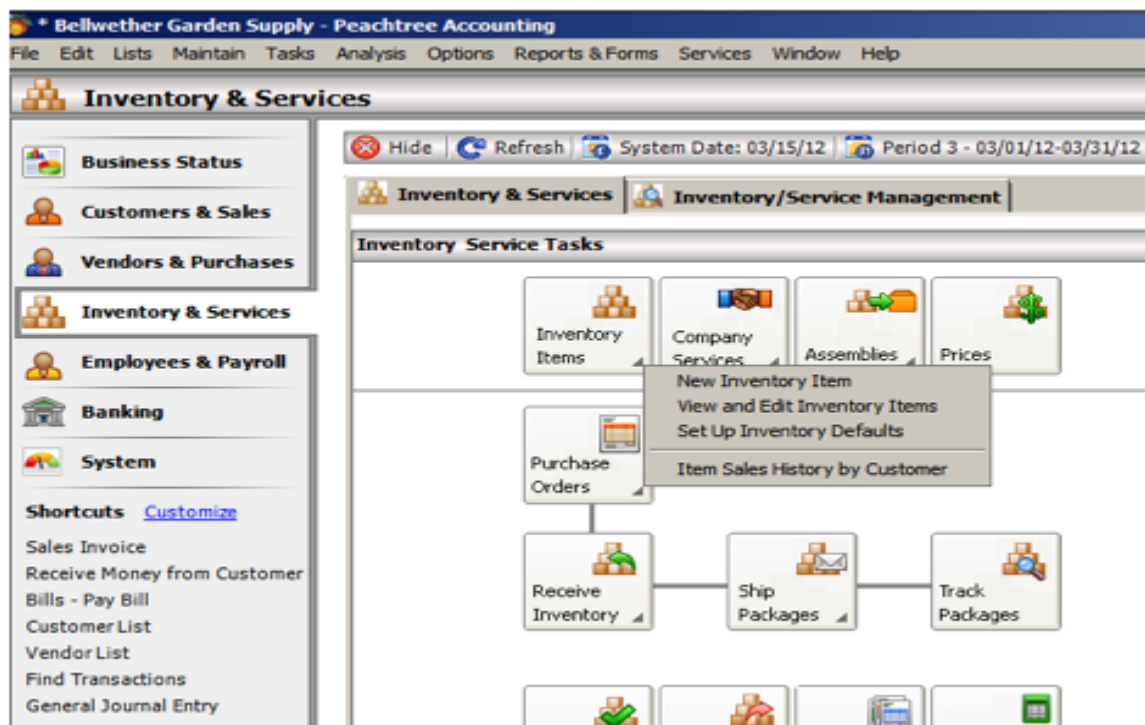


# ACCOUNTING AND FINANCE

## LEVEL - IV

Based on NOVEMBER, 2023 curriculum V – I



**Module title: Setting up and operating a  
Computerized Accounting Information System**

**Module code: LSA ACF4 M07 1123**

**Nominal duration: 180hrs**

**Prepared by: Ministry of Labor and Skills**

**NOVEMBER, 2023  
ADDIS ABABA ETHIOPIA**

## Acknowledgment

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## Acronym

CAS-----Computerized accounting system

IT-----Information technology

MS-----Micro soft

ID-----Identification number

YNAB -----You Need A Budget

ERP-----Enterprise Resource Planning

HQ -----Head Quarters

GL-----General Ledger

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## Introduction to the Module

In accounting and finance field, setting up and operating computerized accounting system is very important for the overall organizational operation. It helps to know basic Integrated accounting system, Process transactions, Maintaining the system, Producing Financial report and Company administration.

This module is designed to meet the industry requirement under the Accounting and finance occupational standard, particularly for the unit of competency: setting up and operating computerized accounting system

**This module covers the units:**

- Integrated accounting system
- Process transactions
- Maintaining the system
- Producing Financial report
- Company administration

### Learning Objective of the Module

- Implement an Integrated Accounting System
- Process Transactions in The System
- Design and Produce Financial Report
- Maintain Organizational System
- Administrate a Company

### Module Instruction

1. For effective use this modules trainees are expected to follow the following module instruction:
2. Read the information written in each unit
3. Accomplish the Self-checks at the end of each unit
4. Perform Operation Sheets which were provided at the end of units
5. Red the identified reference book for examples and exercise

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## Unit One: Integrated Accounting System

This unit is developed to provide you the necessary information regarding the following content coverage and topics:

- Introduction to computerized accounting system
- Implementing general ledger, chart of accounts and subsidiary accounts
- Creating Customers, suppliers and inventory system
- Using technical help

This guide will also assist to you to attain the learning outcomes stated in the cover page.

Specifically, upon completion of this learning guide, you will be able to:

- Introduce computerized accounting system
- Implement general ledger, chart of accounts and subsidiary accounts
- Create Customers, suppliers and inventory system
- Use technical help

## 1.1. Introduction to Computerized Accounting System

A Computerized Accounting System (CAS) is a software-based method of managing and processing financial transactions and information within an organization. It replaces traditional manual accounting systems, which rely on paper-based ledgers and manual entry of financial data. The advent of computer technology has revolutionized the field of accounting, making it more efficient, accurate, and accessible.

Usage of computers and Information Technology (IT) enables a business to quickly, accurately and timely access the information that helps in decision-making. This sharpens the competitive edge and enhances profitability. The computer systems (Figure 1.1) works with the data which is processed by the hardware commanded by the user through software.

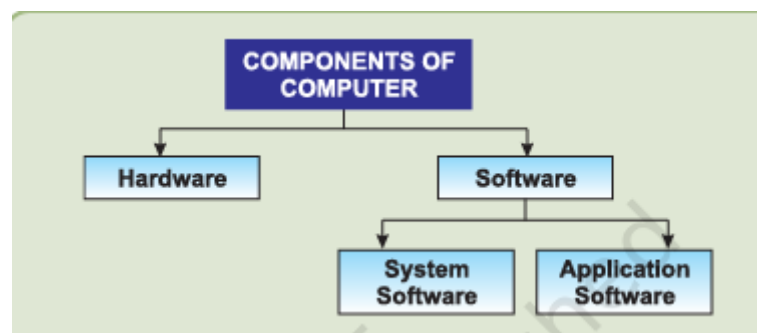


Figure 1. 1 Components of computer

The Computerized Accounting System (CAS) has the following components:

- Procedure: A logical sequence of actions to perform a task.
- Data: The raw fact (as input) for any business application.
- People: Users.
- Hardware: Computer, associated peripherals, and their network.
- Software: System software and Application software.

These are the five pillars on which Computerized Accounting System rests. Computerized Accounting System CAS takes accounting transactions as inputs that are processed through Accounting Software to generate the following reports:

- Day books/Journals
- Ledger

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- Trial Balance
- Position Statement (Balance Sheet)
- Statement of Profit and Loss (Profit and Loss Account)

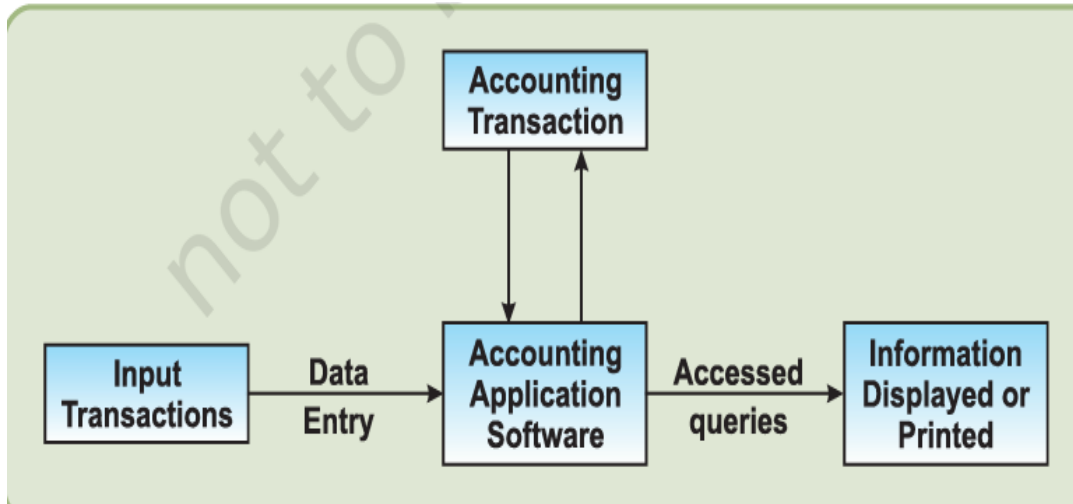


Figure 1. 2 Data to information by business application software

### Benefits of computerized accounting system

- **Time Efficiency:** Automation speeds up the accounting process, allowing for quicker data entry and reporting.
- **Accuracy and Error Reduction:** Automated calculations and data validation minimize the risk of errors.
- **Data Accessibility:** Authorized users can access financial information in real-time, facilitating better decision-making.
- **Cost Savings:** While there may be initial costs for software and training, the long-term efficiency gains often result in cost savings.

### Challenges of computerized accounting system

- **Initial Setup:** Implementing a computerized accounting system requires time and resources for software installation, data migration, and staff training.
- **Technical Issues:** Software glitches, hardware failures, or cyber security threats can disrupt operations.

### 1.1.1. Types of accounting application software:

There are various types of accounting application software designed to meet the diverse needs of businesses and organizations. These software solutions cater to different industries, sizes of businesses, and accounting requirements. Here are some common types of accounting application software:

- **General Accounting Software:** General accounting software is designed for small to medium-sized businesses and provides features for basic accounting tasks, including invoicing, expense tracking, and financial reporting. Examples: QuickBooks, Xero, Wave, Zoho Books
- **Enterprise Resource Planning (ERP) Software:** ERP systems integrate various business functions, including accounting, into a unified platform. They are suitable for large enterprises and can handle complex accounting needs. Examples: SAP, Oracle ERP, Microsoft Dynamics 365
- **Accounting Suites:** Accounting suites offer a comprehensive set of features, including accounts payable, accounts receivable, payroll, and financial reporting. They are suitable for small to medium-sized businesses with more advanced accounting requirements. Examples: Sage Business Cloud Accounting, Fresh Books, MYOB
- **Cloud-Based Accounting Software:** Cloud-based accounting software is accessible over the internet, allowing users to manage their financial data from anywhere with an internet connection. It often includes features for collaboration and real-time data updates. Examples: QuickBooks Online, Xero, Zoho Books
- **Tax Software:** Tax software is specialized for tax preparation and filing. It helps individuals and businesses navigate tax regulations, maximize deductions, and submit accurate tax returns. Examples: TurboTax, H&R Block, TaxAct
- **Payroll Software:** Payroll software automates the process of paying employees, calculating taxes, and managing benefits. It helps ensure compliance with payroll regulations. Examples: Gusto, ADP, Paychex
- **Accounting for Specific Industries:**

- **Construction Accounting Software:** Examples include Procore, Foundation Software. These are tailored to the unique accounting needs of construction companies, including project costing and contract management.
- **Nonprofit Accounting Software:** Examples include QuickBooks Nonprofit, Aplos. These solutions address the specific financial requirements of nonprofit organizations, including fund accounting and grant management.
- **Personal Finance Software:** Personal finance software helps individuals manage their personal budgets, track expenses, and plan for financial goals. Examples: Quicken, YNAB (You Need A Budget)
- **Open Source Accounting Software:** Open source accounting software allows users to access and modify the source code. It is often free to use and customizable, making it suitable for businesses with specific needs. Examples: Gnu Cash, Turbo CASH
- **Specialized Accounting Software:** Examples: Asset management software, investment accounting software. These cater to specific financial functions within an organization, such as tracking and managing assets or handling investment portfolios.

When selecting accounting software, it's essential to consider the specific needs of the business, scalability, user-friendliness, and integration capabilities with other business systems. The right software choice depends on factors such as the size of the organization, industry requirements, and the complexity of the accounting tasks at hand.

#### 1.1.2. Peach tree Accounting software

Peachtree accounting software is well developed application software and can serve for multi types of organization in order to handle their transactions. It is the most complete, powerful and fully integrated accounting system. It combines marketing, financial and personnel information in order to provide with necessary tools to efficient control of business operation.

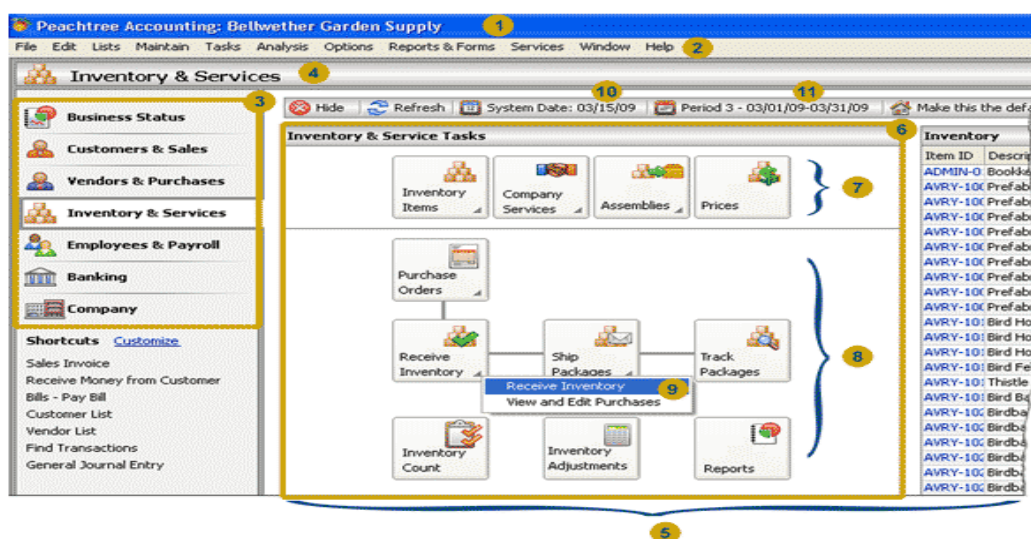


Figure 1. 3Parts of the Peachtree main window:

**1 Name of the Peachtree window (Title Bar):** The Peachtree main window always starts with Peachtree Accounting followed by the name of the company whose data files are currently open.

**2 Menu Bar:** The menu bar is a horizontal bar that shows Peachtree's main menus.

**3 Navigation Bar:** The Navigation Bar is positioned on the left side of the Peachtree main window. There are seven icons in the Navigation Bar, each corresponding to a different Navigation Center (see point 5 below). Clicking on an icon in the Navigation Bar will open that particular Navigation +Center, allowing users to quickly switch between Navigation Centers.

**4 Selection indicator:** The selection indicator shows the name of the Navigation Center that is currently opened, which is Inventory & Services in the above illustration.

**5 Navigation Center:** The Navigation Center is the area to the right of the Navigation Bar. A Navigation Center refers to a group of tasks and information that pertains to a specific area of a business. There are seven Navigation Centers in Peachtree:

- Business Status
- Customers & Sales
- Vendors & Purchases
- Inventory & Services
- Employees & Payroll
- Banking
- Company

Users can only access one Navigation Center at a time by clicking the icons on the Navigation Bar.

**6 Tasks section:** The most frequently used part of the Navigation Center is the Tasks section. The example above shows the Inventory & Services Tasks section. The Tasks section contains icons that represent tasks that can be performed in that section. These tasks are divided into two categories; maintenance tasks and information processing tasks.

**7 Maintenance task icons:** The top part of the Tasks section provides maintenance icons that you will use to enter, change, and store information about companies, inventory items, vendors, customers and so on. It may help to think of these icons as a place where you access the master files of the business for that particular Navigation Center. These icons are often used during the setup process.

**8 Information processing task icons:** The lower part of the Tasks section shows a graphical flow of tasks that relates to a particular business area. This section is used to record and process transactions related to a particular business cycle.

**9 +Specific task option:** When a task icon is clicked, Peachtree often provides a drop-down list that allows users to select the specific task that they want to perform. Selecting an option from this drop-down list will open a Peachtree window where the information related to that task is entered.

**10 System Date:** The System Date button shows the date that will be automatically applied when you open a Peachtree window to record a transaction.

That date is not the same as your computer's date so changing the Peachtree's system date will not affect the dates of other programs you are currently running or planning to use in the future.

**11 Accounting Period:** This button shows the current accounting period number followed by the starting date and the end date of that accounting period.

### 1.1.3. Creating a company data file

To create a new company data file, follow the steps below to access the Create a New Company wizard:

**A) Opening Peachtree for the first time:** On following dialog click on Create a new company icon. This will open the wizard.



Figure 1. 4 opening Peachtree for first time dialog

## B) Already have another company file open

- i. One popular way is to use the Peachtree's menu bar
- ii. Select File and choose New Company (or press <Ctrl> + <N> on your keyboard).

Now you have opened the Create a New Company wizard

The Create a New Company wizard is made up of a number of interactive windows and begins with the introduction window shown below.

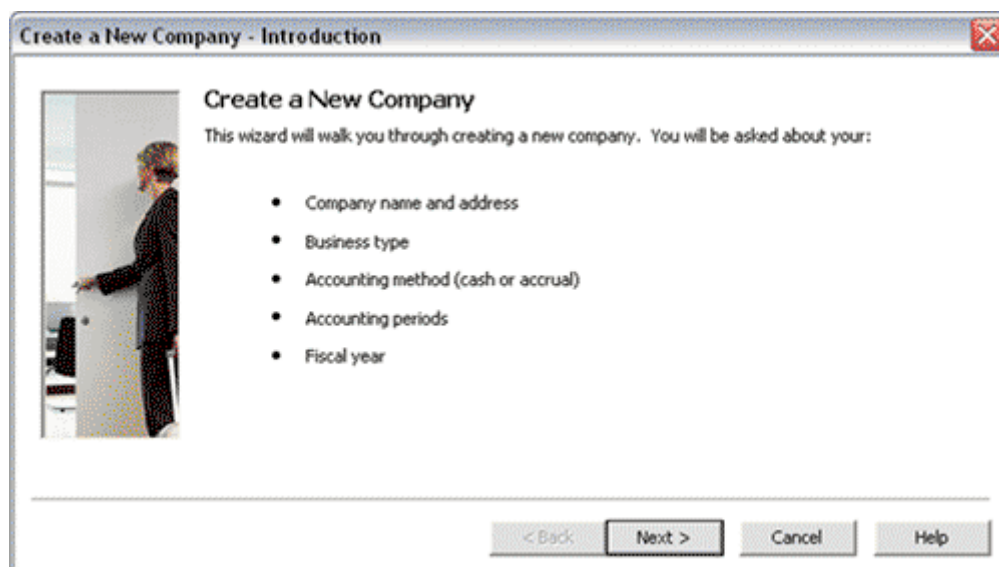


Figure 1. 5 Create new company Introduction window

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iii. Click the Next button to continue to the next window or press the Back button if you need to change information entered in earlier windows.

iv. Company Information

After clicking the Next button in the Introduction window, you are required to enter essential information about your company. This information includes the company name; address telephone number, business type and identification numbers. Once this information has been entered, click Next.

v. Selection of method to create your company

Select a method to create your company. The most common choice is to select 'Use a sample business type that closely matches your company.' Then click Next.

vi. Business Type

Select a business type so that the default chart of accounts created for your company is appropriate for your business type. Scroll through the 'Select a business type' list and click on the appropriate business type. You can view the default chart of accounts for that business type in the 'Chart of Accounts' list. Once you are satisfied with your selection, click next.

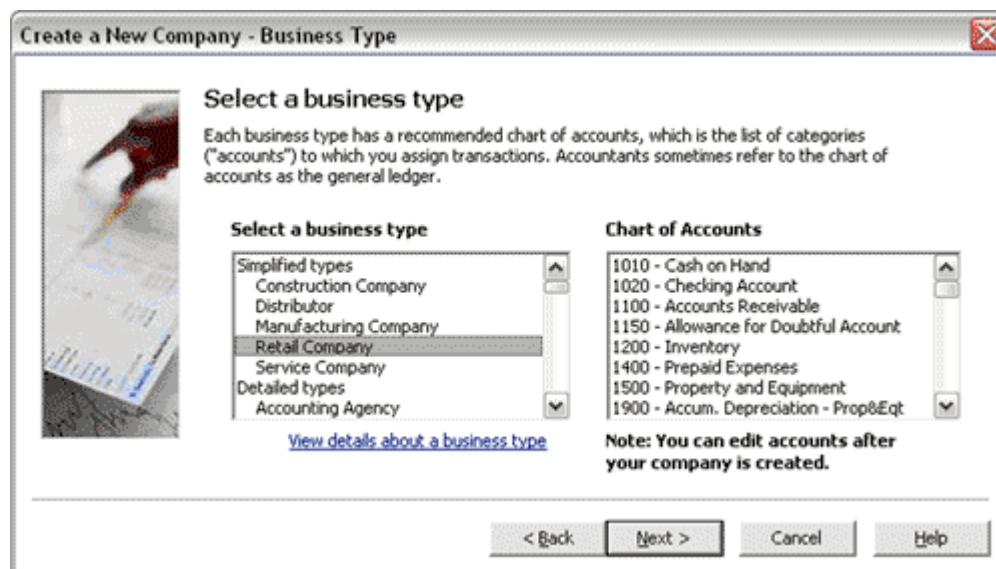


Figure1. 6. Business type selection window

vii. Accounting Method

Select an accounting method - either accrual or cash accounting method. Be careful in your selection, because this is not able to be changed after you have created your company data file. Click Next.

viii. Posting Method

Choose whether transactions are posted at the time the entry is saved (Real Time posting method) or whether the transaction information is saved and then posted in a batch (Batch posting method) after they have been reviewed for accuracy. Click Next.

ix. Accounting Periods

You are then required to choose whether your company has monthly accounting periods, or accounting periods that do not match the calendar months. Click Next once you have made your selection.

x. Fiscal Year

Next, you are required to select the first period of your fiscal year. Again, you are unable to change this once you have created your company data file. Click Next once you have made your selection.

xi. Finish

At this stage you have almost completed the Creation of a New Company wizard and should see the window below:

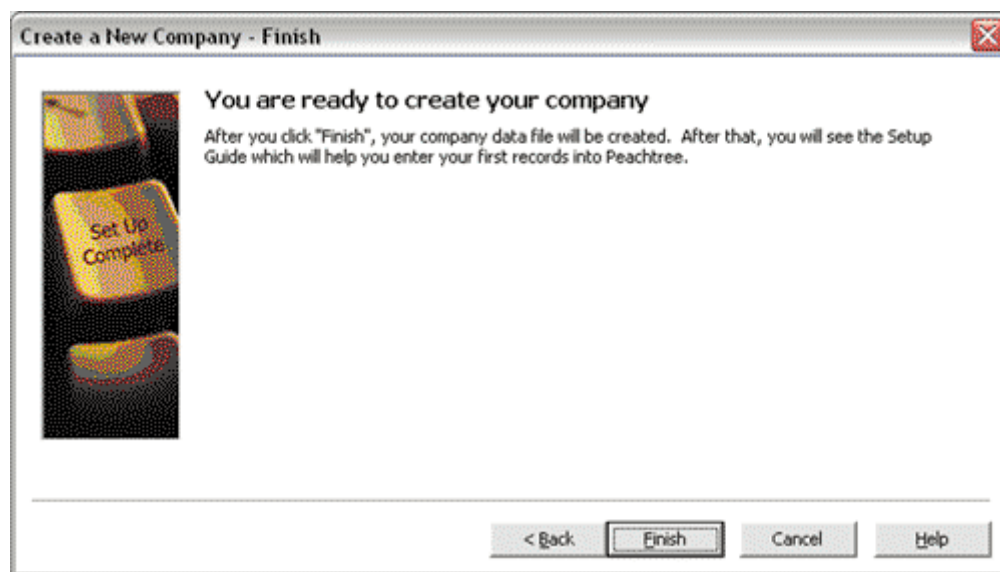


Figure 1. 7 Finish window

Click Finish. Peachtree will then take a moment to create your company data files. The window called Sign Up For Peachtree Payment Solutions presented. Close this window by clicking OK or the 'X' icon at the top right corner of the window.



Next, you may see the Peachtree Setup Guide window. Close this guide because you can set up the company using the maintenance task icons within each relevant Navigation Centre.

## 1.2. Implementing General Ledger, Chart of Accounts and Subsidiary Accounts

The general ledger is used to keep track of all of the accounts, while the subsidiary ledger is utilized to record transactions for one specific account in the general ledger. The chart of accounts is a list of all the various accounts used to record a company's financial transactions.

### 1.2.1. Setting up general ledger accounts

Setting up general ledger accounts is a crucial step in organizing and managing company's financial information. The general ledger is the primary accounting record where all financial transactions are categorized and summarized. Here's a general guide on setting up general ledger accounts:

- Understand the Business Structure:** Before you start setting up accounts, understand the structure of the business. Different industries and business types may have specific needs for categorizing transactions.
- List of Accounts:** Create a comprehensive list of accounts that will need. Common general ledger accounts include assets, liabilities, equity, revenue, and expenses.
- Chart of Accounts:** Develop a chart of accounts, which is a structured list of all the accounts in the general ledger. It usually consists of a numerical coding system and a hierarchy that organizes accounts logically.
- Subsidiary Ledgers:** Consider setting up subsidiary ledgers for detailed tracking of specific types of transactions, such as customer accounts for accounts receivable.
- Software Setup:** If you're using accounting software like Sage 50, QuickBooks, or others, follow the software's specific instructions for setting up general ledger accounts.
- Review and Refine:** Regularly review and refine your chart of accounts as your business grows or changes. Adjust accounts as needed to reflect the evolving nature of your business.

### Procedures to adding, deleting or modifying general ledger accounts

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- From the Navigation Bar, click Company → Chart of Accounts → New Account to open the Maintain Chart of Accounts window.
- **To add an account:** Enter the Account ID, Description and Account Type and click Save.
- **To delete an account:** Find the account using the Account ID and click Delete.
- **To modify an account:** Enter the information you wish to change and click Save.

#### Entering general ledger account beginning balances

- Once setting up chart of account is completed in maintain chart of account window, click the Account Beginning Balances icon.
- Select the period to enter the beginning balances and click OK.
- Then enter the balance of each ledger accounts. Click OK when entering data finished.

### 1.3. Creating Customers, suppliers and inventory system

Before adding the details of customers into Peachtree, there are two general steps to be performed:

1. **Setting up customer default information:** Customer default information is information that applies to all of your customers unless you specify otherwise. By setting up this customer default information before adding your customers into Peachtree, you save time by not having to enter this same information over and over again for the majority of your customers.

#### 2. Setting up a new sales tax

These steps are performed from the Customers & Sales Navigation center in Peachtree. Open Peachtree to that navigation center now and follow along with the instructions below.

#### Setting up customer default information

- To set up the customer default information, click the Customers icon and from the list of available options, select Set Up Customer Defaults.

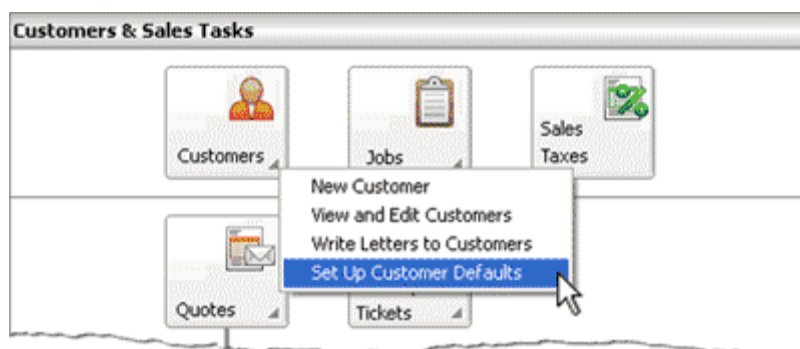


Figure 1. 8 customers and sales task window

- The Customer Defaults window will be displayed as follows:

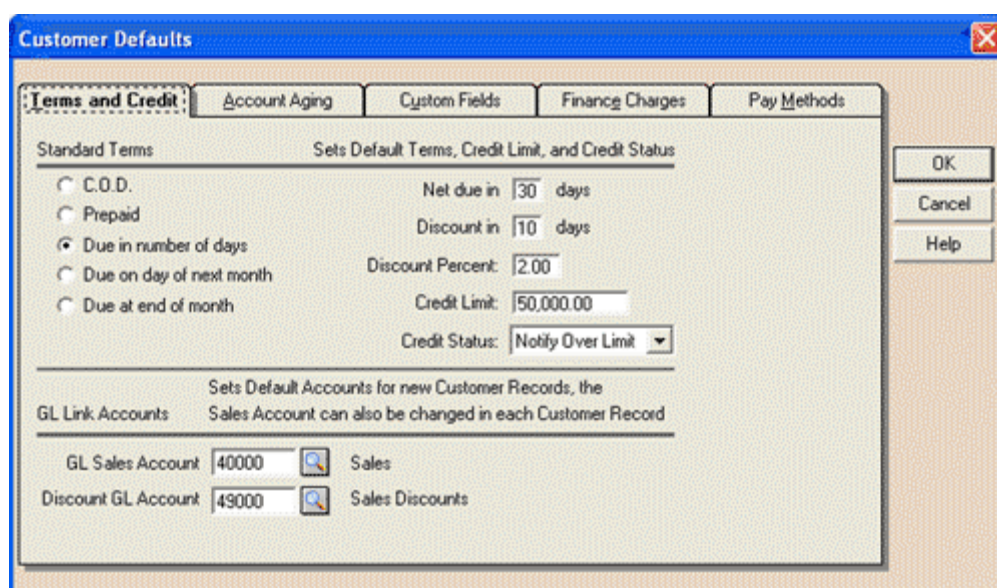


Figure 1. 9 Customer Default window

- Here, enter information that will apply to all customers, such as the credit terms for any discounts offered to customers for early repayment of their account.
- Then click through each tab taking note of the information that is able to be changed within each field.

Note that even though you use the Customer Defaults window to set up default settings that apply to all customers, you are able to override this default information for particular customers.

### 1.3.1. Add a customer using Sage Peachtree Complete Accounting

After customer default information and set up a new sales tax completed, setting up customers in Peachtree is ready.

- To add a customer into Peachtree, open the Customers & Sales Navigation Center in Peachtree.
- Click the Customers icon and select New Customer from the drop down list provided.

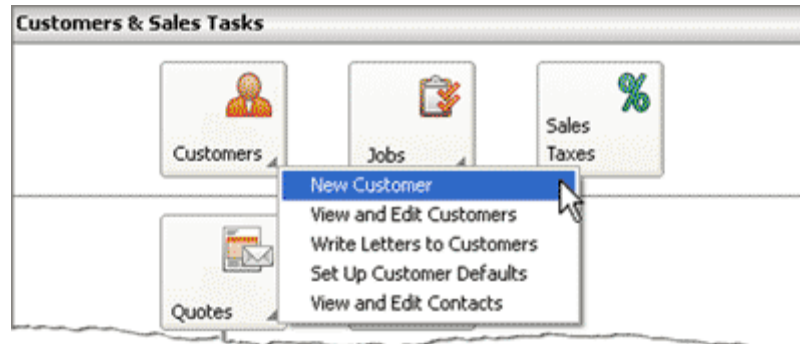


Figure 1. 10 Customers and sales tasks window

- The Maintain Customers/Prospects window is displayed as follows:

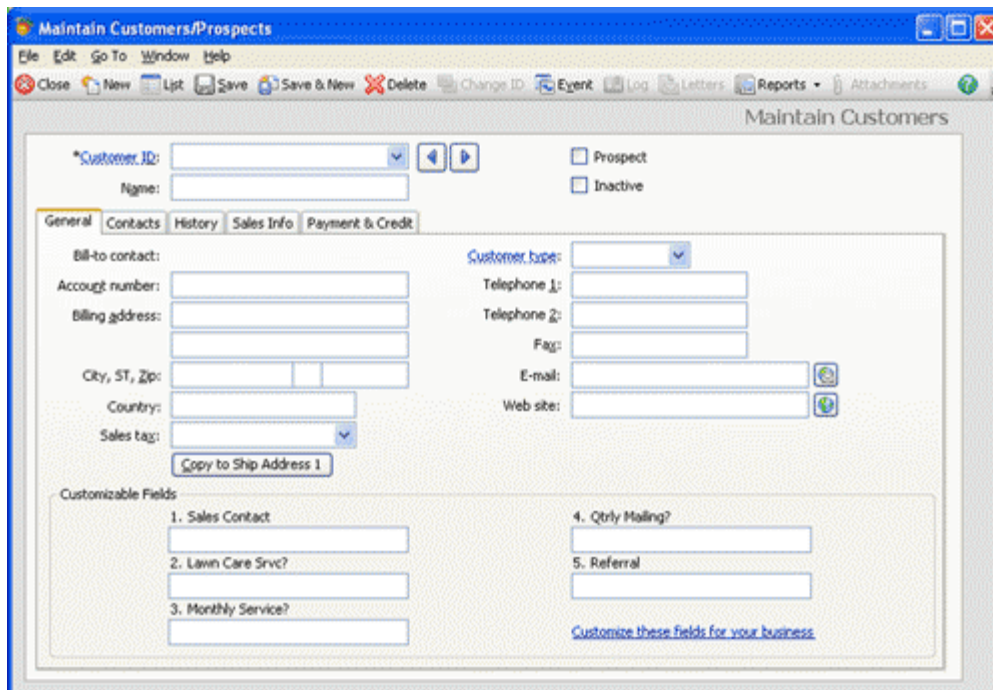


Figure 1. 11 Maintain Customers/Prospects window

This window has five tabs in which to enter information about the customer:

- **General tab** - records basic information about the customer.
- **Contacts tab** - records contact information for the customer.
- **History tab** - displays key details about the customer's purchasing history.
- **Sales Info tab** - records sales default information for the customer.

- **Payment & Credit tab** - records the credit card details and any credit terms for the customer.

Use these tabs to enter information about the customer, then save the new customer's record by clicking the Save icon. You are then able to record transactions in Peachtree for that customer.

### 1.3.2. Vendor (supplier) setup

Before entering details about individual vendors into Peachtree, set up vendor default information is needed. The information is applies to all of the vendors that are set up in Peachtree.

- To set up the vendor default information, open the Vendors & Purchases Navigation Center in Peachtree.
- Click on the Vendors icon and from the list of available options available, select Set Up Vendor Defaults.

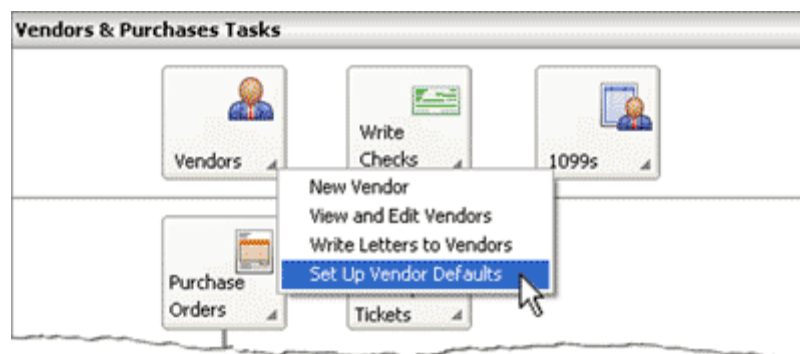


Figure 1. 12 Vendor and purchase window

- The Vendor Defaults window then appears as follows:

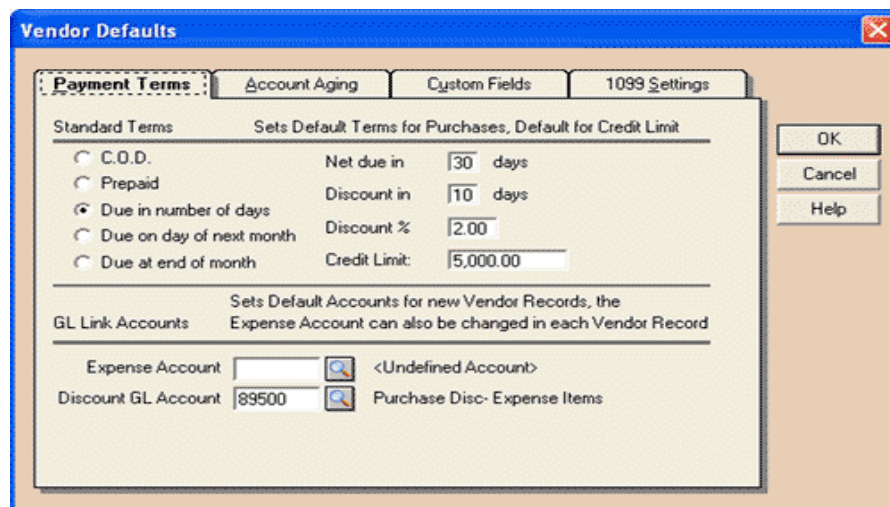




Figure 1. 13 Vendor default window

Here enter information that will apply to all vendors, such as the standard payment terms for any discounts offered by suppliers for early repayment.

- To enter information about a vendor into Peachtree, open the Vendors & Purchases Navigation Centre. Click the Vendors icon and select New Vendor from the drop down list provided.

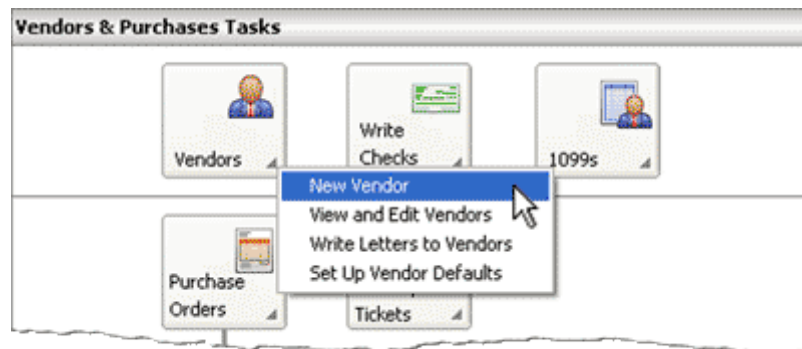


Figure 1. 14 Vendor and purchases window

This opens the Maintain Vendors window where information about the vendor entered. The following show step-by-step instructions on how to enter the details of the vendor into the Maintain Vendors window in Peachtree.

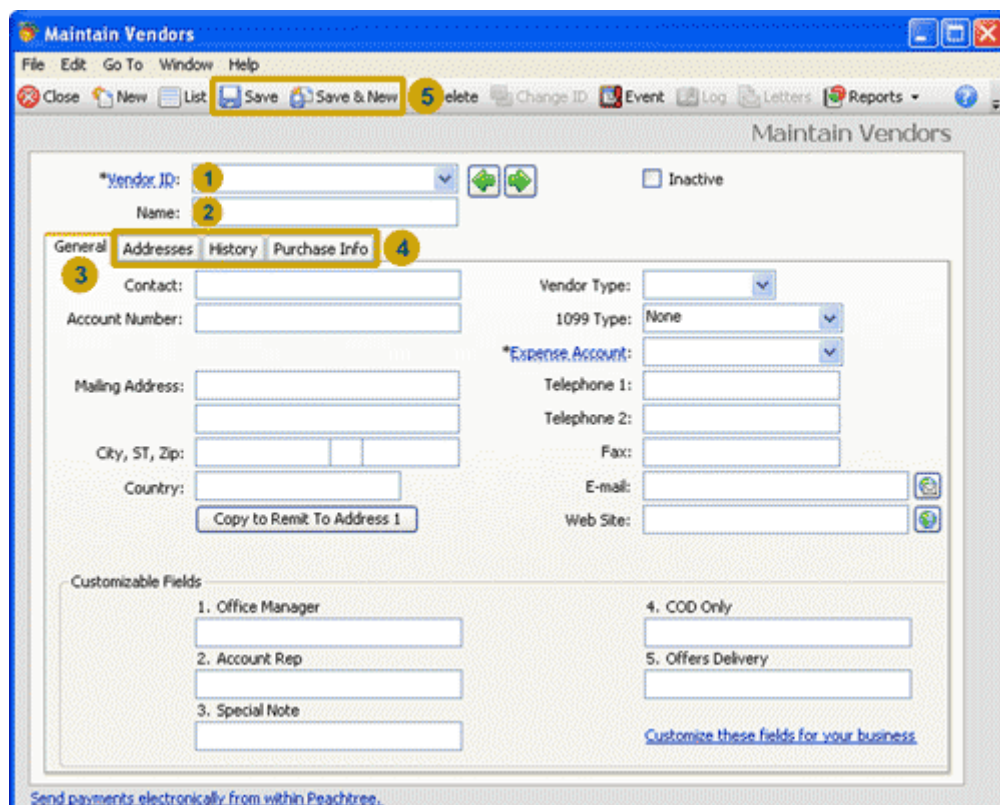


Figure 1. 15 Maintain Vendors window

### Steps to add Vendor

- 1 Vendor ID: Enter a short identification code for the vendor.
- 2 Name: Type the name of the vendor.
- 3 General tab: Select the General tab and enter information about that vendor into the relevant fields.
- 4 Other tabs: Enter the required information in the other tabs:
  - **Addresses tab** - select this tab to record alternate addresses for the vendor.
  - **History tab** - select this tab to specify key details about your company's purchasing history with the vendor.
  - **Purchase Info tab** - select this tab to record purchase default information for the vendor.
- 5 Once you have entered the information in the Maintain Vendors window, remember to review your entries and save the vendor record by clicking the Save icon. Alternatively, click on the Save & New icon if you have another vendor to set up in Peachtree. Finally click on save or save as

### 1.3.3. Inventory & Services Navigation Center

This section shows how to set up inventory records in Peachtree so ready to start recording inventory transactions into Peachtree.

#### Add an item of inventory

Before recording transactions relating to inventory, set up inventory items in Peachtree is needed. This topic shows how to add an inventory item into Peachtree, and how to modify or delete an item

- To add an item of inventory into Peachtree, open the Inventory & Services Navigation Center in Peachtree.
- Click the Inventory Items icon and select New Inventory Item from the drop down list provided.

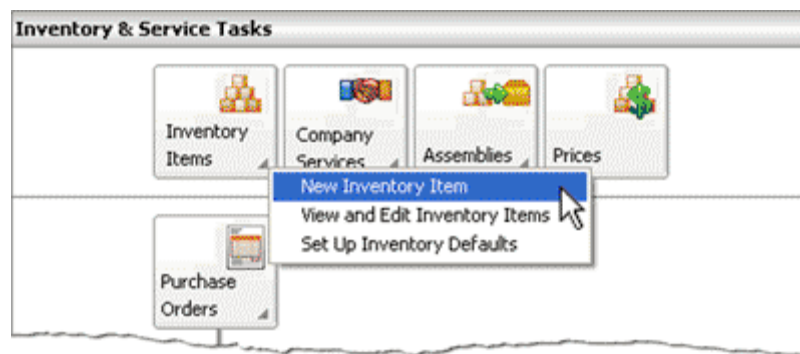


Figure 1. 16 Inventory and service window

- This displays the Maintain Inventory Items window where details of the inventory item entered.

The following screenshot and reference table show step-by-step instructions on how to enter an inventory item into the Maintain Inventory Items window in Peachtree. Note that each step is assigned a reference number to help you identify the appropriate field or icon in the screenshot.

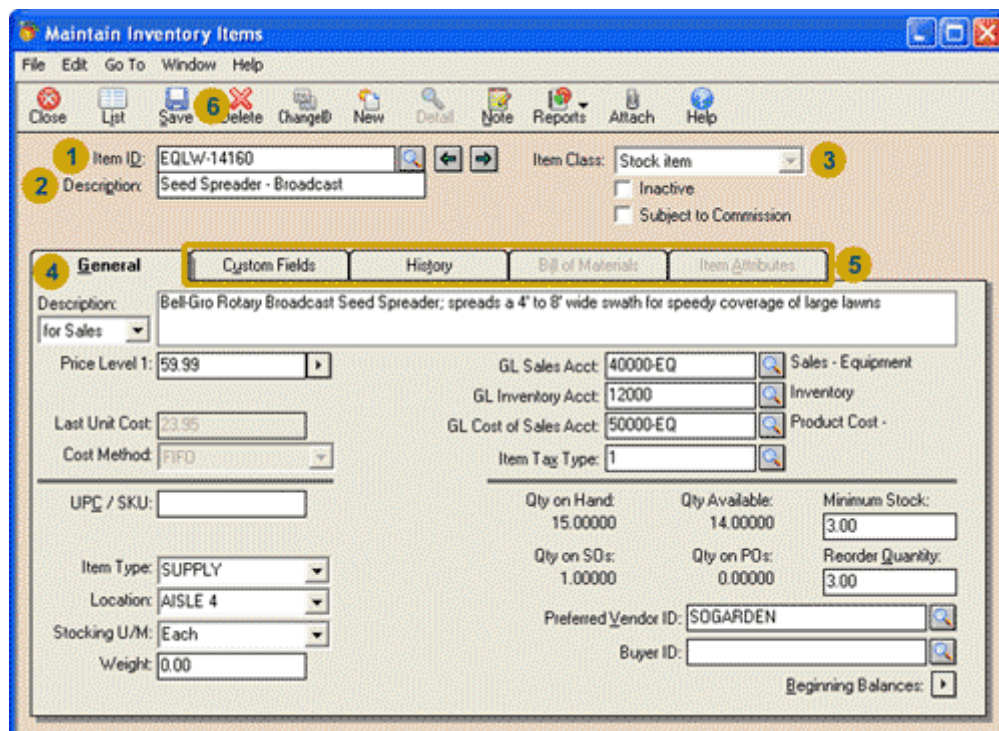


Figure 1. 17The Maintain Inventory Items window with reference numbers

Steps to add Items to inventory

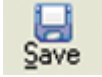
- 1 Item ID: Enter a short identification code for the item of inventory.
- 2 Description: Enter a short description of the item of inventory.



**3** Item Class: Select the class of the item from the drop down list provided. For items of inventory to be resold you should select 'Stock item'.

**4** General tab: Enter the relevant information about that item. Note that for stock items you do not need to enter information into the Last Unit Cost field. Peachtree will automatically update this field when you enter the beginning balances of inventory items into Peachtree as described below.

**5** Other tabs: Enter the required information in the other tabs. Note that if the Item Class selected is Stock item, you are unable to enter any information into the Bill of Materials tab or the Item Attributes tab. This is because the Bill of Materials tab is used only if the Item Class selected is Assembly, while the Item Attributes tab is only used if the Item Class selected is Master Stock item.

**6**  Once you have entered the information in the Maintain Inventory Items window, remember to review your entries and save the item of inventory by clicking the Save icon.

### Enter the beginning balances of inventory items

To transfer existing accounting records from another accounting system into Peachtree for the first time, adding the inventory item into Peachtree will also need to enter the beginning balance of each item of inventory. Enter the beginning balance of each item using the Maintain Inventory Items window.

To enter the beginning balance of each inventory item, click the Beginning Balances arrow down the bottom right hand corner of the Maintain Inventory Items window.

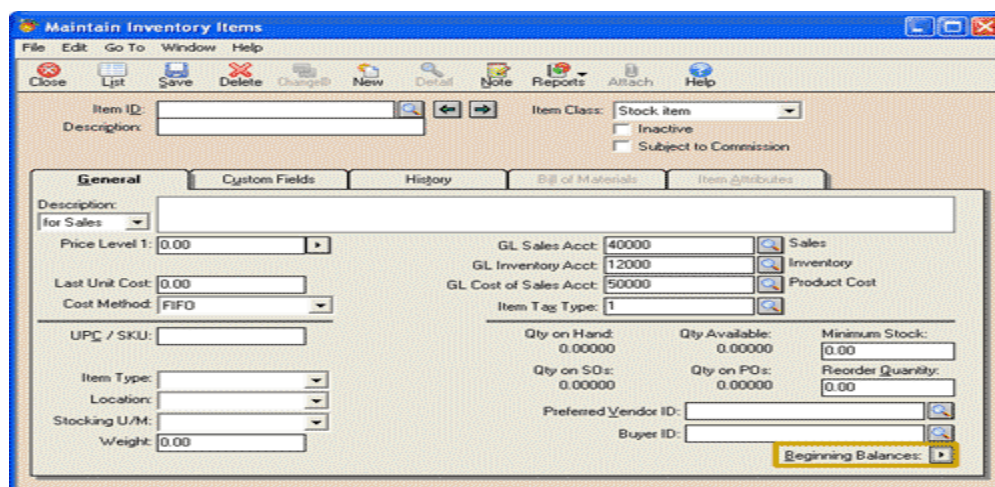


Figure 1. 18 Maintain inventory item window

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This will open the Inventory Beginning Balances window. The following screenshot and reference table show step-by-step instructions on how to enter the beginning balance of an inventory item into the Inventory Beginning Balances window in Peachtree. Note that each step is assigned a reference number to identify the appropriate field or icon in the figure 1.19.

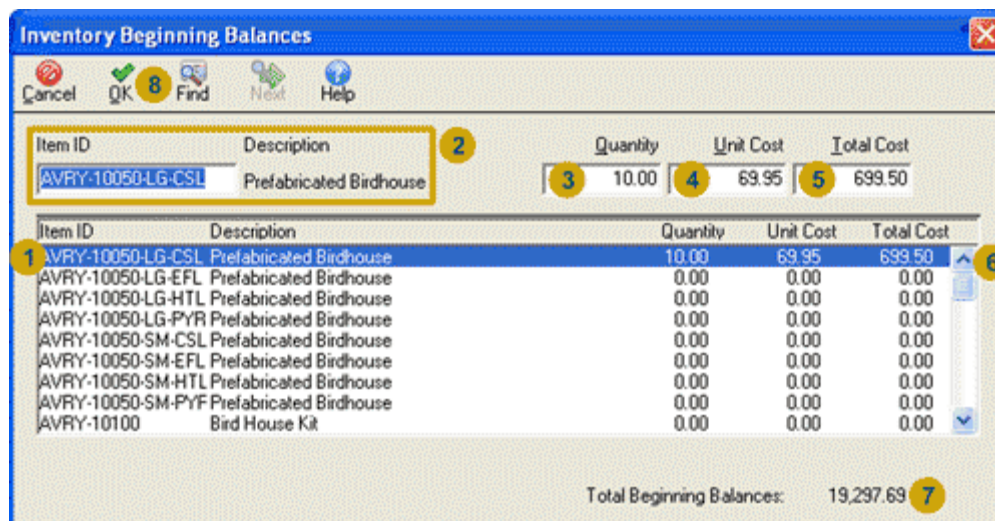


Figure 1. 19 Inventory beginning balance window

### Steps to enter beginning balance of Inventory

- 1 List of Inventory Items: Select the item of inventory from the list by clicking on it.
- 2 Item ID and Description: Note that the item ID and the description of the item selected appears at the top of the screen. Confirm that you have selected the correct item that you wish to enter the beginning balance.
- 3 Quantity: Enter the number of units of that inventory item on hand in the Quantity field.
- 4 Unit Cost: Enter the purchase price (unit cost) of one unit of that item of inventory.
- 5 Total Cost: Notice that Peachtree automatically calculates the total cost of that many items of that type of inventory.
- 6 Scroll bar: Use the scroll bar to scroll down to select the next type of inventory to enter the beginning balance.
- 7 Total Beginning Balances: When you select the next inventory item to enter the beginning balance, Peachtree automatically recalculates the total beginning balances of all inventory items held by the business.



8 Once you have entered the information in the Inventory Beginning Balances window, remember to review your entries and click the OK icon to save the information and update the inventory totals.

## 1.4. Using technical help

To use technical help on Peachtree, you can follow these steps:

1. Access the Help Documentation: Peachtree provides comprehensive help documentation that covers various aspects of the software. To access it, open the Peachtree software and look for the "Help" menu or a question mark icon. Click on it to open the help documentation.
2. Search for Help Topics: Once the help documentation is opened, you can browse through different topics or use the search functionality to find specific information. Enter relevant keywords or phrases related to your technical issue in the search bar, and the documentation should provide relevant articles or tutorials.
3. Explore Built-in Tutorials: Peachtree often includes built-in tutorials that guide users through different operations. These tutorials are interactive and can assist with technical tasks like setting up accounts, creating reports, or handling inventory management. Look for the "Tutorials" section within the Peachtree software to access them.
4. Visit Peachtree Community: Check if there is an online community or forum for Peachtree users. These communities often have active members who can help answer your technical questions or provide additional insights. You can ask for guidance, share experiences, or search for previous discussions related to your issue.
5. Contact Peachtree Support: If you cannot find a solution through the above methods, you may need to reach out to Peachtree's support team. They can provide specialized technical assistance based on your specific problem. Look for the contact details on Peachtree's website or within the software itself.

Remember, the availability of certain features or resources may depend on the specific version or edition of Peachtree you are using.

## Self Check 1

### I. Write true for correct statement and False for incorrect statement

1. The Computerized Accounting System (CAS) has five components, including Procedure, Data, People, Hardware, and Software.
2. Cloud-Based Accounting Software allows users to manage financial data only from a specific location with a wired internet connection.
3. Peachtree Accounting software is specifically designed for large enterprises with complex accounting needs.
4. The Navigation Bar in Peachtree's main window contains icons corresponding to different Navigation Centers, such as Business Status and Employees & Payroll.
5. The System Date button in Peachtree shows the date that affects the dates of other programs running on the computer.

### II. Give appropriate answers for the following questions

1. What are the five basic components of the CAS?
2. Write at least three accounting Software's.
3. List the various advantage of computerized accounting system.
4. \_\_\_\_\_ is where Name of the Peachtree window displayed.
5. List information that is recorded in company information.
6. What are the two types of basis of accounting method?

### III. Choose the best answer from the given alternatives

1. Which button is used to proceed for the coming level?
 

A. Back	C. Finish
B. Next	D. Cancel
2. Which button is used to review previous step?
 

A. Back	C. Finish
B. Next	D. Cancel
3. Which method of posting causes account balance to be updated immediately after each transaction is entered and saved?
 

A. Batch	C. Both real-time and batch
B. Real-time	D. Direct posting

4. Immediately below the title bar what types of bar exist?
  - A. Menu bar
  - B. Tool bar
  - C. Task bar
  - D. Navigation bar
5. While setting up a new company to set up for accounting period per year, which of the following should preferred?
  - A. Accounting period that do not match the calendar
  - B. 12 month accounting period
  - C. It is impossible to set four accounting periods
  - D. None

## Operation Sheet 1.1

**Operation Title:** Customer Creation in Peachtree Accounting Software

**Purpose:** To accurately record and manage customer details in Peachtree Accounting Software.

### Conditions or Situations for the Operation:

- Access to Peachtree Accounting Software.
- Adequate knowledge of Peachtree customer creation procedures.
- Properly configured computer with Peachtree installed.
- Compliance with company policies and accounting standards.

### Equipment, Tools, and Materials:

- Computer with Peachtree Accounting Software installed.
- Documentation related to customer details.

### Steps in Doing the Task:

1. Launch Peachtree Accounting Software: Launch the software and log in
2. Access Customer Module: Navigate to the "Customers" module in Peachtree.
3. Open Customer List or New Customer Entry: Depending on the Peachtree version, open the customer list or select the option to add a new customer.
4. Enter Customer Details: In the customer entry form, input customer details such as name, address, contact information, and any other relevant information.
5. Assign Customer ID or Code: Assign a unique identifier or code to the customer for easy tracking.
6. Set Payment and Credit Terms (if applicable): Specify payment terms and credit limits for the customer if your business has credit policies.
7. Save Customer Information: Click the "Save" or "Finish" button to save the customer information in Peachtree.
8. Add Additional Customer Details (if needed): Include any additional details such as tax information or custom fields as required by your business.
9. Review and Update Customer List: Regularly review the customer list to ensure it remains up-to-date.

## Operation Sheet 1.2

**Operation Title:** Vendor (Supplier) Setup in Peachtree Accounting Software

**Purpose:** To accurately record and manage vendor in Peachtree Accounting Software.

**Conditions or Situations for the Operation:**

- Access to Peachtree Accounting Software.
- Adequate knowledge of Peachtree vendor setup procedures.
- Properly configured computer with Peachtree installed.
- Compliance with company policies and accounting standards.

**Equipment, Tools, and Materials:**

- Computer with Peachtree Accounting Software installed.
- Documentation related to vendor details.

**Steps in Doing the Task:**

1. Launch Peachtree Accounting Software: Launch the software and log in
2. Access Vendor Module: Navigate to the "Vendors" module in Peachtree.
3. Open Vendor List or New Vendor Entry: Depending on the Peachtree version, open the vendor list or select the option to add a new vendor.
4. Enter Vendor Details: In the vendor entry form, input vendor details such as name, address, contact information, and any other relevant information.
5. Assign Vendor ID or Code: Assign a unique identifier or code to the vendor for easy tracking.
6. Set Payment and Credit Terms (if applicable): Specify payment terms and credit limits for the vendor if your business has credit policies.
7. Save Vendor Information: Click the "Save" or "Finish" button to save the vendor information in Peachtree.
8. Verify Vendor Entry: Review the entered information to ensure accuracy.
9. Add Additional Vendor Details (if needed): Include any additional details such as tax information or custom fields as required by your business.
10. Review and Update Vendor List: Regularly review the vendor list to ensure it remains up-to-date.
11. Backup Vendor Data: Perform regular backups of Peachtree data to prevent loss in case of unexpected events.



## LAP T Test

Instructions: Given necessary templates, tools and materials you are required to perform the following tasks accordingly.

Task 1: Create new Company on Peachtree accounting software

Task2: Add customer system

Task3: Add suppliers system

Task4: Add Inventory system



## Unit Two: Process Transactions

This unit is developed to provide you the necessary information regarding the following content coverage and topics:

- Coding and Classifying input data
- Cash and credit transactions
- General journal for balance day adjustment
- System output regularly

This guide will also assist to you to attain the learning outcomes stated in the cover page.

Specifically, upon completion of this learning guide, you will be able to:

- Cod and Classify input data
- Process cash and credit transactions
- Use general journal for balance day adjustment
- Review and verify system output regularly

### 3.1. Coding and Classifying Input Data

Coding and classifying accounting input data is a fundamental step in the accounting process, ensuring that financial transactions are organized, recorded, and presented accurately. This process involves assigning codes and categories to transactions, making it easier to track, analyze, and report financial information. Below are the key steps and considerations for coding and classifying accounting input data:

Peachtree provides features for coding and classifying input data, which is essential for accurately tracking and categorizing financial transactions.

The coding scheme of Account-heads should be such that it leads to grouping of accounts at various levels so as to generate Position Statement (Balance Sheet) and Statement of Profit and Loss (Profit-Loss Account).

For example, we may allot the codes for top-level grouping of accounts (forming the 1st digit of the Account Code) as follows:

Table 2. 1 Account coding method

Account	Code
Asset	1
Cash	100
Account receivable	101
Liability	2
Account payable	200
Notes payable	2001
Equity	3
Revenue	4
Expense	5
Salary expense	501

The above codification scheme utilizes the hierarchy present (used) in grouping of accounts. Major advantage of such coding is that if the account codes are listed in ascending (i.e. increasing) order, these will be automatically listed as per the desired hierarchy.

**Sequential Codes:-** In Sequential Code, numbers and/or letters are assigned in consecutive order. These codes are applied primarily to source documents such as

cheques, invoices, etc. A sequential code can facilitate document searches. This process enables in either identification of missing codes (numbers) relating to a particular document or a relevant document can be traced on the basis of code.

For examples:

<b>CODES</b>	<b>ACCOUNTS</b>
CL001	GCERT LTD
CL002	XYZ LTD
CL003	ARIL CORPORATION OF INDIA

**Block Codes** In a block code, a range of numbers is partitioned into a desired number of sub-ranges and each sub-range is allotted to a specific group. In most of the uses of block codes, numbers within a sub-range follow sequential coding scheme, i.e. the numbers increase consecutively. As an example, dealer codes for a trading firm could be as follows:

<b>CODES</b>	<b>DEALER-TYPE</b>
100 - 199	Small Pumps
200 - 299	Medium Pumps
300 - 399	Pipes 400 - 499 Motors

**Mnemonic Codes:-**A mnemonic code consists of alphabets or abbreviations as symbols to codify a piece of information. SJ for “Sales Journals”, HQ for “Head Quarters” are examples of mnemonic codes. Another common example is the use of alphabetic codes in Railways in identifying railway stations such as DLH for Delhi, NDLS for New Delhi, BRC for Baroda, etc

To code and classify input data on Peachtree, you typically follow these steps:

- Set up your Chart of Accounts: Start by creating a chart of accounts, which is a list of all the categories or accounts that you use to record financial transactions. This includes expense accounts, income accounts, asset accounts, liability accounts, etc.
- Enter Transactions: Input your financial transactions into Peachtree. This could be invoices, bills, receipts, payments, or any other financial activity. Make sure to include relevant details such as the date, amount, source/destination, and any applicable tax information.
- Categorize Transactions: Assign each transaction to the appropriate account/category from your chart of accounts. This classification helps in organizing and reporting

financial information effectively. For example, if you receive a payment from a customer, you would classify it under an "Accounts Receivable" account.

- iv. **Apply Coding:** Peachtree allows you to apply coding to transactions to further classify them based on additional attributes. This could include project codes, departments, cost centers, or any other custom codes that are relevant to your business. This helps in tracking and analyzing specific aspects of your financial data.
- v. **Review and Reporting:** Regularly review your coded and classified transactions to ensure accuracy. Peachtree offers various reporting options, allowing you to generate financial reports based on the coded data. This helps in gaining insights into your business's financial health, budgeting, and decision-making processes.

It's important to note that the specific steps and features may vary depending on the version of Peachtree you are using. It's always best to refer to the software's documentation or seek assistance from its support team for more detailed instructions tailored to your version.

### 3.2. Cash and Credit Transactions

There are two types of journal: - Special journal and General journal

1. **Special journal-** is a journal entry used to record frequently occurring and similar types of transactions. In general there are more than four types of special journals:
  - a) **Purchase Special Journal:** is used to record on account purchases of merchandises. As well this special journal it is used to record purchases that are made by paying partial amount of cash at the time of the purchase
  - b) **Payment/disbursement Special Journal:** is used to record in cash purchases of merchandises. As well this special journal it is used to record payment of account payable that arise from purchase special journal. In addition, it is also used to record partial payment of account payable.
  - c) **Sales Special Journal:** is used to record on account sales of merchandises. As well this special journal it is used to record sales that are made by receiving partial amount of cash at the time of the sale
  - d) **Receipt Special Journal:** is used to record in cash sales of merchandises. As well this special journal it is used to record receipt of account receivable that arise from sales special journal. In addition, it is also used to record partial receipt of cash of account receivable.

2. **General journal-** is a journal used to record infrequent and dissimilar types of transactions. Sure, here's a numerical example with steps for processing cash and credit transactions on Peachtree:

### Enter a Cash Sale

When a customer pays for an item and there is no invoice, enter a cash sale. Follow these steps to enter a cash sale:

1. From the Tasks menu, select Receipts. Peachtree displays the Receipts window (see the above figure).
2. Enter a reference number for this transaction. This must be a unique number and is generally the customer's check number. Avoid entering "CASH" as the reference for more than one transaction.
3. In the Cash Account list, enter or select the bank account in which the receipt is deposited.
4. If you are recording deposit tickets within the Receipts window, enter or accept the suggested Deposit Ticket ID. Otherwise, leave this field blank. You can record deposit ticket IDs in the Select for Deposit window.
5. Select the Apply to Revenues tab. Then, enter the line items on the receipt the same way as you do in Sales/Invoicing.
6. Select the Print button if you want to print and save the receipt. Otherwise, click the Save button.

### 2.2.1. Entering Customer Credit Memos (Sales Return and Allowance)

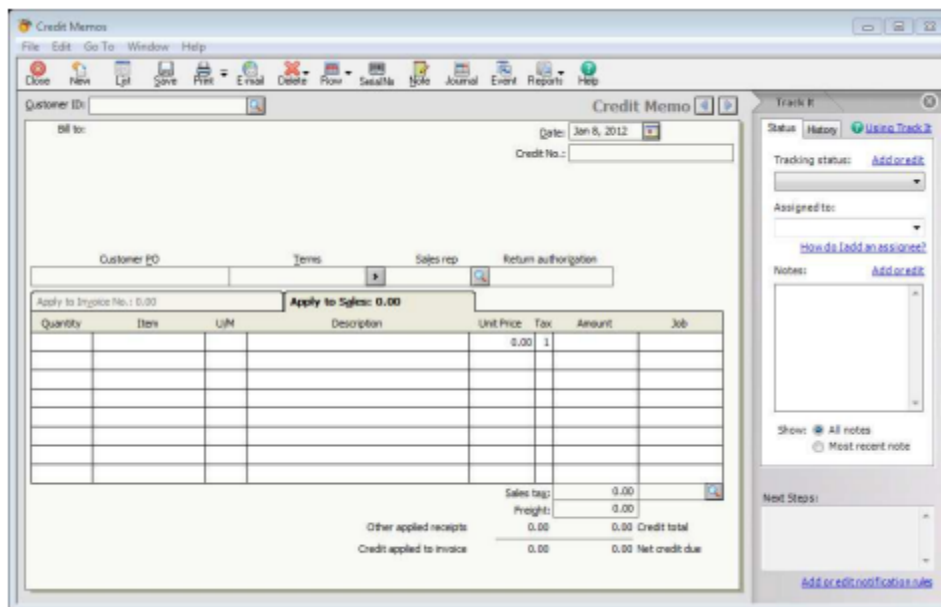
On occasion, you will have to grant a customer credit—an item arrived damaged, they received a discount that was not applied, or they returned items to you. For this type of transaction, you will enter a credit memo. You can apply this credit to an existing unpaid invoice immediately, or you can save it and apply it later. All entries made on this window are posted to General Ledger, customer records, and possibly inventory and job records.

To enter a credit memo and apply it immediately to an invoice, follow these steps:

1. From the Tasks menu, select Credit Memos. The following window will appear:
2. Enter or select the customer ID.
3. In the Credit # field, enter the ID that you want to apply to the credit memo. Note:  
You may want to connect the application amount to the credit memo. For example, if

this credit memo is based on an existing invoice no. 106, you may want to type 106-C to indicate that the credit memo is applied to the invoice.

4. If the transaction date is different from the one displayed, enter or select a new date.



5. Do one of the following:

- If the credit memo is to be applied to an existing invoice for the customer, on the Apply to Invoice # tab, use the drop-down list to select the appropriate invoice. When line-item information for the invoice appears, find the item or items to be returned, and in the Returned column enter the quantity. Peachtree will automatically restore this quantity to inventory.
- If the credit memo is to be applied to a sale for which there is no existing invoice, on the Apply to Sales tab, enter line-item information for the item or items to be returned or credited, including quantity. Peachtree will automatically restore this quantity to inventory.

1. If you want to print the credit memo, it is recommended printing it at this time and not from the Select a Report or Form window. To print the credit memo, select the Print button.
2. When finished, select Save.

Note that, in some cases (for example, when payment is not received at the time the invoice is entered or when the sale is not invoiced), you will need to issue a refund

check to your customer. Thus, cash or check refund required and the tasks described as follow:

## 2.3. Using General Journal

Journal Entry is an event that has a dollar impact on the company's accounting records. Journal entries show the effects of business transactions as expressed in terms of debits and credits. Each journal entry will usually have a transaction date, amount, account number, reference and description.

The General Journal is unique—it's the only journal in which we provide all the accounting distributions. In all the other journals, Peachtree automatically distributes certain amounts based on defaults we establish. But here, in the General Journal, we have to enter both debits and credits balance of the transaction.

Thus, in the General Journal, we can enter transactions that don't fit into other journals—for example, depreciation or transferring funds from one account to another. Just remember that here, we are responsible for balancing this journal entry—making sure debits equal credits. We can check the progress in the Out of Balance field. It reads “0.00” when the transaction has been entered properly.

We have to use the General Journal to enter those types of transactions that are not readily categorized in the Tasks menu. Typical General Journal entries include chart of account beginning balances, depreciation, withdrawal, and account transfers.

### 2.3.1. Recording General Journal entries

Unlike other screens in Peachtree, we provide all the accounting distributions in the General Journal. While, Peachtree automatically post the General Journal to the General Ledger when we select the Save button, if we're using the real-time posting method.

1. From the Tasks menu, select General Journal Entry. Peachtree displays the General Journal Entry window

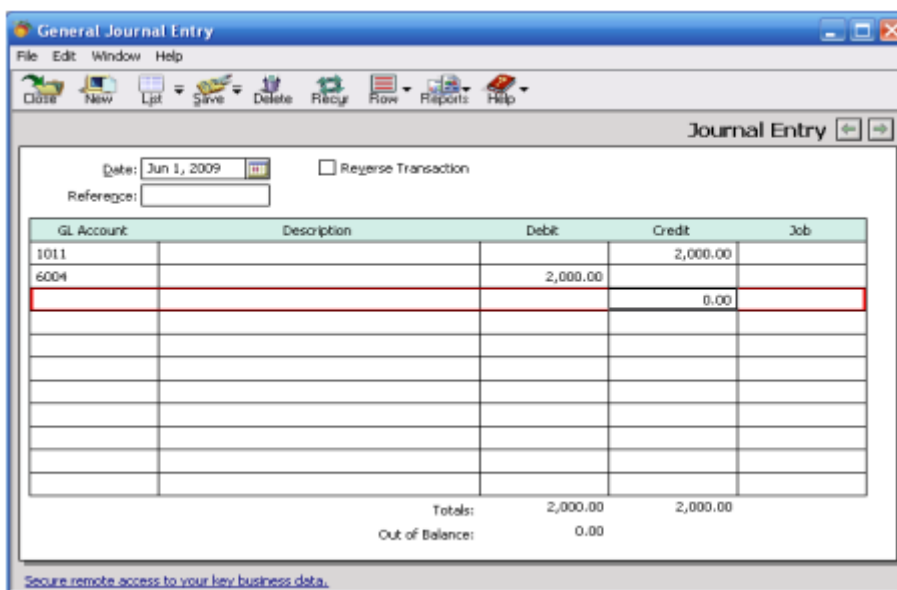


Figure 2. 1 General journal entry wizard

2. Enter or select the date of the transactions. Peachtree defaults this date to the Peachtree system date. If we are in an accounting period that is different from the system date, then Peachtree displays the first day of that period.
  - a. . Enter a reference for the transaction up to 20 characters. If we enter a number reference, Peachtree will increase future General Journal entries by one while this window is open.
  - b. . For each line enter or select an account ID.
  - c. For each line enter an amount in either the Debit or Credit columns. When we enter transactions in Peachtree, journal entries are automatically created based on generally accepted accounting principles. Peachtree is a true accounting system that creates both debits and credits. Much of the accounting is behind the scenes, leaving us to concentrate on the transaction information itself. The journal entries Peachtree creates are based on various defaults we have set up for the company. However, we can examine or edit these journal entries through Accounting Behind the Screens.
  - d. For each line enter a description for the transaction. The description will appear in General Ledger and various reports.
  - e. Once the Out of Balance field is zero (0.00): the total debit amount must equal the total credit amount, select “Save” to record the transaction in the General Journal.



Peachtree has two methods for handling General Journal entries that we make on a consistent basis. Memorized transactions are like a template that we can quickly flesh out for specific transactions. They are not posted to the general ledger. Recurring transactions are complete transactions we set up to happen on a set timetable: monthly, quarterly, yearly, etc. An example would be if we have a contract with someone to provide a monthly service.

## 2.4. Balance Day Adjustments

Occasionally, we may need to record adjustments to on-hand quantities of inventory items. Thus, we can use the Inventory Adjustments task to make changes to on-hand quantities of inventory items, and also track those changes. The adjustment could be due to loss or theft, adjustments after items are counted, or for costing items to jobs. There are two types of inventory adjustments: increases in quantity and decreases in quantity.

- For An Adjustment Up: we will enter a positive quantity and can also enter a unit cost. This will increase the quantity on hand and total inventory value much as a purchase would. If we previously miscounted the inventory and now have more units on hand than we thought the Company had, we could adjust up.
- For An Adjustment Down: we will enter a negative quantity, but we can't enter a unit cost. Peachtree will figure out the cost value that these units are being removed at, much like a sale. An inventory adjustment down will decrease the quantity on hand as well as the total value. If something was stolen or broken or if inventory was previously miscounted, we could adjust down.

### To Record an Inventory Adjustment

1. From the Tasks menu, select Inventory Adjustments. Peachtree displays the Inventory Adjustment window.
2. Enter or select the item ID that we want to adjust
3. Enter reference in the Reference field up to 20 alphanumeric characters.
4. Enter or select the date the change in inventory occurred or the date of the physical inventory count.
5. Enter or select a G/L Source account to take this adjustment out of, and enter a unit cost for the inventory item (for positive adjustments only). The default G/L source

account is the Cost of Goods Sold Account. The other account affected by adjustments is the inventory account. The Unit Cost default is the current cost of the item and must be positive. G/L Source Account: This identifies the G/L cost of sales account that will be adjusted as a result of this entry. If we decrease the item quantity, the G/L source account is debited, and the item's inventory account will be credited. If we increase the item quantity, the G/L source account is credited, and the item's inventory account will be debited.

6. Enter the amount to adjust the quantity by. The Quantity on Hand is already filled in, and Peachtree calculates the New Quantity after entering the adjustment.
7. If we know the reason for the adjustment, enter it. For example, Found in warehouse or Theft.
8. Save the adjustment. The Cost of Goods Sold, Inventory Total Value, and Inventory G/L accounts are all updated.

## 2.5. Reviewing and Verifying System Output Regularly

Reviewing and verifying system output regularly on Peachtree, or any accounting software, is an essential practice to ensure accuracy and reliability of financial information. Here are some steps you can take:

1. Set up a regular schedule: Determine how frequently you need to review and verify system output. This could be daily, weekly, monthly, or even quarterly depending on the volume and complexity of your transactions.
2. Cross-check with source documents: Compare the system output, such as financial reports, statements, or invoices, with the original source documents. Verify that the data entered into the system matches the supporting documentation.
3. Reconcile accounts: Perform account reconciliations to ensure that the balances in Peachtree match the corresponding external statements, such as bank statements or credit card statements. This ensures that there are no discrepancies or errors.
4. Validate calculations: Double-check calculations performed by Peachtree, such as tax calculations, depreciation, or payroll calculations. Ensure that the system is accurately producing the results you expect.

5. Investigate discrepancies: If you identify any discrepancies or inconsistencies during the review process, investigate the root causes and take corrective actions. This could involve researching data entry errors, system configuration issues, or fraudulent activities.

6. Utilize reporting tools: Take advantage of Peachtree's reporting capabilities to generate customized reports that provide insights into specific areas of your business. Regularly review these reports to monitor key performance indicators and identify anomalies or irregularities.

Ultimately, the goal of reviewing and verifying system output on Peachtree is to maintain the integrity of your financial records and gain assurance that the numbers are accurate and reliable. It helps to detect errors promptly, ensures compliance with regulatory requirements, and enables informed decision-making for your business.

## Self Check 2

### I. For the following questions Choose the best answer from the given alternatives

- The Payments window is also known as the:
  - Cash Disbursements Journal
  - Cash Receipts Journal
  - Purchases Journal
  - Sales Journal
- Which of the following option from the Tasks menu would you used to record collection on an invoice?
  - Sales/Invoicing
  - Receipts
  - Purchases/Receive Inventory
  - Invoicing
- Which Peachtree function is used to maintain an employee record?
  - Default Information
  - Employees/Sales Reps
  - Payroll Setup Wizard
  - Payroll Entry
- All of these payroll deductions are subtracted from an employee's gross pay EXCEPT:
  - Company Pension Contribution
  - Income tax
  - Employee Pension Contribution
  - All of the above
- Which one option will be used from the Menu bar to create and update customer accounts, vendor accounts, inventory items, and the chart of accounts.
  - Maintain
  - Edit
  - File
  - Tasks

### II. Give appropriate answers for the following questions

- What are the two types of journal entry?

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- Write the four types of special journal entry.

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- What is coding?

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## Operation Sheet 2.1

### Operation Title: Entering a Cash Purchase in a Peachtree Accounting Software

**Purpose:** To accurately record and manage cash purchase and print checks in a Peachtree Accounting Software.

#### Conditions or Situations for the Operation:

- Access to Peachtree Accounting Software.
- Adequate knowledge of Peachtree vendor setup procedures.
- Properly configured computer with Peachtree installed.
- Compliance with company policies and accounting standards.

#### Equipment, Tools, and Materials:

- Computer with Peachtree Accounting Software installed.
- Documentation related to vendor details.

#### Steps in Doing the Task:

1. From the Tasks menu, do one of the following:
  - ✓ Select Payments.
  - ✓ Select Bills and then Pay Bills.
2. . Enter or select the vendor ID that you want to pay. To display a list of existing vendors, type? In this field, or select the Lookup button. Or, press ENTER to skip the Vendor ID field, and type in the name in the Pay to the Order of field.
3. If you want to print a check, leave the Check # field blank. If you paid cash for the purchase, enter CASH01, CASH02, and so on.
4. If you chose a vendor with existing invoices, select the Apply to Expenses tab.
5. Enter the line items on the payment the same way as you do in Purchases/Receive Inventory.
6. If you need to enter retain age that you are withholding from this vendor, select the Apply to Expenses tab and enter a new line item, specifying Retain age as the description, selecting an appropriate Payable Retain age account, and entering the amount of retain age in the Amount field as a negative number. This will ensure that the amount is subtracted from the total and that the retained amount is tracked properly.

7. If you want to print the check, select the Print button. Otherwise, select the Save button to record the payment.

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## LAP T Test

Instructions: Given necessary templates, tools and materials you are required to perform the following tasks accordingly.

Task 1: Enter cash purchase

Task2: Print checks

## Unit Three: Maintain the System

This unit is developed to provide you the necessary information regarding the following content coverage and topics:

- Adding new general ledger accounts
- Chart of accounts

This guide will also assist to you to attain the learning outcomes stated in the cover page.

Specifically, upon completion of this learning guide, you will be able to:

- Add records of any new general ledger accounts
- Maintain, update and Customize chart of accounts



### 3.1. Adding New General Ledger Accounts

To add a new general ledger account into Peachtree, open up the Company Navigation Center. Click the Chart of Accounts icon and select New Account from the drop down list provided.

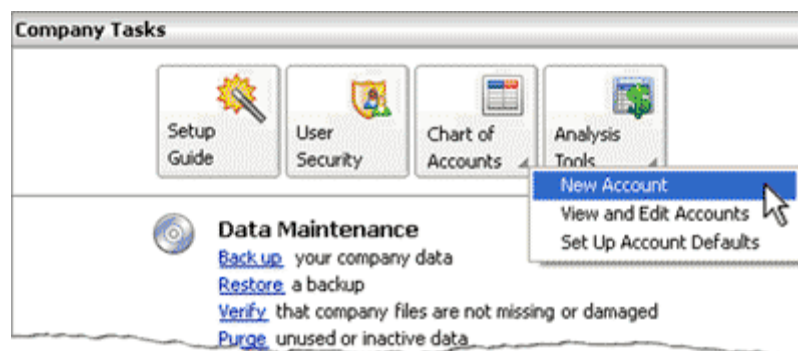


Figure 3. 1Company task window

This displays the Maintain Chart of Accounts window where you can enter the details of the new account into Peachtree. The following screenshot and reference table show step-by-step instructions on how to enter a new account into the Maintain Chart of Accounts window in Peachtree. Note that each step is assigned a reference number to help you identify the appropriate field or icon in the screenshot.

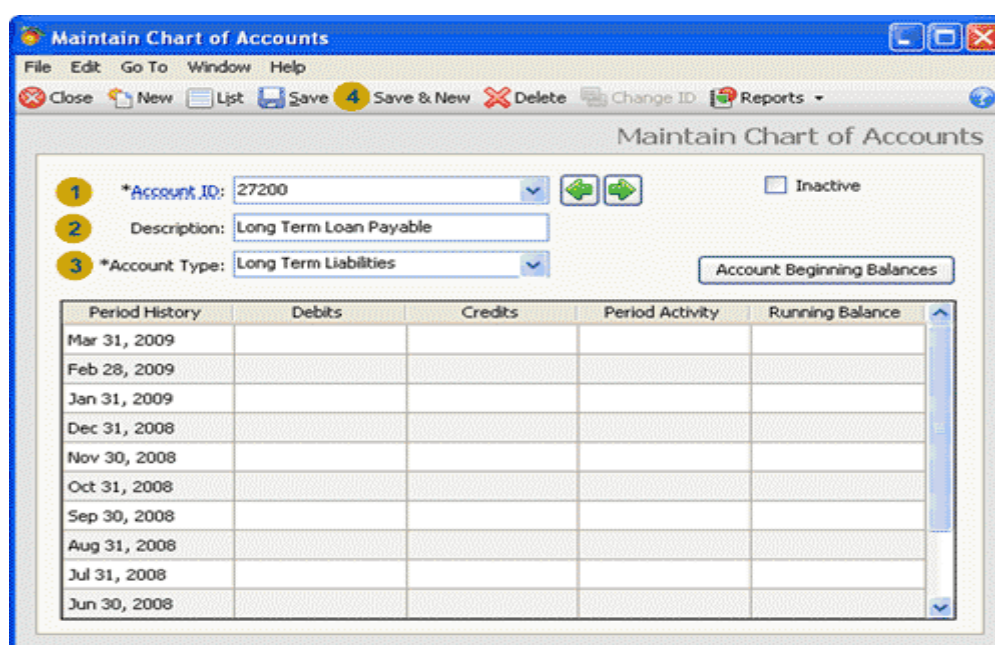


Figure 3. 2Maintain chart of account window


### Steps to add new General ledger

**1** Account ID: Carefully type the unique account number of the new account you are creating. You should verify that the account number does not already exist in the chart of accounts in Peachtree otherwise you may accidentally alter another account. Peachtree helps you check this by displaying a drop down list of existing accounts and highlights the first account starting with the numbers you enter as you type. Once you enter a new unique account number no existing account should be highlighted in this list.

Once you have checked your account number is correct, move to the next step by clicking the OK icon at the bottom of the drop down list or pressing <Tab> or <Enter> on your keyboard.

**2** Description: Enter the name of the new account you are creating.

**3** Account Type: Select the class of the account from the drop down list provided. It is important that you select the correct classification so that the balance of the account is reported in the correct line in the financial statements.

**4**  Once you have entered the information in the Maintain Chart of Accounts window, remember to review your entries and save the new account by clicking the Save icon.

## 3.2. Chart of Accounts

### 3.2.1. Modifying the Chart of Accounts

When setting up your chart of accounts, sometimes there might be a default account that would be perfect for your business if only the description of the account was slightly different. Instead of deleting the account and adding a new one, you are able to modify the existing account to suit your business.

You may also find that the chart of accounts contains default accounts that you do not plan to use in your business. To minimize the number of accounts that you have to manage you can delete these accounts that are not used in your business.

To modify or delete an account you need to open that account in the Maintain Chart of Accounts window. In the Company Navigation Center, click the Chart of Accounts icon and select New Account from the drop down list provided. This displays the Maintain Chart of Accounts window where you can enter the Account ID of the account you wish to modify or delete.

Alternatively you can click the Chart of Accounts icon and select View and Edit Accounts from the drop down list provided. This displays the Account List window below.

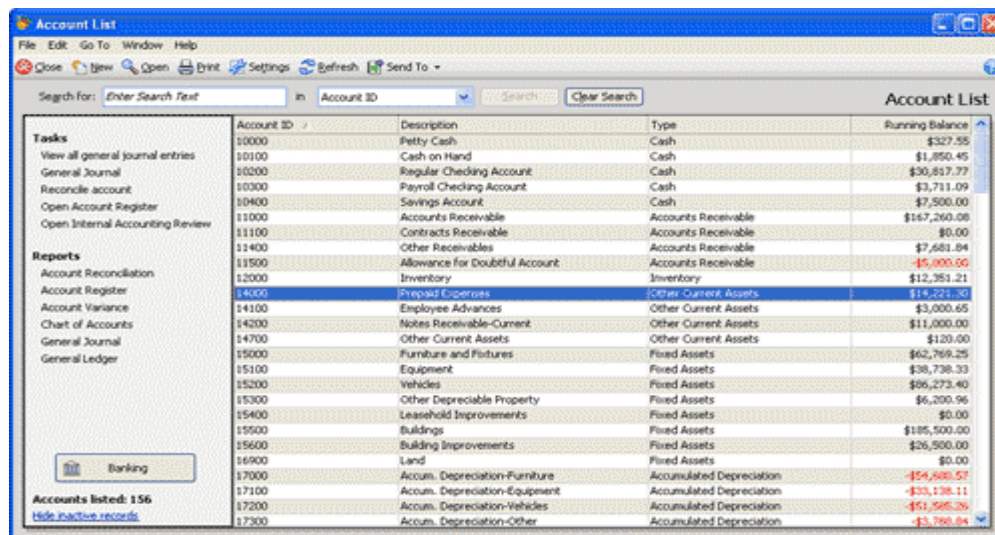


Figure 3. 3Account List window below.

You can then scroll down the list until you find the account you are looking for. However, if there are a large number of accounts in the list, you may wish to use the the Search function to filter the accounts displayed. Once you have found the account, double click it to open that account in the Maintain Chart of Accounts Window. You are then able to modify or delete the account as described below.

### Modify an existing account



To modify an existing account you need to open that account in the Maintain Chart of Accounts window. There you can change the Account ID by clicking the Change ID icon, entering the new Account ID number and clicking OK. You can also alter the name of the account by amending the Description field, or you can change the account classification using the drop down menu of the Account Type field.



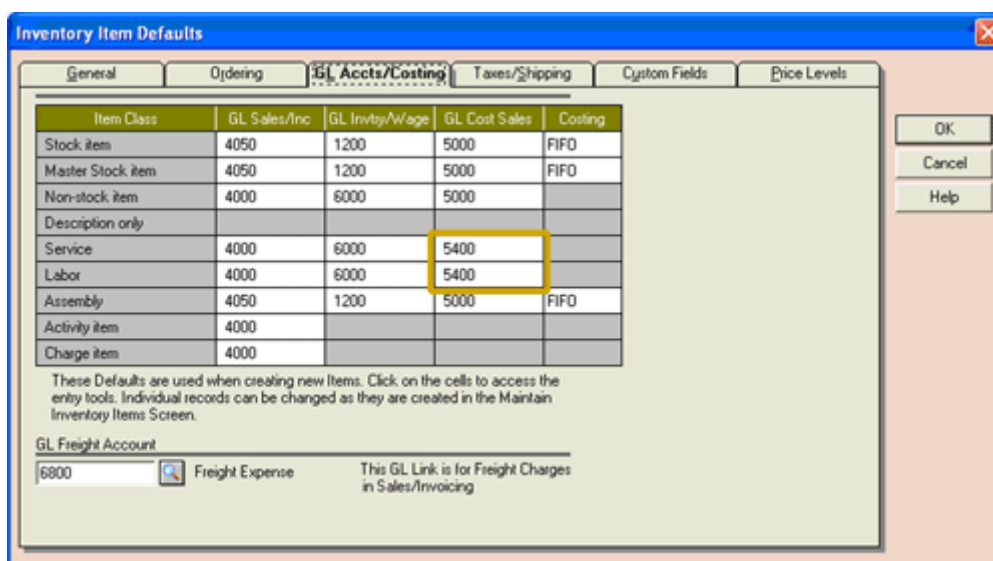
Once you have made your changes to modify the account, remember to click Save to save your changes.

## Delete an account

To delete an account from the chart of accounts you need to open that account in the Maintain Chart of Accounts window. Once open, click the Delete icon. You will be asked 'Are you sure you want to delete this record?' Clicking Yes will delete that account from the chart of accounts. Notice that once you close the Maintain Chart of Accounts window, if you also have the Account List window open, Peachtree will automatically update the account list to remove the deleted account.

If you are having trouble deleting an account, it may be that you are trying to delete an account that has been assigned to the default settings of your inventory items. In order to delete such an account you need to first remove that account as a default account assigned to your inventory items.

To remove the account from the default settings of your inventory items, open the Inventory & Services Navigation Center. Click the Inventory Items icon and select Set Up Inventory Defaults from the drop down list provided. In the Inventory Item Defaults window that opens, select the GL Accts/Costing tab. The window appears as follows:



Item Class	GL Sales/Inc	GL Invty/Wage	GL Cost Sales	Costing
Stock item	4050	1200	5000	FIFO
Master Stock item	4050	1200	5000	FIFO
Non-stock item	4000	6000	5000	
Description only				
Service	4000	6000	5400	
Labor	4000	6000	5400	
Assembly	4050	1200	5000	FIFO
Activity item	4000			
Charge item	4000			

These Defaults are used when creating new Items. Click on the cells to access the entry tools. Individual records can be changed as they are created in the Maintain Inventory Items Screen.

GL Freight Account  
6800 Freight Expense This GL Link is for Freight Charges in Sales/Invoicing

Figure 3. 4Inventory item default window

In this window you need to delete all instances of the account number of the account you wish to delete. For example, if you wish to delete the 'Cost of Sales-Salary & Wage' account (account number 5400) you need to find and delete all instances of this account number in the table. Once the appropriate account numbers have been deleted from the

table, click OK. You should then be able to follow the procedures outlined above to delete the account using the Maintain Chart of Accounts window.

Note that you are not able to delete an account if any transactions have been recorded in that account. However, if you have transactions recorded for an account that you want to delete, you really should be questioning whether you should be deleting that account in the first place!

### 3.2.2. Customizing the Chart of Accounts

#### Changing an Account Name or Description

To change the description of an account, follow these steps:

1. Select the correct account from the drop-down list in the Account ID field.
2. Highlight the current name in the Description field, or click at the end of the name and use the Backspace key to delete the name.
3. Enter the new name or description.
4. Click the Save button.

#### Adding an Account

To finish setting up your chart of account, you will probably need to add some accounts:

1. If an account is currently showing in the screen, click the New button.
2. A blank screen appears.
3. Determine the account ID by looking at existing accounts and inserting the ID in the correct position.
4. Enter the new ID into the Account ID field.
5. Tab to the next field or click on the next field with the mouse.
6. Type the account name in the Description field.
7. In the Account Type field, select the correct category.
8. Click the Save button.
9. The new account now appears in the chart of account list.

#### Delete an Account from the Chart of Accounts

To delete an account from the chart of accounts, there must be no transactions posted to the general ledger that references the account ID. If an account has a nonzero balance, we can delete or remove transactions associated with it. These can include beginning-balance entries. If an account has a nonzero balance, we can enter an adjusting G/L transaction in

the General Journal to bring the account's balance to zero. Then, after two year-end closings, we can purge (remove) or delete the account.

1. From the **Maintain** menu, select **Chart of Accounts**. Peachtree displays the Maintain Chart of Accounts window.
2. Enter or select the account ID you want to remove. To display a list of existing accounts, type “?” in the **G/L Account ID** field, or select the Lookup button.
3. Select the Delete toolbar button to remove the account.

If the account has a nonzero balance in any accounting period within the two currently open fiscal periods, Peachtree displays a message stating that you cannot delete the account. If you still want to remove an account that has had a nonzero balance at one time, examine the history of the account in the Maintain Chart of Accounts window. Then, display the General Ledger report including a date range of the two open fiscal years. Locate the account transactions; then double-click to display the corresponding task window where the transactions originated. Finally, delete these transactions, and return to the general ledger. To remove an account beginning-balance entry, select the Beginning Balances button in the Maintain Chart of Accounts window and clear the balance.

## Self check 3

### I. Write the appropriate answers for the following questions

1. List down the steps used to maintain chart of account.

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2. What are the three types of accounts selected to maintain owners' equity accounts.

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3. Write the steps used to add account

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4. Write the steps used to edit and change account number.

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5. Write the steps used to delete account.

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## Unit Four: Producing Financial Report

This unit is developed to provide you the necessary information regarding the following content coverage and topics:

- Financial performance and position Report
- Reconciling Subsidiary ledger with general ledger
- Bank statement Report
- End of financial year rollover

This guide will also assist to you to attain the learning outcomes stated in the cover page.

Specifically, upon completion of this learning guide, you will be able to:

- Generate reports of financial performance and position
- Reconcile Subsidiary ledger with general ledger
- Generate reports of bank statement
- Perform an end of financial year rollover

## 4.1. Financial Performance and Position Report

Peachtree can generate different types of reports and forms whenever we want to have the specified report or forms. In addition, we can customize the format of reports and can have grouping of different reports in one group. The Select a Report or Form window lists all the reports and forms currently set up in Peachtree. Reports include financial statements, aging reports, and so on. Forms are usually tied to a transaction, such as an invoice or check. Letters are also listed on the Forms tab. The options you see are a little different depending on whether you're on the Reports or Forms tab.

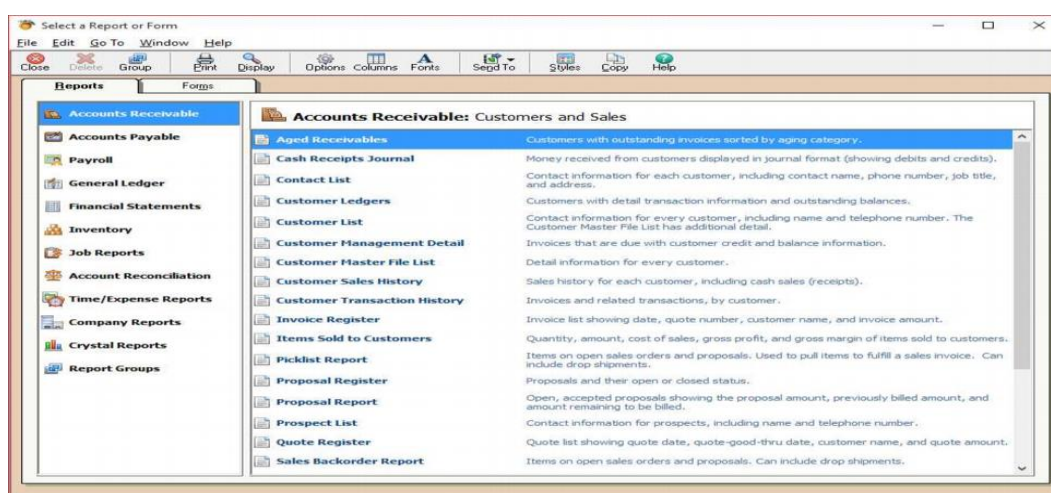


Figure 4. 1Account receivable, customers and sales window

### Report Tab

On the left of the Select a Report or Form window is the report area (Accounts Receivable, Accounts Payable, Financial Statements, and so on), where you select what type of reports you want to see. When you select a report area, Peachtree displays a list of reports and forms associated with that area on the right. Each report has a brief description next to it.

Lists items available on both tabs are Accounts Receivable, Accounts Payable, Payroll , General Ledger, Financial Statements, Inventory, Jobs, Time/Expense, Account Reconciliation, Company, Write Letters, Crystal Reports, Report Groups and many more are available.

## Form Tab

Select the type of form that you want to use from the forms type list. Peachtree displays a list of forms or letters of the selected type in the forms list. Once a form or letter is selected in the list, Peachtree displays its description and a sample image on the right side of the tab.

When a form is selected in the forms list, buttons appear below the sample image that allow you to print, preview, and customize the selected form. A link displays beneath the description which allows you to order Peachtree Checks and Forms.

### 4.1.1. Financial statements

A financial statement gives a picture of how your business is doing. In one sense, the whole point of an accounting system is to produce accurate financial statements. The financial statement option is found under report tab. List of financial statements are the following: Balance Sheet, Balance Sheet/Budgets, Cash Flow, GL Account Summary Report, Income/Budget, Income Statement, Income Statement - 12 Period, Income Statement 2 Yrs, Statement of Changes, Statement of Retained Earnings and many more statements are available. To display a Financial Statement on the Screen

1. From the Reports & Forms menu, select Financial Statements.
2. Peachtree displays the Select a Report or Form window with the Financial Statements report area selected.
3. From the report list, scroll down to select a financial statement you want to appear on the screen.
4. There are two methods to displaying a financial statement on the screen:
  - Double-click the specific financial statement in the report list. The report Options window displays. Accept the default options by clicking OK.
  - Select the specific report or financial statement. Then, select the Display button in the top of the Select a Report or Form window.
5. To print a financial statement displayed on the screen, select the Print button.
6. To design a financial statement displayed on the screen, select the Design button.
7. To display alternate financial statement filter information, select the Options button. If you change the financial statement options, you will be prompted to save the new report when closing the report window.

8. When finished viewing the financial statement, select Close to return to the Select a Report or Form window.

When you display or print a financial statement, Peachtree displays the following options:

- **Dates:** You have the choice of a range of periods, current period, or current three periods. If you select a range, use the From and To list boxes.
- **Budget:** (Peachtree Premium Accounting and higher only) Select the budget to use for many financial statements.

**Account Segments:** (Peachtree Premium Accounting and higher only) You can use the Account Segments fields to limit the totals that appear on your financial statement to particular departments, divisions, or whatever other segments you have set up. Each segment of your chart of accounts will appear and you can select a particular segment by using the drop-down lists. If you do not want to limit the totals on the report, simply leave the selections set to All. With this setting, your report will show totals for all accounts, even those that do not match the account segment structure. This field can also be used as a sub-filter for a financial statement that is already filtered. For instance, you may have a statement that filters for a single division yet includes several departments. You can use this field to further filter for a single department. Should you inadvertently set up filtering that eliminates all data, Peachtree Premium (and higher) will display a message warning you of this situation. For more information on Account Segments, click .

- **Print Page Numbers:** Checking this will print page numbers on the top right corner of the page. Both the page number and the number of pages are indicated. For example, if you are looking at page 2 of a 13-page document, it will display on the report as "Page: 2 of 13."
- **Show Zero Amounts:** Select this check box to show accounts with zero amounts.
- **Print All Words Capitalized:** Select this check box if you want the report to print in all capital letters.
- **Right Margin/Left Margin:** Enter the size of the margins you want, in inches.
- **Center on Page:** Select this check box if you want the printed statement to be centered rather than left justified on the form.
- **Number of Copies:** Enter the number of copies you want to print. You can enter any number from 1 to 99.

## 4.2. Reconciling Subsidiary Ledger with General Ledger

In the simplest terms, sub ledger to general ledger reconciliation is the process of comparing your sub ledger and general ledger, investigating the differences between them, and adjusting one and/or the other until they match.

By nature, a sub ledger and general ledger should contain the same data but with different level of account detail. If your Accounting team needs to reconcile the data in the balance of a general ledger account, then the operational transactions in your sub ledger weren't properly calculated to match with the general ledger data.

### General ledger to subledger reconciliation steps

The general ledger to sub ledger reconciliation process generally consists of the following steps:

1. Compare general ledger balance to the sub-ledger balance
2. Investigate reasons for the difference
3. Adjust general and/or sub ledger
4. Compare adjusted balances

Of course, this is much easier said than done, and your team's reconciliation process may include more steps. As pointed out in earlier, there are so many things that can cause your general ledger and subledger chart of accounts to differ. Here are 8 steps that can help you overcome that challenge.

### General ledger to sub-ledger reconciliation examples:

Here's an example of an 8-step subledger to general ledger reconciliation process

1. Generate a general ledger trial balance report with full segmentation for the period you wish to reconcile.
2. Run a Subledger report with data from the operational data store, your data warehouse, or your subledger system.
3. Map general ledger dates, segments, amounts to the schema/fields/columns of the subledger transaction columns.

4. Aggregate the subledger on the transaction date to match to accounting period, the current amount and the segmentation.
5. Compare the pivot and aggregation of subledger to general ledger.
6. Create a diff between the general & subledger with an adjustment amount.
7. Update your general ledger or subledger to account for these adjustments.
8. Repeat steps 1-5 to confirm accuracy and that both ledgers are in balance.

### 4.3. Bank Statement Report

Preparing a bank reconciliation statement on a periodic basis is an important cash control procedure. It serves to verify the balance of cash shown on the general ledger against the balance shown on the bank statement. Those two balances are rarely equal owing to both differences in timing in recording transactions and any errors that have been made. The bank reconciliation process can uncover any errors recorded in either the company books or in the bank statements. This topic explains where and how bank reconciliation is prepared.

Note that this topic demonstrates the process of bank reconciliation if you are using a bank statement that is in hard. However, if the bank statement provided by the bank is in electronic format and you wish to import it electronically to the software, the process will differ slightly from the instructions below.

To perform a bank reconciliation in Peachtree, open up the Banking Navigation Center and click the Reconcile Accounts icon.

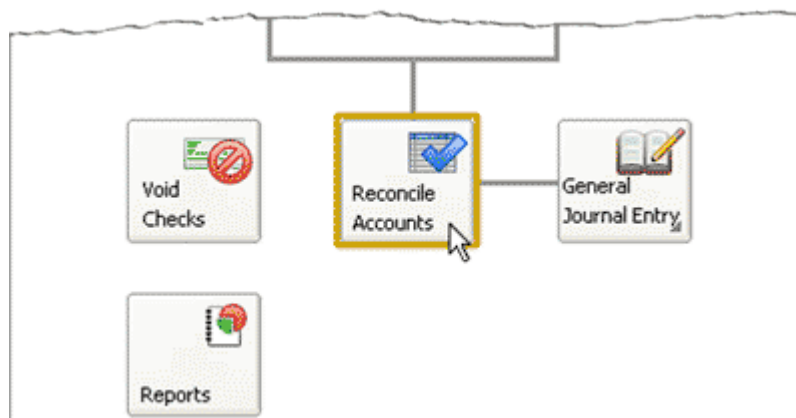


Figure 4. 2 Banking Navigation Center window

The Account Reconciliation window then appears where you can reconcile any cash account in the general ledger. The following screenshot and reference table show step-by-step instructions on how to prepare a bank reconciliation for the Regular Checking Account using the Account Reconciliation window in Peachtree. Note that each step is assigned a reference number to help you identify the appropriate field or icon in the screenshot.

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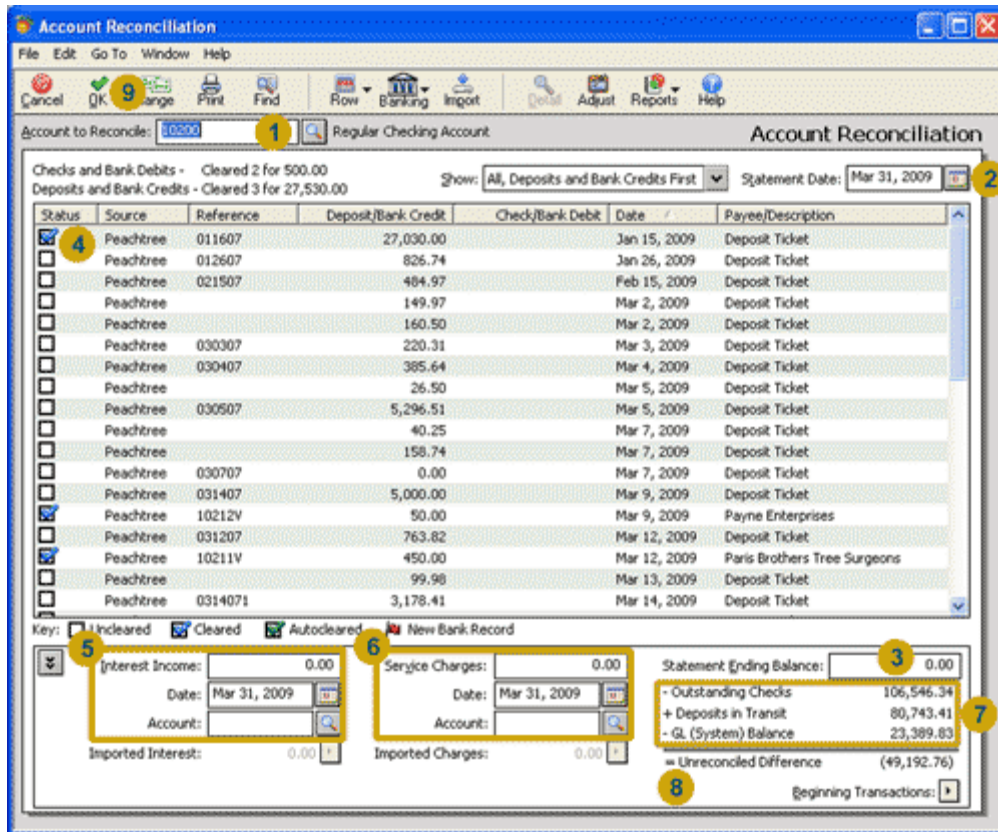


Figure 4. 3 The Account Reconciliation window with reference numbers

### Steps to bank reconciliation

1. Account to Reconcile: - Select the account number of the cash ledger account to be reconciled.
2. Statement Date: - Click the calendar icon to select the closing date from the bank statement.
3. Statement Ending Balance: - Enter the final balance of the cash account from the bank statement.
4. Status of cash items:- Notice that Peachtree automatically displays a summary of transactions that are recorded in the cash ledger account.

If you are completing the **Peachtree Practice Set**, the next step is to review the previous month's bank reconciliation statement. To confirm that outstanding amounts in the previous reconciliation have now appeared on the current month's bank statement, place a check mark next to the amounts shown on both statements.

Next, identify all items that appear on both the current month's bank statement and the Account Reconciliation window. If an item in the status list appears on the bank statement, **clear** that item by clicking the box in the Status column for that item/transaction to enter a check mark in that column. Note that you also need to place a check mark next to that item on the bank statement.

To open the Peachtree window that is used to record the details of a particular transaction, just double click the line item for that transaction. You will then be presented with the Peachtree window for the transaction that you want to know about. Close that window when you are finished.

5. Interest Income, Date, and Account:- Type the amount of interest earned as shown on the bank statement. Then, click the calendar icon to select the date the interest income was earned and enter the general ledger account for interest income. Note that Peachtree will automatically journalize this interest income into the general journal and update the appropriate ledger accounts after you have completed the bank reconciliation process.
6. Service Charges, Date, and Account: - Enter the amount of service charges incurred as shown on the bank statement. Then, click the calendar icon to select the date the bank service charges were incurred and enter the general ledger account for the bank charges. Note that Peachtree will automatically journalize the bank service charges into the general journal and update the appropriate ledger accounts after you have completed the bank reconciliation process.
7. Less Outstanding Checks, add Deposits in Transit, less GL (System) Balance: - Peachtree then automatically calculates and displays the amounts of the following items:
  - **Outstanding Checks.** This is equal to the sum of checks and bank debits that you have not identified as 'clear' in the Account Reconciliation window (See step 4 above).
  - + **Deposits in Transit.** This is equal to the sum of deposits and bank credits that you have not identified as 'clear' in the Account Reconciliation window (See step 4 above).

- **GL (System) Balance.** This is equal to the balance of the general ledger account to reconcile.

8. = Unreconciled Difference:- Peachtree automatically calculates the unreconciled difference as the statement ending balance minus outstanding checks plus deposits in transit minus the G/L system balance.

If you have completed the bank reconciliation process correctly, the balance of the unreconciled difference should be zero (0.00). If not, check your work again and confirm that you have not made errors when preparing the bank reconciliation and have correctly entered all cash transactions into Peachtree. To achieve reconciliation you may need to contact the bank if you suspect there is an error on your bank statement or you may need to record a correcting entry if you discover an error in your accounts.

9. Once you have entered the information in the Account Reconciliation window, remember to review your entries and click the OK icon to complete the bank reconciliation. Note that if you previously entered details about the interest income and service charges into the Account Reconciliation window, Peachtree will post those entries to the appropriate ledger accounts.

#### 4.4. End of Financial Year Rollover

To perform an end of financial year rollover on Peachtree, you can follow these general steps:

- I. Ensure that all financial transactions for the current financial year have been recorded and finalized.
- II. Take backups of your Peachtree company data to ensure you have a copy of the previous financial year's data.
- III. Set the closing date for the previous financial year to prevent any accidental changes to the closed period.
- IV. Review and reconcile all accounts to ensure accurate financial statements for the previous financial year.
- V. Generate necessary reports for the previous financial year, such as income statements, balance sheets, and cash flow statements.

- VI. Make any adjusting journal entries if required, for items such as accruals, prepayments, or corrections.
- VII. Create a new financial year in Peachtree by setting up the appropriate fiscal periods and accounting settings.
- VIII. Optionally, enter opening balances for each account in the new financial year if necessary.
- IX. Verify that all settings for the new financial year are correctly configured, such as tax rates, payroll settings, and user access permissions.
- X. Start entering transactions and recording financial activities in the new financial year.

Note that the specific steps may vary depending on the version of Peachtree you are using. It is recommended to consult the user manual or contact Peachtree support for detailed instructions tailored to your specific setup.

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## Self check 4

### I. True/False Questions

1. Peachtree allows users to customize the format of reports and forms, including grouping different reports in one group.
2. The Financial Statement option in Peachtree is found under the Form tab.
3. Bank reconciliation in Peachtree involves comparing the balance of cash in the general ledger with the balance shown on the bank statement.
4. The unreconciled difference in Peachtree's bank reconciliation should ideally be zero if the process is completed correctly.
5. The End of Financial Year Rollover in Peachtree involves setting a closing date for the previous financial year to prevent accidental changes.

### II. Multiple-Choice Questions

1. Which tab in Peachtree's 'Select a Report or Form' window is used for selecting the type of form to use, such as invoices or checks?
  - A) Report Tab
  - B) Forms Tab
  - C) Financial Statements Tab
  - D) Crystal Reports Tab
2. What is the purpose of the Financial Performance and Position Report in Peachtree?
  - A) To reconcile subsidiary ledger with general ledger
  - B) To prepare a bank statement report
  - C) To customize report formats
  - D) To track financial transactions
3. How does Peachtree handle the calculation of Outstanding Checks and Deposits in Transit during bank reconciliation?
  - A) Manually entered by the user
  - B) Automatically calculated by Peachtree
  - C) Imported from external sources
  - D) Ignored in the reconciliation process
4. Which step is NOT typically part of the general ledger to sub-ledger reconciliation process?
  - A) Compare general ledger balance to sub-ledger balance
  - B) Investigate reasons for the difference
  - C) Update software version

D) Adjust general and/or sub-ledger

5. What is the purpose of setting a closing date for the previous financial year in Peachtree?

A) To prevent any financial transactions

C) To import bank statements

B) To encourage data entry

D) To adjust accounting settings

**Give the appropriate answers for the following questions**

1. What are the four types of financial statements?

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2. From which menu bar can we get the option of Year-End Wizard?

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3. Which financial statement shows the accounting equation?

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4. To generate financial statements on Peachtree which menu bar option is used?

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5. To close the business activity which option of the task bar is used?

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6. Write the accounts added and deducted during bank reconciliation.

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## Unit Five: Company Administration

This unit is developed to provide you the necessary information regarding the following content coverage and topics:

- Back-ups of the system
- Restoring data from back-ups
- Maintaining record of processed transactions

This guide will also assist to you to attain the learning outcomes stated in the cover page.

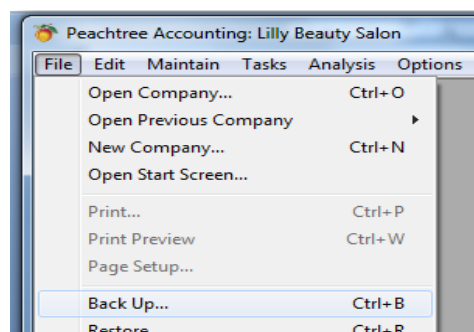
Specifically, upon completion of this learning guide, you will be able to:

- Make regular back-ups of the system
- Restore data from back-ups
- Maintain record of processed transactions

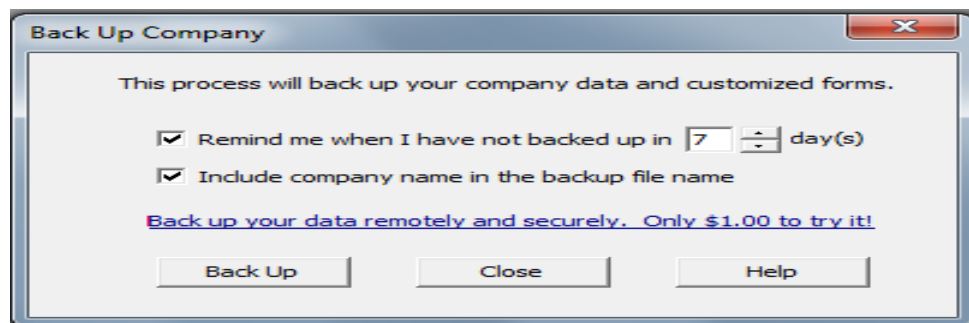
### 5.1. Back-Ups of the System

Backing up your company frequently is an important part of maintaining your Peachtree system. Peachtree provides a simple backup utility. Backing up your company files can save you hours of time. Having frequent backups ensures you against the necessity of reentering your data. How often you back up and which method you choose depends on how you use Peachtree. Note that to do the following procedure the company which you want to backup must be in an open status. You can follow the following Procedures.

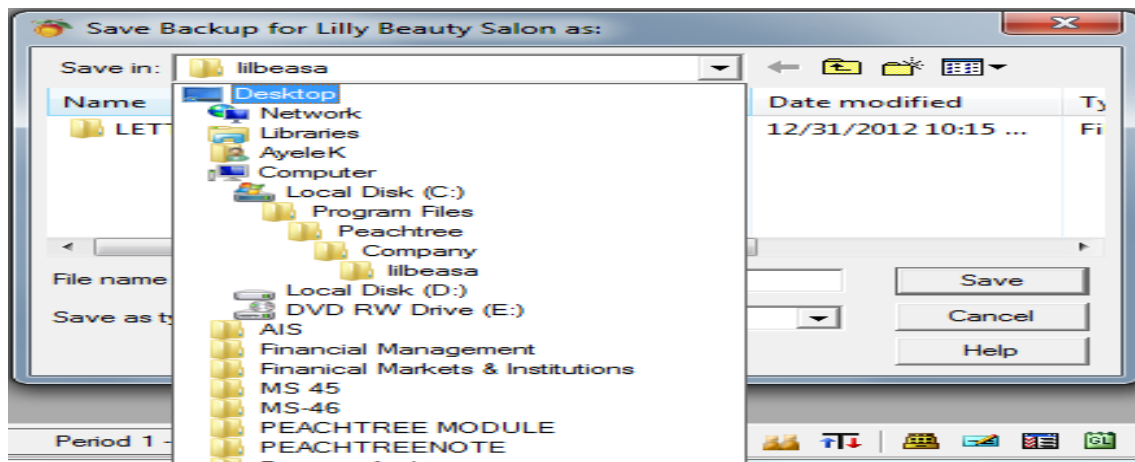
1. From the **File** menu of Peachtree accounting, select **Backup**



2. If you want to be prompted, a backup reminder in a specified number of days, select the reminder checkbox, i.e., click the “**Remind me...**” button. When the specified number of days passed since the last Peachtree accounting backup a reminder message will appear when you close the company or exit the program
3. If you want Peachtree to incorporate you company name in the name of the backup file, select the “**Include company name**” checkbox.

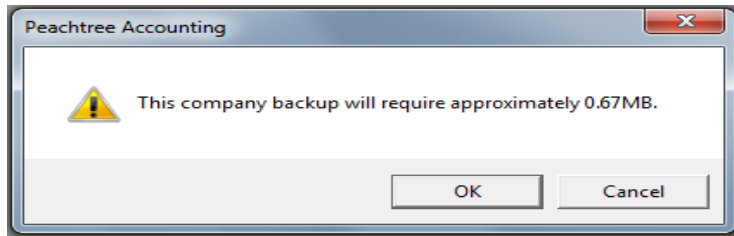


4. Click the **Backup** button to specify where you want to save your Peachtree accounting backup file. Let us maintain the back up file on desktop. The Save Backup for Lilly Beauty Salon (this is the name of our company) As window will appear.



5. In the Save backup window *specify the path and file name* for your backup copy.
6. Peachtree will offer you a default file name: *BU<date>.ptb*. If you select the “Include...” check box, the company name will be included in the file name.

7. Click the Save button. If you are backing up to the hard drive, Peachtree displays the estimated size of your backup in megabytes (MB). Since we are saving it on the desktop Peachtree will say



8. Click **OK**... The system displays the progress of the buck up until it is complete.
  - If you are storing your backup in flash disk, Peachtree estimates how many diskettes are required for the backup.
  - Do not interrupt the buck up process until it is complete, you may corrupt data

## 5.2. Restoring Data from Back-Ups

Restoring a company data files means opening a Peachtree back up file on to Peachtree accounting. Please try to open the Peachtree back up file by double clicking on it or by right clicking and selecting options? You cannot open “Back up” file like any other files. The only way to open such file is through the restore option. In order to restore company data, you will replace all the current data files with those that were previously backed up. You cannot restore individual files since the files are interrelated. You can follow the following procedures. Open the company you want to restore and then do the following.

1. From the **File** menu select Restore.
2. From the <<**Look in**>> field choose the folder, hard drive, diskette drive, network drive, or data storage device connected to your computer where your Peachtree back up file is located.
3. Select the **Open** button to begin the restore process. A warning message appears telling you that this is a potentially dangerous process that could result in a loss of data. The message suggests that you perform another backup first to ensure that you are a back up of the most current data.
4. To continue restoring data select **OK**
5. The Restore option window lets you to decide which files you want to restore:

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- Customized forms
  - Company data
  - Web transactions
6. Select the Restore button. The system displays the progress of the restore procedure. Do not interrupt the restore procedure until it is complete, you may corrupt data.

### 5.3. Maintaining record of processed transactions

In order to implement data security and password protection, you must set up user records. When user IDs and passwords are set up, Peachtree prompts you for a user ID and password when you open a company. If you know the password, you can access the areas of the program to which you have rights. You can follow the following procedures.

1. From the **Maintain** menu, select **Users**. Peachtree displays the Maintain Users window. The first time you access the Maintain Users window, Peachtree displays a security message that introduces you to user records and passwords.
2. Select OK to display the Maintain Users window. If you do not have access to the Users option in the Maintain menu, then your user profile does not have privileges to set up or maintain user records/passwords in this company. Check with your system administrator, or open the company using a user ID and password that has this privilege.

In order to use user/password security in Peachtree, you must first set up a user record with the Access to 'Maintain Users' option selected. Typically your first user should be an administrative user with **full rights** to each area of Peachtree and the ability to set up and maintain user records and passwords. Because of this Peachtree initially disables the **Access to 'Maintain Users'** and **Inactive** options. You can follow the following procedures.

1. Enter a user ID (This may even be your name, which is not a secret information) and its corresponding password(the secret word or code )
2. Select the control level for each program area for this user. Depending on the program area selected, choose No Access, Read, Add, Edit, or Full control rights. To quickly establish an administrative user, select the Full Access control level for each program area listed in the **Summary** tab.
3. When finished setting up the user record, select **Save**.

You can follow the following procedures to enter additional user records.

1. Select the New button.
2. Enter a user ID and its corresponding password. Note that Passwords are case sensitive and must be unique. Two or more users cannot have the same password.
3. If this user will be allowed to establish data security and modify user records, select the Access to 'Maintain Users' check box. Note that it is strongly recommended that you have only one (administrative) user with access to the Maintain Users window. This will prevent multiple users from accessing other user passwords, changing user records, or inadvertently erasing user records.
4. If you do not want this user to gain access to company data at this time, select the Inactive check box.
5. Select the control level for each program area for this user. Depending on the program area selected, choose No Access, Read, Add, Edit, or Full control rights.

You can achieve User Rights and Limited Access. To expand the list of program areas in the grid, double-click the triangle to the left of the program area. If you change a specific (secondary) program area control, then the primary program area will display Detailed Selection as its control level. To quickly establish a single control level for a primary program area, select a control level in the **Summary** tab. For example, to assign rights to all accounts receivable areas of Peachtree, select the Summary tab and select **Full Access** control level in the **Sales** program area.

6. To establish the user record, select **Save**.
7. When finished setting up company user records, select **Close**. Any changes you make, including changes to your user personal record, will take effect the next time you open the company. It is important that if you forget your user ID or password, you will not be able to access the company data. It is your responsibility to maintain user IDs and passwords. It is critical that you write down your user ID and password and file it away in a secure place

## Self check 5

### I. True/False Questions

1. Backing up your Peachtree company files is essential for data maintenance, and it is recommended to perform backups frequently.
2. In Peachtree, the backup process can be initiated from the File menu, and users have the option to include the company name in the backup file.
3. Restoring data in Peachtree involves replacing all current data files with those previously backed up, and this process can be initiated from the File menu.
4. Peachtree allows the restoration of individual files, providing flexibility in managing specific data components.
5. Setting up user records in Peachtree is essential for implementing data security and password protection, and an administrative user typically has full access control rights in all program areas.

### II. Multiple-Choice Questions

1. What is the purpose of the "Remind me..." checkbox in Peachtree's backup process?
  - A) It initiates an immediate backup.
  - B) It sets a reminder for future backups.
  - C) It includes company name in the backup.
  - D) It skips the backup process.
2. During the restoration process in Peachtree, what is the warning message about?
  - A) An outdated backup file.
  - B) A potential loss of data.
  - C) A successful restoration.
  - D) An incomplete backup.
3. What options does Peachtree provide for controlling access levels when setting up user records?
  - A) Read, Write, Execute
  - B) Access, Modify, Erase
  - C) No Access, Read, Add, Edit, Full control
  - D) Limited, Standard, Admin

4. What is the significance of marking a user as "Inactive" in Peachtree's user records?
- A) The user cannot log in. C) The user has full control rights.  
B) The user has limited access. D) The user has read-only access.
5. Why is it recommended to have only one administrative user with access to the "Maintain Users" window in Peachtree?
- A) To increase security. C) To simplify user management.  
B) To reduce backup size. D) To speed up data restoration.

### III. Give appropriate answers for the following questions

1. What is the advantage of backup files?

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2. Where can you backup your Peachtree files?

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3. Write the steps used to restore data from backups of Peachtree files.

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4. Explain how you can maintain records of processed transactions.

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