



BACKGROUND

This practice set will allow you to use the skills developed working through bsnsAtlas.com's *Bookkeeping Basics* courses #1 and #2 which teach manual bookkeeping. When working through this project, you will set up work papers for a company and keep the books for July 20XX (using whatever year you are currently in).

With the information provided, you will use blank work papers to create your starting bookstore's records. After that, you will be given a starting Trial Balance showing amounts for each account for all the activity that previously happened through June 30th of the current year. Using that information, you will prepare and label each T-account with a 6/30/20XX beginning balance and prepare a Trial Balance dated that same day to ensure you have everything set up correctly.

After the papers are set up and verified, you will work through transactions over the month of July 20XX. While we realize a bookstore would most likely have a LOT more entries than this, the intent of this lesson is to give you practice with a VARIETY of entries; not a large quantity of them. After entering the transactions from the month, you will verify your data, prepare a worksheet, enter monthly adjustment entries to accounts and various items, and then prepare reports. Once you have finished the monthly steps in the Accounting Cycle, you will proceed to wrap the year for the business.

Hampton Book Store is a fictitious company based on an original practice set developed by Janet Horne in her textbook *QuickBooks 2015*®. The fictional bookstore is located near a college and provides keyboarding services as well as sells books and educational supplies. Hampton Book Store is located in St. Louis, MO, and is a sole proprietorship owned by you. You do all the purchasing and are involved in all aspects of the business.

BEFORE YOU BEGIN... TWO IMPORTANT POINTS

- This printed documentation is **support for the video lessons**. While it is possible to work through this activity without using the videos, there will be items you may miss or not understand. Along with providing "check answers" throughout the project, the video lessons present additional explanations, hints, or clarifications needed to succeed.
- If you are not familiar with how to use any of the information below or items included, make sure to reference the courses in our series OR other online sources.



INFORMATION ABOUT DATES

- We have indicated the “current year” throughout this set as “20XX”. You should use the year you are currently working in.
- When you’re setting up the beginning balances, there are dates that reflect balances as of June 30th of the year. Those are written as “6/30/20XX”.
- FYI – Hampton Book Store uses a fiscal year that begins on August 1st so it closely matches with the university community it most commonly serves. As a result, July 31st is the end of the store’s fiscal year. (This allows us to include Closing Activities as part of the practice.)

WHEN ENTERING TRANSACTIONS, REMEMBER...

- This practice set is designed for you to record the bookkeeping activity. It is NOT to record invoices, receipts, etc. You will not record detailed items in the journal entries such as quantity, per prices, etc. Those would be recorded and prepared on a different system.
- You do NOT have to use the Analysis Charts for the transactions, but it’s there if you wish. Sometimes it helps to use it so you can logic out the activity that is being recorded. All of the transactions will be shown in it, as part of the answers. Make sure to check out the lesson in the Reference Section of the course titled “Journal or Analysis?” to better understand this point.
- There is a new account in this exercise that we did not use in the courses. It’s called “Cash Drawer” and it is a Current Asset. Think of it as your cash register. When you accept cash or checks, they will be deposited into this “holding” account until you are ready to make a bank deposit.
- We will prepare bank deposits around the end of each week for cash/check payments received. Instructions will be included for when to make the deposit. All of these cash/check payments received throughout the week will be placed in the “Cash Drawer” account. The end-of-week balance of that account will be deposited into the bank as one deposit, when instructed.
- Any sale made or payment received by credit/debit card will be deposited into your checking account at the time of the sale (instead of being “batched together” at the end of the day.) Any fees for credit/debit card processing will be taken at one time at the beginning of the next month, so we’re not going to worry about them for this practice set. Consider the full payment amount received as the amount that will be deposited into the bank.



- Sales tax of 7% must be collected on all physical items sold but not on services (such as keyboarding) except to non-profit organizations (such as St. Louis Public Schools.) The monthly amount due to the state will be tracked in the Sales Tax payable account and will be paid on the last day of the month.
- This practice set does NOT teach how to process or calculate payroll so you will just be given combined payroll entries to enter.

LET'S GET STARTED!!

The first steps in preparing a set of work papers for manually recording a company's bookkeeping records are to verify the beginning numbers you are provided, then label each of your accounts with names, beginning balances, etc. Now that you've read through this introduction, it's time to start working through the video lessons.

WHAT YOU SHOULD REMEMBER...

The list below are the topics covered in the first two *Bookkeeping Basics* courses that are vital to understanding how to complete this practice set. If you need a refresher on any of them, we recommend you go back and check out them out before starting.

Bookkeeping Basics Concepts

Bookkeeping Basics #1: Understand the Fundamentals

Section 4 - The Tools

- Fundamental Accounting Equation

Section 7 - The Other Big Three

- Assets & Asset Shifts, Liabilities, and Equity

Section 8 - Who Owes Whom?

- Accounts Payable and Accounts Receivable

Bookkeeping Basics #2: Understand the Mechanics

Section 2 - Debits and Credits

- T-Accounts and What is a Debit?

Section 3 - Accounting is a Process

- The Accounting Cycle and The Worksheet

Section 4 - Adjusting Entries

- Adjustment Entries

Section 5 - Closing Entries

- Closing the Year