Dealership Office Management and Ford Accounting

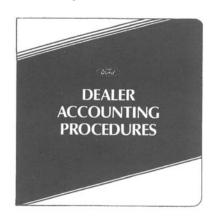
-- Second Edition --

Unit 7. Introduction to Dealership Accounting





In Units 1-6, we have discussed basic accounting using generic company information. In this Unit, we begin our review of Ford and Lincoln Mercury accounting.



Every Ford and Lincoln Mercury dealership in the country uses the *Dealer Accounting Procedures* manual, available from Reynolds+Reynolds TM . By using standard account numbers and a standard financial statement, your dealer and Ford Motor Company will be able to compare your dealership's profits and expenses to other dealerships across the country.

This is a manual that all dealership accounting personnel should study. Each section of the manual details specific accounting issues. These sections are:

- A. Chart of Accounts
- B. Assets
- C. Liabilities and Net Worth
- D. Sales and Cost of Sales
- E. Expenses
- F. Other Income and Deductions
- G. Accounting Forms and Use
- H. Closing Routine
- I. Financial Statement Preparation
- J. Departmentalization
- K. Vehicle Leasing and Rental
- L. Daily Operating Control
- M. Office Management
- N. Accounting Bulletins
- O. Repossession Practices
- P. Index

This accounting manual illustrates each account and account number in the Ford Motor Company Dealer Chart of Accounts. A sample page from this manual is shown on the following page. Note that each standard account number has its own page of explanations, sample entries and other references.

Exhibit: Dealer Accounting Procedures sample page.

ACCRUED PENSIONS LIA	ABILITY	ACC0 2422	DUN
ACCOUNT EXPLANATION			
Employer's contributions accrued in accordance with the dealership's pension plan.			
TRANSACTIONS			
	Jrnl.	Dr.	С
Monthly accrual of employer's contribution to pension plan Pensions	SE	8200	242
Accrued Pensions Pension payments to trustee including employe contributions Employe Deductions	CD	2120	242
Accrued Pensions		2422	100
COMMENTS			
• Employe payroll deductions under a contributory pension plan should be credited to Adaptive Deductions Payable.	ccount 2	120, Er	nploy
Legal and tax advice should be obtained in connection with planning and administering a		•	
 A subsidiary record, such as Form FMC 61, Prepaid and Accrued Expense Schedule, should be used in computing monthly accruals. 	ıld suppc	rt this a	ccou

In addition to this accounting manual, you will be using a two page chart of accounts for quick reference beginning on the next page. The first page lists Ford's standard Balance Sheet accounts. These consist of Asset, Liability and Net Worth accounts.

Exhibit: Reynolds & Reynolds Chart of Accounts – Balance Sheet Accounts

PAGE/ INE NO. 1/1 1/1 1/1 1/1 1/1 1/1 1/2 1/3 1/4 1/5 1/6 1/7 1/8 1/9 1/10 1/10 1/10 1/10 1/10 1/10 1/10	1020 1030 1040 Ri 1100 1105 1110 1120 1121 1130 1131 1132 1135 1136 1137 1138 1139 1140 1142 1150	ASSETS CASH Petty Cash Cash in Bank - General Cash in Bank - Payroll Cash in Bank - Payroll Cash in Bank - Trust Cash Sales - Clearing Money Market Deposits HEQUIVALENT Finance Contracts - New Finance Contracts - New Finance Contracts - Used Marketable Securities ECEIVABLES Notes Receivable Discounted Notes Receivable (Non US) Accts Rec - Vehicles Accts Rec - Vehicles Accts Rec - P. S. & B Returned Checks (HDTC Only) Accts Rec - Other Franchise Accounts Receivable Pental (HDTC Only) Accts Rec - FMCC - Lse Plan WAP Claims Rec - Other Manufact - HDTC WAP Claims - Cummins (HDTC Only) W&P Claims - Cummins (HDTC Only) W&P Claims - Cummins (HDTC Only) Ford Rec - W&P Claims WAP Polims - Caterpillar (HDTC Only) Ford Rec - W&P Claims WAP Tollor (HDTC Only) Ford Rec - W&P Claims WAP Tollor (HDTC Only) Ford Rec - W&P Claims WAP Tollor (HDTC Only) Ford Rec - W&P Claims WAP Tollor (HDTC Only)	PAGE/ LINE NC 1/30 1/30 1/30 1/31 1/31 1/33 1/33 1/33	D NUMBER IN' 1450 1451 1460 1470 1480 1490 PF 1500 1510 1520 1530 1540 1550 1560 1570	VENTORIES-CONT. Inventory - Recreation Vehicle - New Inventory - Recreation Vehicle - Used Inventory - Recreation Vehicle - Used Inventory - Misc. Merchandise LIFO - Inventory Reserve - New LIFO - Inventory Reserve - Parts REPAID EXPENSES Prepaid Advertising Prepaid Insurance Prepaid Insurance Prepaid Taxes - Income Prepaid Taxes - Other Prepaid Miscellaneous Prepaid Expenses - Real Estate Tax HDTC 8. RENTAL VEHICLES	PAGE/ LINE NO. 1/9(&10) 1/9 1/9 1/9 1/9 1/9 1/9 1/9 1/9(&11) 1/9 1/9 1/9 1/9 1/9 1/9 1/9 1/9 1/9 1/9	2100 . 2110 . 2110 . 2120 . 2130 . 2139 . 2140 . 2150 . 2160 . 2162 . 2163 . 2170 . 2180 . 2190 . TAX . 2200 . 2205 .	OUNTS PAYABLE Accts Pay - Trade Dividends Payable Employee Deductions Payable Employee Income Tax Withheld Employee Income Tax - With Pay State (HDTC) FICA Taxes Withheld & Payable Sales & Use Taxes Accts Pay - New Trk Bodies - (HDTC Only) GST Payable - Canada Accts Pay - New Trk Equip (HDTC Only Accts Pay - New Trk - Oth Ford Dirs (HDTC) Accts Pay - Used Trk (HDTC (Only) ES ON INCOME Income Taxes - Prior Years Income Taxes - Current Year
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1/6 1/7 1/8 1/9 1/10 1/10 1/10 1/10 1/10 1/10 1/10	R: 1100 1105 1110 1125 1130 1131 1132 1135 1136 1137 1138 1139 1140 1142 1150	ECEIVABLES Notes Receivable Discounted Notes Receivable (Non US) Accts Rec - Vehicles Accts Rec - Vehicles Accts Rec - Vehicles Accts Rec - Other Franchise Accts Rec - Other Franchise Accounts Receivable Rental (HDTC Only) Accts Rec - Other Franchise Accounts Receivable Leasing (HDTC Only) Accts Rec - FMCC - Lse Plan W&P Claims Rec - Other Manufact - HDTC W&P Claims - Cummins (HDTC Only) W&P Claims - DDA (HDTC Only) W&P Claims - DDA (HDTC Only) Ford Rec - W&P Claims	1/93 1/93 1/93 1/93 1/93 1/93 1/93 1/93	1510 1520 1530 1540 1550 1560 1570	Prepaid Insurance Prepaid Interest Prepaid Rent Prepaid Taxes - Income Prepaid Taxes - Other Prepaid Miscellaneous Prepaid Expenses - Real Estate Tax HDTC	1/9 1/9 1/9 1/9 1/9(&12)	2163 2170 2180 2190 TAX 2200 2205	GST Receivable - Canada Acots Pay - New Trik Cquip (HDTC Only Acots Pay - New Trik - Oth Ford Dirs (HDTC) Acots Pay - Used Trik (HDTC (Only) ES ON INCOME Income Taxes - Prior Years
1/7 1/8 1/9 1/10 1/10 1/10 1/10 1/10 1/10 1/10	1100 1105 11105 11120 1125 1130 1131 1132 1135 1136 1137 1138 1139 1140 1142 1150 1160	Notes Receivable Discounted Notes Receivable (Non US) Acots Rec - Vehicles Acots Rec - Vehicles Acots Rec - P. S. & B Returned Checks (HDTC Only) Acots Rec - Other Franchise Acoounts Receivable Rental (HDTC Only) Acots Rec - FMCC - Lse Plan W&P Claims Rec - Other Manufact - HDTC W&P Claims - Cummins (HDTC Only) W&P Claims - DDA (HDTC Only) W&P Claims - DDA (HDTC Only) Ford Rec - W&P Claims	1/33 1/33 1/33 1/33 1/33 1/33	1530 1540 1550 1560 1570	Prepaid Rent Prepaid Taxes - Income Prepaid Taxes - Other Prepaid Miscollaneous Prepaid Expenses - Real Estate Tax HDTC	1/9 1/9(&12) 1/13	2180 2190 TAX 2200 2205	Accts Pay - New Trk - Oth Ford Dirs (HDTC) Accts Pay - Used Trk (HDTC (Only) ES ON INCOME Income Taxes - Prior Years
1/7 1/8 1/9 1/10 1/10 1/10 1/10 1/10 1/10 1/10	1100 1105 11105 11120 1125 1130 1131 1132 1135 1136 1137 1138 1139 1140 1142 1150 1160	Notes Receivable Discounted Notes Receivable (Non US) Acots Rec - Vehicles Acots Rec - Vehicles Acots Rec - P. S. & B Returned Checks (HDTC Only) Acots Rec - Other Franchise Acoounts Receivable Rental (HDTC Only) Acots Rec - FMCC - Lse Plan W&P Claims Rec - Other Manufact - HDTC W&P Claims - Cummins (HDTC Only) W&P Claims - DDA (HDTC Only) W&P Claims - DDA (HDTC Only) Ford Rec - W&P Claims	1/33 1/33 1/33 1/33 1/35 1/35	1540 1550 1560 1570	Prepaid Taxes - Income Prepaid Taxes - Other Prepaid Miscellaneous Prepaid Expenses - Real Estate Tax HDTC	1/9(&12)	2190 TAX 2200 2205	Dirs (HDTC) Accts Pay - Used Trk (HDTC (Only) ES ON INCOME Income Taxes - Prior Years
1/7 1/8 1/9 1/10 1/10 1/10 1/10 1/10 1/10 1/10	1105 1110 1120 1125 1130 1131 1132 1135 1136 1137 1138 1139 1140 1142 1150 1160	Discounted Notes Receivable (Non US) Acots Rec - Vehicles Acots Rec - P, S & B Returned Checks (HDTC Only) Acots Rec - Other Franchise Accounts Receivable Rental (HDTC Only) Accounts Receivable Rental (HDTC Only) Acots Rec - FMCC - Lse Plan W&P Claims Rec - Other Manufact - HDTC W&P Claims Rec - Other Manufact - HDTC W&P Claims - Cummins (HDTC Only) W&P Claims - DDA (HDTC Only) W&P Claims - DDA (HDTC Only) Ford Rec - W&P Claims	1/33 1/33 1/33 1/35 1/35	1550 1560 1570 LEASED	Prepaid Taxes - Other Prepaid Miscellaneous Prepaid Expenses - Real Estate Tax HDTC	1/13	TAX 2200 2205	Accts Pay - Used Trk (HDTC (Only) ES ON INCOME Income Taxes - Prior Years
1/9 1/10 1/10 1/10 1/10 1/10 1/10 1/10 1	1120 1125 1130 1131 1132 1135 1136 1137 1138 1139 1140 1142 1150	Accts Rec - P, S & B Returned Checks (HDTC Only) Accts Rec - Other Franchise Accounts Receivable Rental (HDTC Only) Accounts Receivable Leasing (HDTC Only) Accts Rec - FMCC - Lse Plan W&P Claims Rec - Other Manufact - HDTC W&P Claims - Cummins (HDTC Only) W&P Claims - DDA (HDTC Only) W&P Claims - DDA (HDTC Only) Ford Rec - W&P Claims	1/33 1/33 1/35 1/35	1560 1570 LEASED	Prepaid Miscellaneous Prepaid Expenses - Real Estate Tax HDTC	1/13	TAX 2200 2205	ES ON INCOME Income Taxes - Prior Years
1/10 1/10 1/10 1/10 1/10 1/10 1/10 1/10	1125 1130 1131 1132 1135 1136 1137 1138 1139 1140 1142 1150	Returned Checks (HDTC Only) Acotts Rec - Other Franchise Accounts Receivable Rental (HDTC Only) Accounts Receivable Leasing (HDTC Only) Acotts Rec - FMCC - Lse Plan WAP Claims Rec - Other Manufact - HDTC W&P Claims - Cummins (HDTC Only) W&P Claims - DDA (HDTC Only) W&P Claims - DDA (HDTC Only) Ford Rec - W&P Claims	1/33 1/35 1/35	1570	Prepaid Expenses - Real Estate Tax HDTC		2200 2205	Income Taxes - Prior Years
1/10 1/10 1/10 1/10 1/10 1/10 1/10 1/10	1130 1131 1132 1135 1136 1137 1138 1139 1140 1142 1150 1160	Accts Rec - Other Franchise Accounts Receivable Rental (HDTC Only) Accounts Receivable Leasing (HDTC Only) Accts Rec - FMCC - Lse Plan W&P Claims Rec - Other Manufact - HDTC W&P Claims - Cummins (HDTC Only) W&P Claims - DDA (HDTC Only) W&P Claims - Caterpillar (HDTC Only) Ford Rec - W&P Claims	1/35 1/35	LEASED	Tax HDTC		2200 2205	Income Taxes - Prior Years
1/10 1/10 1/10 1/10 1/10 1/10 1/10 1/10	1131 1132 1135 1136 1137 1138 1139 1140 1142 1150 1160	Accounts Receivable Rental (HDTC Only) Accts Rec - FMCC - Lse Plan W&P Claims Rec - Other Manufact - HDTC W&P Claims - Cummins (HDTC Only) W&P Claims - DDA (HDTC Only) W&P Claims - DDA (HDTC Only) Ford Rec - W&P Claims	1/35				2205	
1/10 1/10 1/10 1/10 1/10 1/10 1/10 1/11 1/11 1/11 1/13 1/13	1132 1135 1136 1137 1138 1139 1140 1142 1150 1160	Accounts Receivable Leasing (HDTC Only) Accts Rec - FMCC - Lse Plan WAP Claims Rec - Other Manufact - HDTC W&P Claims - Cummins (HDTC Only) W&P Claims - DDA (HDTC Only) W&P Claims - Caterpillar (HDTC Only) Ford Rec - W&P Claims	1/35		DENTAL VELUCISO	"13		
1/10 1/10 1/10 1/10 1/10 1/10 1/10 1/11 1/11 1/10 1/12 1/13 1/13 1/13 1/13 1/14 1/14	1135 1136 1137 1138 1139 1140 1142 1150 1160	Acts Rec - FMCC - Lse Plan W&P Claims Rec - Other Manufact - HDTC W&P Claims - Cummins (HDTC Only) W&P Claims - DDA (HDTC Only) W&P Claims - Caterpillar (HDTC Only) Ford Rec - W&P Claims	1/35		DENTAL VELUCIES		_	
1/10 1/10 1/10 1/10 1/10 1/11 1/11 1/11	1136 1137 1138 1139 1140 1142 1150	W&P Claims Rec - Other Manufact - HDTC W&P Claims - Cummins (HDTC Only) W&P Claims - DDA (HDTC Only) W&P Claims - Caterpillar (HDTC Only) Ford Rec - W&P Claims	1/35				CUST	OMER PAYABLES
1/10 1/10 1/11 1/11 1/11 1/10 1/12 1/13 1/13 1/13 1/13 1/14 1/14	1138 1139 1140 1142 1150 1160	W&P Claims - DDA (HDTC Only) W&P Claims - Caterpillar (HDTC Only) Ford Rec - W&P Claims	1/35	1010	Leased Vehicles	1/14	2300	Customer Deposits
1/10 1/11 1/11 1/10 1/12 1/13 1/13 1/13 1/15 1/14	1139 1140 1142 1150 1160	W&P Claims - Caterpillar (HDTC Only) Ford Rec - W&P Claims		1620	Accum Depr Leased Vehicles	1/15	2310	Customer Accommodation
1/11 1/11 1/10 1/12 1/13 1/13 1/13 1/15 1/14	1140 1142 1150 1160	Ford Rec - W&P Claims	1/35	1630	Investment in Sales Type Lease	1/15	2315	Customer Service Contracts
1/11 1/10 1/12 1/13 1/13 1/13 1/15 1/14	1142 1150 1160		1/35	1640	Deferred Income - Sales Type Lse	1/15	2320	Customer Refunds - Repo's
1/10 1/12 1/13 1/13 1/13 1/15 1/14	1150 1160		1/36	1650	Rental Vehicles	I		ACCRUALS
1/12 1/13 1/13 1/13 1/15 1/14	1160	Allowance for Doubtful Ford W&P Claims HDTC	1/36	1660	Accum Depr Rental Vehicles	1/16	2400	Accrued Taxes - Unemployment
1/13 1/13 1/15 1/14 1/14		Ford Rec - Veh Holdback	l		B. A.F. & FO	1/16	2401	Accrued Taxes - Real & Pers Prop
1/13 1/15 1/14 1/14	1170	Ford Rec - Incentives			PLANT & EQUIPMENT	1/16	2402	Accrued Tax - Franchise & Oth
1/15 1/14 1/14	1175	Ford Rec - Carryover Allowance	1/37	1700	Land-Vehicle Business Only	1/17	2410	Accrued Payroll
1/14 1/14	1176 1177	Ford Rec - Resale Incentive (HDTC Only) Ford Rec - Fir Plan Asst (HDTC)	1/37 1/37	1701 1705	Land Improvements	1/17	2411	Accrued Bonuses/Indemnities
1/14	1177 1180	Ford Rec - Fir Plan Asst (HDTC) Ford Rec - Jobbing Incent	1/37	1705 1710	Accum Depr Land Improv Build & Improv-Vehicle Business Only	1/17 1/17	2412 2415	Accrued Vacation Pay Accrued Holiday Pay
	1185	Ford Rec - SSP	1/38	1710	Accum Depr Bldg & Impr	1/17	2415 2450	Profit Sharing (Non US)
	1190	Ford Rec - Fir Pin Allow (exc HDTC)	1/40	1715	Equip P, S, & BS - Cost	1/19	2450	Accrued Insurance
1/14	1195	Ford Rec - Prep & Cond (exc HDTC)	1/40	1721	Office Equipment & Signs - Cost	1/19	2421	Accrued Interest
1/14	1200	Ford Rec - Other	1/40	1722	Equip-Company Vehicles - Cost	1/19	2422	Accrued Pensions
1/16	1210	Ford Rec - CPA (HDTC)	1/41	1725	Accum Depr P, S & BS Equip	1/19	2423	Accrued Other
1/17	1220	Ford Rec - Price Protection (HDTC)	1/41	1726	Accum Depr - Off Equip & Signs	1/19	2424	Accrued Other HDTC Only
1/15 1/16	1230 1240	Ford Rec - Floor Plan Assist (HDTC Only) Ford Rec - Prep & Cond (HDTC)	1/41	1727	Accum Depr - Company Vehicle	1/19	2425 2428	Accrued - D. E. R. Jaguar Only
1/16	1240	Ford Rec - Ford Rec - FDAF (HDTC)	1/42	1730	Leaseholds & Leasehold Imp - Cost	1/19	2428 2429	Accrued Audit Tax (HDTC Only) Accrued Physical Parts Inventory
1/16	1270	Ford Rec - Other (HDTC)	1/43	1735	Accum Amort - Lsehld & Impr	"""	LTLO	(HDTC Only)
1/16	1271	Ford Rec - Fin Costs (HDTC)	I	OTHER NO	ON-CURRENT ASSETS	1/20	2460	Deferred Interest Income (Curr Port
1/19	1280	Finance Receivable - Current	1/44	1800	Finance Rec - Deferred	Ι .		Non US)
1/20	1290	Allow for Doubt Receivable	1/44	1805	Allow for Fin Rec Deferred	1/20	2465	Leasing Income Collected in Advance
1/20	1291	Allow for Doubtful Ford Rec - HDTC Only	1/45	1810	Receivables - Officers & Employees	I		(Non US)
		INVENTORIES	1/46	1820	Cash Value of Life Ins	I		LONG-TERM DEBT
1/21	1300 `	Inventory - New Cars	1/47 1/47	1830 1831	Other Assets Investments Subsid & Affiliates	1/26	2500	Mortgages Payable
1/21	1305	Inventory - New Cars - Other Franchise	1/47	1831	Advances - Subsidiaries & Affiliates	1/27	2510	Notes Pay - Officers & Owners
1/22	1310	Inventory - New Trucks	1/47	1833	Organization Expenses	1/28	2515	Notes Pay - Ford
1/23	1340 1345	Inventory - Demostrators Inventory - Demonstrators - Other Franchise	1/47	1834	Organization Expenses - Accum	1/29	2520	Notes Pay - Other Long Term
1/23	1345	Inventory - Demonstrators - Other Franchise Inventory - Used Cars			Amortization	1/30	2530	Notes Pay - Lease Veh
1/24	1330	Inventory - Used Cars - Other Franchise	1/47	1835	Deferred Charges, Deposits & Other	1/31	2540	Notes Pay - Rental Veh
1/25	1355	Inventory - Remarketed Cars	1/47	1836	Accounts Rec FMCC Deferred Gross	1/32	2600 2700	Est. Liability for Repo Loss Other Liabilities
1/26	1360	Inventory - Used Trucks	1/47 1/47	1837 1839	Other assets - Accumulated Deprecation Deferred Lease Gross (HDTC Only)	1/33	2700 2710	Other Liabilities Deferred Interest Income (Non US)
1/27	1365	Inventory - Remarketed Trucks	1/4/	1839	Deletieu Lease Gloss (FIDTC Offis)		2.10	2.5756 mores morine (non od)
1/28	1400	Parts Inventory - Ford	1		IABII ITIES	l		NET WORTH
1/28	1410 1420	Parts Inventory - Non Ford Inventory - Cores HDTC	1	L	IABILITIES	1/36	2800	Preferred Stock
1/28	1420	Inventory - Cores HDTC Inventory - Reserve for Core Val - HDTC	1	NC	TES PAYABLE	1/36	2801	Common Stock
1/29	1430	Allow for Parts Inv Adjust	1/1	2000	Notes Pay - New Veh & Demos	1/36	2802	Corporation - Other Capital
1/29	1431	Reserve for Parts Purchase Discount	1/1	2005	Notes Pay - New Veh & Demos -	1/36 1/37	2803 2810	Treasury Stock Retained Earnings
1/29	1432	Allow for Parts Inv Adjust -	I		Other Franchise	1/3/	2860	Legal Reserve (Non US)
		Other Franchise	1/2	2010	Notes Pay - Used Veh	1/39	2865	Other Capital Reserve (Non US)
1/30	1440	Inventory - Labor in Process	1/3	2015	Notes Pay - Remarketed Veh	1/40	2870	Fixed Asset Revaluation (Non US)
1/30	1441 1442	Inventory - Sublet Repairs Inventory - Bdy Shp Mat'ls	1/4	2020	Notes Pay - Recreation Veh	1/41	2820	Dividends Declared
1/30	1442	Inventory - Bdy Snp Mattis Inventory - Gas, Oil, Grease	1/5	2030	Notes Pay - Oth Short Term	1/42	2830	Part or Prop Investment
1/30	1444	Inventory - Industrial Engine	1/6	2040	Notes Pay - Long Term Cur Prt	1/43	2840	Part or Prop Drawing
1/30	1445	Inventory - Tractor & Imp - New	1/7	2050	Notes Pay - Installment Sale Bal	1/45	2850	Net Profit (Loss) After Income Tax
1/30	1446	Inventory - Tractor & Imp - Used	1/8	2055	Bank Loans - Canada			

This Chart of Accounts and the Dealer Accounting Procedures manual are available from the Reynolds+Reynolds© Business Forms Division at 1-800-344-0996.

Exhibit: Reynolds+Reynolds Chart of Accounts – fold-out page with vehicle sales and cost of sales accounts.

		1998 0	HART OF ACCOUNTS	PAGE		CCOUNT	
PAGE/	ACC	OUNT MBER	DESCRIPTION	LINE NO). <u>N</u>	UMBER es COS	DESCRIPTION
	Sales	cos			SA	LES AND	COST OF SALES-EXPORT ONLY
SALES 3/1	AND C 3000		SALES-NORTH AMERICAN OPERATIONS	3/4 3/4	303		Mondeo Retail Mondeo Retail Lease
3/1	3000		Crown Vic Retail Crown Vic Retail Lease	3/7	307	0 4070	Lasor Retail
3/2	3010	4010	T-Bird Retail	3/7 3/7	307		Lasor Retail Lease Telstar Retail
3/2	3011	4011	T-Bird Retail Lease	3/7 3/9	310 311	1 4101	Telstar Retail Lease Fiesta/KA Retail
3/3	3020 3021	4020 4021	Taurus Retail Taurus Retail Lease	3/9	311		Fiesta/KA Retail Lease
3/4	3090	4090	Contour Retail	3/17 3/17	312 312	0 4120 1 4121	Lincoln (all models) Retail
3/4	3091	4091	Contour Retail Lease	3/26	313	0 4130	Lincoln (all models) Retail Lease Escort Commercial Retail
3/5 3/5	3040 3041	4040 4041	Mustang Retail Mustang Retail Lease	3/26 3/26	313		Escort Commercial Retail Lease Fiesta Commercial Retail
3/6	3050	4050	Probe Retail	3/26	314	1 4141	Fiesta Commercial Retail Lease
3/6	3051	4051	Probe Retail Lease	3/30 3/30	315 315		Courier/Thai Ranger Retail Courier/Thai Ranger Retail Lease
3/7 3/7	3060 3061	4060 4061	Escort Retail Escort Retail Lease	3/33	316	0 4160	Transit Retail
3/8	3080	4080	Aspire/Fiesta Retail	3/33 3/35	316 365		Transit Retail Lease Galaxy Retail
3/8	3081	4081	Aspire/Fiesta Rtl Lse	3/35	365	1 4651	Galaxy Retail Lease
3/9	3310	4310	Escort ZX2 Retail	3/37 3/37	366 366		Econovan Retail Econovan Retail Lease
3/9 3/11	3311 3200	4311 4200	Escort ZX2 Retail Lease Grand Marquis Retail	3/41	317	0 4170	Non Franchise Fleet Lt Trucks
3/11	3201	4201	Grand Marquis Retail Lease	3/44 3/44	318 318		Series 700-800 (Combined) Retail Series 700-800 (Combined) Rtl Lse
3/12	3210	4210	Cougar Retail	3/45	319	0 4190	Cargo (All Models) Retail
3/12 3/13	3211 3220	4211 4220	Cougar Retail Lease Sable Retail	3/45 3/46	319 323		Cargo (All Models) Rtl Lse F-4000 Retail
3/13	3221	4221	Sable Retail Lease	3/46 3/47	323	1 4231	F-4000 Retail Lease
3/14	3270	4270	Mystique Retail	3/47	324 324	1 4241	F-1400 Retail F-1400 Retail Lease
3/14 3/15	3271 3250	4271 4250	Mystique Retail Lease Tracer Retail	3/50 3/50	393	0 4930	Other Franchise Heavy Trucks
3/15	3250	4250 4251	Tracer Retail Tracer Retail Lease	3/50 3/52	393 394		Other Franchise Heavy Trucks Lease Non Franchise Med/Hvy Trucks
3/16	3320	4320		3/52	394		Non Franchise Med/Hvy Trucks Lease
3/16	3321	4321	Teurs Car Batall			ND COST	
3/17 3/17	3280 3281	4280 4281	Town Car Retail Town Car Retail Lease	3/1 3/1	040		XJ6 Retail XJ6 Retail Lease
3/18	3290	4290	Mark Retail	3/2	042	1 0621	XJ8 Retail
3/18	3291	4291	Mark Retail Lease	3/2 3/3	043 042	0 0620	XJ8 Retail Lease XJ6 LWB Retail
3/19 3/19	3300 3301	4300 4301	Continental Retail	3/3	043	0 0630	XJ6 LWB Retail Lease
3/19	3340	4340	Continental Retail Lease Non Franchise Retail	3/4 3/4	042 043		XJ8 LWB Retail XJ8 LWB Retail Lease
3/21	3341	4341	Non Franchise Retail Lease	3/5	040	1 0601	Vanden Plas Retail
3/23	3360	4360	Ford Motor Company Fleet	3/5 3/6	041 040	7 0607	Vanden Plas Retail Lease XJR Retail
3/24 3/26	3370	4370 4380	Non Franchise Fleet Car Incentives	3/6	041	7 0617	XJR Retail Lease
3/28	3400	4400	Expedition Retail	3/7 3/7	040		XK8 Coupe Retail XK8 Coupe Retail Lease
3/28	3401	4401	Expedition Retail Lease	3/8 3/8	040 041		XK8 Convertible Retail
3/29 3/29	3410 3411	4410 4411	Explorer Retail Explorer Retail Lease	3/9	042	3 0623	XK8 Convertible Retail Lease
3/30	3420	4411	Explorer Hetail Lease Econoline/Club Wagon Retail	3/9 3/10	043	3 0633	
3/30	3421	4421	Econoline/Club Wagon Retail Lease	3/10	0434	0634	
3/31 3/31	3430 3431	4430 4431	Ranger Retail	3/12 3/12	0409		Non Jaguar Cars Retail Non Jaguar Cars Retail Lease
3/32	3780	4431	Ranger Retail Lease F-Series (F150-250 under 8500# GVW) Rtl	3/14	040	3 0608	Jaguar Fleet Car
3/32	3781	4781	F-Series (F150-250 under 8500# GVW) Rtl Lse	3/19 3/19	0440	0640	Truck/Other Retail Truck/Other Retail Lease
3/33	3790	4790	F-Super Duty (F250-350 over 8500# GVW) Rtl	3/20	044	0641	Fleet Truck/Other
3/33 3/34	3791 3450	4791 4450	F-Super Duty (F250-350 over 8500# GVW) Rtl Lse Aerostar Retail	4/184/2	070		VEHICLE DEPARTMENT
3/34	3451	4450	Aerostar Retail Aerostar Retail Lease	4/1&4/2	370	4701	Used Car Retail Used Car Retail Reconditioning COS
3/35	3490	4490	Windstar Retail	4/1 4/1	371	5 4715 4716	Used Car Retail Lease
3/35 3/36	3491 3480	4491 4480	Windstar Retail Lease	4/1	3720	4720	Used Car Retail Lease Reconditioning Used Car Non Franchise Retail Lease
3/36	3480	4480 4481	Villager Retail Villager Retail Lease	4/1 4/1	3730	4721 4730	Used Car Non Franchise Reconditioning - Rtt Le Used Car Non Franchise - Retail
3/37	3510	4510	Mountaineer Retail	4/1		4731	Used Car Non Franchise - Reconditioning-Ret
3/37	3511	4511	Mountaineer Retail Lease	4/3 4/3	3800	4800 4801	Remarketed Cars Retail Remarketed Cars Retail Reconditioning
3/38 3/38	3590 3591	4590 4591	Navigator Retail Navigator Retail Lease	4/3	3815	4815	Remarketed Cars Retail Lease
3/39	3460	4460	Non Franchise Lt Trk Retail	4/3 4/4	3750	4816 4750	Remarketed Cars Rtl Lse Reconditioning Used Lt Trk Retail
3/39	3461	4461	Non Franchise Lt Trk Retail Lease	4/4		4751	Used Lt Trk Retail Reconditioning
3/41	3470	4470	Fleet Light Truck	4/4 4/4	3765	4765 4766	Used Lt Trk Retail Lease Used Lt Trk Rtl Lse Reconditioning
3/43	3740	4740	F-Super Duty (F450-550 Over 8500# GVW) Rtl/Fit	4/4	3770	4770	Used Lt Trk Non Franchise Rtl Lse
3/43	3741	4741	F-Super Duty (F450-S50 Over 8500# GVW)	4/4	3860	4774 4860	Used Lt Trk Non Franchise Reconditioning
			Lse Rti/Fit	4/5		4861	Used Med Truck Rtl Reconditioning COS
3/44	3910	4910	H201/Series 700/800 - Retail/Fleet	4/5 4/5	3865	4865 4866	Used Med Truck Rtl Lease
3/44 3/45	3911 3560	4911 4560	H201/Series 700/800 - Lse Rti/Fit Series 7000-8000 Rti/Fit	4/6	3870	4870	Used Med Truck Rtl Lse Reconditioning Used Hvy Truck Retail
3/45	3560	4560 4561	Series 7000-8000 Rtl/Fit Series 7000-8000 Rtl/Fit Lease	4/6		4871	Used Hvy Truck Retail Reconditioning
3/46	3580	4580	Series 9000 + All Tandems Rti/Fit	4/6 4/6	3875	4876	Used Hvy Truck Rtl Lease Used Hvy Truck Rtl Lse Reconditioning
3/46	3581	4581	Series 9000 + All Tandems Rtl/Flt Lease	4/7 4/7	3950	4950	Remarketed Truck Retail
3/47	3550	4550 4551	Louisville 6500 (Excl Tandems) Rtl/Flt	4/7	3965	4951 4965	Remarketed Truck Retail Reconditioning Remarketed Truck Rtl Lse
3/47 3/48	3551 3570	4551 4570	Louisville 6500 (Excl Tandems) Rtl/Flt Lease Louisville/AeroMax 9500 Rtl/Flt	4/7		4966	Remarketed Truck Rtl Lse Reconditioning
3/48	3571	4571	Louisville/AeroMax 9500 Rtl/Fit Louisville/AeroMax 9500 Rtl/Fit Lse	4/9 4/9	3710	4711	Used Cars Wholesale Used Cars Wholesale Reconditioning
3/50	3600	4600	Non Franchise Class 4-7 Rti/Fit	4/10	3805	4805	Remarketed Cars Wholesale
3/50	3601	4601	Non Franchise Class 4-7 Rtl Lse	4/10 4/11	3760	4807 4760	Remarketed Cars Whise Reconditioning Used Truck Wholesale
3/51 3/51	3610 3611	4610 4611	Non Franchise Class 8 Rtl/Fit	4/11		4761	Used Truck Whise Reconditioning
3/54	5011	4620	Non Franchise Class 8 Rtl Lse Truck Incentives COS	4/12 4/12	3955	4955 4956	Remarketed Truck Wholesale Remarketed Truck Whise Reconditioning
3/56		4630	Resale-Hvy Duty Only COS	4/13		4702	Used Car Retail Inventory Adjustment
3/57		4640	Dealer Transfers COS	4/13		4752	Used Trk Retail Inventory Adjustment

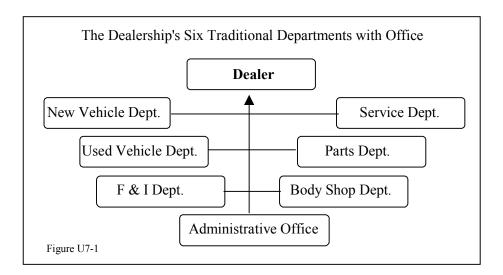
This page illustrates the large number of different new and used vehicle sale accounts.

Exhibit: Reynolds & Reynolds Chart of Accounts page with additional sale, cost of sale, income and expense accounts.

PAGE/	ACCC	UNT		PAGE/	ACCOUNT	050001071011	PAGE/	ACCOUNT	DESCRIPTION
INE NO.	NUM Sales	COS	DESCRIPTION	LINE NO.	NUMBER Sales COS	DESCRIPTION	LINE NO.	NUMBER Sales COS	DESCRIPTION
	Sales		OF SALES-LIFO		BODY SHOP (DEPARTMENT (CON'T)		BODY SHO	OP EXPENSES
4/35		6200	Lifo Adjustment - New	5/27	5820 6820	Body Shop-Labor-Paint	5/46	7800	Salaries - Managers
4/35		6250	Lifo Adjustment - Used	5/35	5821 6821	Body Shop-Labor-Paint Other	5/46	7805	Comm & Incent - Mgr
5/43		6300	Lifo Adjustment - Parts	5/29	5830 6830	Franchise Body Shop-W&P Claims	5/47	7810	Salaries - Other Comm & Incent - Other
		F&IVE	HICLES	5/35	5831 6831	Body Shop-W&P Claims	5/48 5/49	7820 7830	Advertising
4/24	5000		Finance Contracts Income-New			Other Franchise	5/49	7831	Promotion
4/25 4/26	5010 5020		Finance Contracts Income Adjust-New Insurance Contracts Income-New	5/31	5840 6840	Body Shop-Internal Labor	5/50	7840	Training
4/27	5030		Insurance Contracts Income Adjust-New	5/35	5841 6841	Body Shop-Internal Labor Other Franchise	5/51	7850	Policy Adjustment
4/28	5040		Ext. Serv. Contracts Income-New	5/16	6845	Body Shop-Unapplied Time COS	5/52 5/52	7860 7861	Service Loaner Expense Service Loaner Expense Refund
4/29	5050		Ext. Serv. Contracts Income Adjust-New	5/33	5850 6850	Body Shop-Materials	5/53	7870	Tools & Supplies
4/30 4/30	5060	6060	Other Merchandise-New-Sales Other Merchandise-New-COS		VARIABLE	EXPENSE - NEW	5/54	7871	Freight
4/31		6070	Repossession Loss-New	4/40	7000	Comm & Incentives-Salesmen-New	5/55	7880	Equip & Veh Maint
4/31		6080	Repossession Refunds-New	4/41 4/42	7010 7410	Comm & Incentive-Sls Mgr-New Comm & Incentive-F&I Mgr-New	5/56 5/57	7885 7890	Inventory Control & Data Processing Vacation & Time Off Pay-Tech
		F&IUS	SED VEHICLES	4/42	7030	PreDelivery-New	5/5/		D EXPENSES
4/24	5100		Finance Contracts Income - Used	4/44	7040	PreDelivery Refund-New	6/1	8000	Salaries-General Manager
4/25	5110		Finance Contract Income Adjust - Used	4/45	7050	Free Service-New	6/2	8020	Salaries-administrative
4/26 4/27	5120 5130		Insurance Contract Income - Used Insurance Contract Income	4440		EXPENSES - USED	6/3	8040	Employee Benefits
	0.00		Adjust - Used	4/40 4/41	7200 7210	Comm & Incentive-Salesmen-Used Comm & Incentive-Sis Mgr-Used	6/4	8100	Payroll Taxes
4/28	5140		Ext Serv Contract Income - Used	4/42	7460	Comm & Incentive-F&I Mgr-Used	6/5 6/5	8200 8210	Pensions Annual Recognition (Non US)
4/29	5150		Ext Serv Contract Income Adjust - Used	4/45	7230	Free Service-Used	6/6	8220	Institutional Advertising
4/30 4/30	5160	6160	Other Merchandise - Used - Sales Other Merchandise - Used - COS			D EXPENSE - NEW	6/6	8240	Institutional Promotion
4/30		6170	Repossession Loss - Used	4/48 4/49	7070 7080	Salaries-Salesmen-New Salaries-Sales Mgrs-New	6/7	8300	Rent & Lease Expense
4/31		6180	Repossession Refunds - Used	4/49	7100	Salaries-Other-New	6/7 6/7	8320 8340	Interest-Mortgage
		PARTS	DEPARTMENT	4/51	7400	Salaries-F&I-New	6/7 6/7	8340 8360	Deprec Bidg & Improvements Amort of Leasehold Improvements
5/1	5400	6400	Parts-Wholesale	4/52	7110	Advertising-New	6/7	8380	Insurance-Buildings
5/1	5401	6401	Parts-Wholesale Other Franchise Only	4/53	7120	Advertising-Refunds/Allow-New	6/7	8400	Taxes-Real Estate
5/3 5/3		6410 6411	Parts-Wholesale Job Incentive COS Parts-Wholesale Job Incent COS	4/54 4/55	7130 7140	Promotion-New Training-New	6/7	8420	Maintenance-Buildings
5/3		0411	Oth Fran Only	4/56	7150	Demonstrator Expense-New	6/8 6/9	8500 8520	Utilities Telephone
5/5	5420	6420	Parts-Counter Retail	4/57	7160	Service Loaner Expense-New	6/10	8540	Taxes-Excl Real Estate & Inc.
5/5	5421	6421	Parts-Counter Retail-Other	4/57	7170	Service Loaner Expense Refund-New	6/11	8600	Insurance-Officers' Life
	5400	0.400	Franchise Only Parts-Repair Shop	4/58 4/59	7420 7180	Other F&I-New Interest-Floor Plan-New	6/11	8620	Ins-Excl Bidg & Employee
5/7 5/21	5430 5431	6430 6431	Parts-Repair Shop Other Franchise	4/60	7190	Floor Plan Interest Assistance-New	6/12	8640	Office Supplies
5/9	5440	6440	Parts-ESP Repair		SEMI-FIXED	EXPENSES - USED	6/13 6/14	8660 8680	Prof & Service Fees Data Processing
5/21	5441	6441	Parts-ESP Repair Other Franchise	4/48	7270	Salaries-Salesmen-Used	6/15	8700	Bad Debts
5/11		6450	Parts-Shop Job Incentive	4/49	7280	Salaries-Sales Mgrs-Used	6/16	8720	Contributions
5/21		6451	Parts-Shop Job Incentive Other Franchise	4/50 4/51	7300 7450	Salaries-Other-Used Salaries-F & I-Used	6/17	8740	Interest-Excl Veh & Mortgage
5/12	5460	6460	Parts-W&P Claims-Serv	4/52	7310	Advertising-Used	6/18	8760	Depreciation-Equipment
5/21	5461	6461	Parts-W&P Claims-Serv Other	4/53	7320	Advertising-Refunds/Allow-Used	6/19 6/20	8780 8800	Equip & Vehicle Maint-General Travel & Entertainment
			Franchise	4/54	7330	Promotion-Used	6/20	8820	Miscellaneous Expense
5/14 5/21	5470 5471	6470 6471	Parts-Internal-Serv Parts-Internal-Serv Other Franchise	4/55 4/56	7340 7350	Training-Used Demonstrator Expense-Used	6/24	8900	Dealer Salary
5/17	5480	6480	Parts-Sublet Repair	4/57	7360	Service Loaner Expense-Used			
5/19	5490	6490	Parts-Misc. Merchandise	4/57	7370	Service Loaner Expense	l	ADJUSTM	ENTS TO INCOME
5/19	5491	6491	Parts-Industrial Engines			Refund - Used			ONS TO INCOME
5/25	5500	6500	Parts-B/S Metal Other Frenchise	4/58	7470	Other F & I-Used	6/29	5210	Rental-Salaries
5/35 5/27	5501 5510	6501 6510	Parts-B/S Metal Other Franchise Parts-B/S Paint	4/59 4/60	7380 7390	Interest-Floor Plan-Used Interest-Floor Plan-Assistance Used	6/30 6/31	5220 5230	Rental-Commission/Incentives Rental-Other Expenses
5/35	5511	6511	Parts-B/S Paint Other Franchise	""		PARTMENT EXPENSE	2/16&6/32		Rental Vehicle-Net Income
5/29	5520	6520	Parts-W&P Claims-Body Shop	5/46	7600	Salaries-Managers	2/15	5300	Leased Vehicle Net Income
5/35	5521	6521	Parts-W&P Claims-Body Shop Other Franchise	5/46	7605	Comm & Incent-Mgr	2/17	9000	Recreation Vehicle Income
5/31	5530	6530	Other Franchise Parts-Internal-Body Shop	5/47	7610	Salaries-Other	2/19	9050	Tractor/Other Income
5/35	5531	6531	Parts-Internal-Body Shop	5/48	7620	Comm & Incent-Other	2/18 2/21	9055 9060	D.E.RJaguar Only Indemnities (Non US)
			Other Franchise	5/49 5/49	7630 7631	Advertising Promotion	1	3000	
5/33	5540	6540	Parts-Materials	5/50	7640	Training	1		S & INCOME TAX
5/39 5/39		6550 6560	Parts-Discount Earned Parts-Rebates-Unused Parts Return	5/51	7650	Policy Adjustment	2/22	9500	Dealer Bonus
5/40		6570	Parts-Inventory Adjustment	5/52 5/52	7660	Service Loaner Expense	2/23 2/26	9550 9900	Employee Bonus Estimated Income Tax
5/40		6580	Parts Return & Handling Charges	5/52 5/53	7661 7670	Service Loaner Expense Refund Tools & Supplies	2/26	9900 9910	Profit Sharing (Non US)
		SERVIC	E DEPARTMENT	5/53	7671	Freight	2/28	9920	Combined Capital Reserve (Non US)
5/7	5700	6700	Service-Repair Shop	5/55	7680	Equip & Veh Maint	2/28	9925	Legal Reserve (Non US)
5/21	5701	6701	Service-Repair Shop Other Franchise	5/56	7690	Inventory Control & Data Processing	I		!
5/9	5710	6710	Service-ESP Contract	5/57	7695 SERVICE DEI	Vacation & Time Off Pay-Tech PARTMENT EXPENSES			TO INCOME - ADDITIONS
5/21 5/12	5711 5720	6711 6720	Service-ESP Contract Other Franchise Service-W&P Claims	5/46	7700	Salaries-Managers	2/17 2/18	9100 9150	Cash Discounts Earned Interest Income
5/21	5721	6721	Service-W&P Claims Other Franchise	5/46	7705	Comm & Incent-Mgr	2/18	9200	Dividend Income
5/14	5730	6730	Service-Internal	5/47	7710	Salaries-Other	2/20	9250	Sale of Fixed Assets
5/21	5731	6731	Service-Internal Other Franchise	5/48	7720	Comm & Incent-Other	2/21	9300	Other Income
5/16	F750	6740	Service-Unapplied Time COS	5/49 5/49	7730 7731	Advertising Promotion	2/21	9350	Exchange Rate Adjustment (Non US)
5/17 5/19	5750 5760	6750 6760	Service-Sublet Repair Service-Other Merchandise	5/49	7740	Training		HICTMENTO T	O INCOME DEDITIONS
5/33	5770	6770	Service-Other Merchandise Service-Repair Shop Materials	5/51	7750	Policy Adjustment		JUSTMENTS T 9400	O INCOME - DEDUCTIONS Cash Discounts
5/33	5780	6780	Service-Repair Shop Materials Service-Gas, Oil & Grease	5/52	7760	Service Loaner Expense	2/23 2/24	9400 9450	Cash Discounts Other Deductions
			OP DEPARTMENT	5/52	7761	Service Loaner Expense Refund	2/24	9450	Monetary Adjustment (Non US)
5/17	5800	6800	Body Shop -Sublet Repair	5/53	7770	Tools & Supplies		3000	
5/25	5810	6810	Body Shop-Labor-Metal	5/54 5/55	7771 7780	Freight Equip & Veh Maint	I		Other Deductions Monetary Adjustment (Non US)
5/35	5811	6811	Body Shop-Labor-Metal Other	5/56	7785	Inventory Control & Data Processing			
			Franchise	5/57	7790	Vacation & Time Off Pay-Tech	I		

As you review these accounts, notice how each department's accounts are clearly identified. For example, there are new car sales accounts and used car sales accounts with separate variable and semi-fixed expense accounts.

This chart illustrates department accounting, where a business breaks down total sales on a department-by-department basis. Using departmental account numbers, the financial reports can track the profit or loss of each department.



A typical dealership is made up of six typical departments, with each department manager reporting to the Dealer or General Manager.

There is one office staff handling the accounting for all six departments. Later in this course, we will be studying a case study dealership, John Dealer Ford Lincoln-Mercury and its office staff. We believe that John Dealer's office staff may be very similar to the office in your dealership.

Using departmental accounting, the office staff is able to combine individual departments into a combined financial statement. An exhibit of this is shown below in Figure U7-2. Note how each department contributes to overall dealership profits.

Six Departments Contribute to Total Dealership Profit!						
Departments	New Veh.	Used Veh.	F&I	Service	Parts	Body Shop
C-1						
Sales	XX,XXX	ĺ í	XX,XXX	XX,XXX	xx,xxx	XX,XXX
Cost of Sales	XX,XXX	XX,XXX	XX,XXX	XX,XXX	XX,XXX	XX,XXX
Gross	x,xxx	x,xxx	x,xxx	x,xxx	x,xxx	x,xxx
Variable Expense	x,xxx	x,xxx	x,xxx	x,xxx	x,xxx	x,xxx
Semi-Fixed Expense	x,xxx	x,xxx	x,xxx	x,xxx	X,XXX	X,XXX
Selling Gross	XXX	XXX	XXX	xxx	XXX	XXX
			·	•		
Total Sell	ing Gross - al	ll Depts.		xx,xxx		
Fixed Exp	enses			XX,XXX		
Operating	Profit			x,xxx		
Other Inco	ome/Expense			<u>x,xxx</u>		
Net Deale	rship Profit			x,xxx		Figure U7-2

The *Dealer Accounting Procedures* manual contains the individual account numbers for each department and descriptions of typical entries for each account. The importance of standard account numbers, standard financial statements and standard accounting procedures cannot be over-emphasized:

The management of a retail automobile dealership requires many different ingredients for success. One of the most important is a sound system for financial management. ... This Manual of Accounting Procedures provides the basis for establishing such a management system.

Foreword – Dealer Accounting Procedure Ford Motor Company

Dealership Interpretation of this Manual:

Your dealership's Dealer and Office Manager may have their own interpretation of Ford accounting policies, financial controls and internal procedures. Each dealership is a little different from the next dealership down the road. Each office is managed a little differently. However, each office ultimately produces a standard financial statement each month.

If you think of standardization as the best you know today, but which is to be improved tomorrow, you get somewhere.

- Henry Ford

Your office is part of a *standard* dealership. However, while there are standard policies and procedures that are very useful, there are always different ways to accomplish the same or better results. As you learn your new position, you may be able to suggest improvements to the way your office operates. Experienced car people will tell you that they learn something new all the time.

For example, many dealership office managers have added additional account names and numbers to the standard Ford chart of accounts. These additional sub-accounts assist the office manager in managing the dealership books and records.

To test your understanding, complete the Exercise on the following page.

EXERCISES:

1. Fill in the blanks on the account numbers and names below:

Account Number	Account Description
	Common Stock
	Ford Receivable – Jobbing Incentive
2300	
	Notes Payable – New Vehicles & Demonstrators
3040	
	Cost of Sales – Continental Retail Lease
	Remarketed Truck Retail Reconditioning
5510	
7140	
	Extended Service Contract Income – Used
	Cost of Sales – Service – Warranty & Policy Labor
	Finance Contracts Income – Used
8020	

2.	Mark the following que	stions as True or False.
	A.	The offsetting cost of sale account for account 3410 – Explorer Retail is account number 4410.
	B.	The offsetting cost of sale account for account 5730 – Service – Internal Labor sales is account number 5731.
	C.	The account number for Petty Cash is 1000.
	D.	The offsetting cost of sale account for account 5420 – Parts Counter

Sales is account number 6440.

Check your answers with the answers shown on the following page.

EXERCISE - ANSWERS:

1. Fill in the blanks on the account numbers and names below:

Account Number	Account Description
2801	Common Stock
1180	Ford Receivable – Jobbing Incentive
2300	Customer Deposits
2000	Notes Payable – New Vehicles & Demonstrators
3040	Retail Sales – Mustang
4301	Cost of Sales – Continental Retail Lease
4951	Remarketed Truck Retail Reconditioning
5510	Parts Sales – Body Shop Paint
7140	Training – New Vehicle
5140	Extended Service Contract Income – Used
6720	Cost of Sales – Service – Warranty & Policy Labor
5100	Finance Contracts Income – Used
8020	Salaries – administrative

2. Mark the following questions as True or False.

True
False
True
False

- A. The offsetting cost of sale account for account 3410 Explorer Retail is account number 4410.
- B. The offsetting cost of sale account for account 5730 Service Internal Labor sales is account number 5731.
- C. The account number for Petty Cash is 1000.
- D. The offsetting cost of sale account for account 5420 Parts Counter Sales is account number 6440.

Dealership Accounting Journals:

In earlier units, only the General Journal was mentioned. However, a typical business will have several different journals for different transactions. These may include:

- Sales Journal
- Cash Receipts Journal
- Cash Disbursements Journal
- Purchase Journal
- General Journal

Dealerships have additional journals for reporting departmental sales results. Review this table below with typical dealership journal names, journal numbers (required for computerized accounting) and the typical document entered for each journal.

Typical Dealership Accounting Journals

i ypicai Dealersi	Typical Dealership Accounting Journals						
Journal Name	Journal No.**	Accounting Document					
New Vehicle Sales Journal	10	Vehicle sales invoice					
Used Vehicle Sales Journal	20	Vehicle sales invoice					
Repair Shop Sales	30	Repair Order					
Internal Repair Sales	31	Repair Order					
Parts Counter Sales	32	Repair Order					
Body Shop Repair Sales	33	Repair Order					
Warranty Claims Sales Journal	34	Warranty Repair Order					
Warranty Payment Journal	45	Warranty Payment Statement					
Cash Receipts Journal	50	Cash receipt					
Electronic Funds Transfer (EFT) Journal	55	DEFT transmittal report					
Cash Disbursements Journal	60	Check Vendor invoices					
Vehicle Purchase Journal	70	Ford vehicle invoices					
Accounts Payable or Purchase Journal	75	Vendor invoice					
General Journal	80	Worksheet or voucher					
Standard Entry Journal	81	Worksheet or voucher					
Payroll Journal	89	Payroll summary report					

^{**} Note: Different computer vendors may suggest or assign different numbers to journal names. Additionally, office managers add other journals for specific entries, such as Auction Vehicle Purchase Journal or Wholesale Vehicle Sales Journal. Therefore, new office staffers should find a print-out of journal names and numbers and memorize it. You should find that the journal names and numbers on this table will match at least some of your dealership's journal listing.

Dealership Schedules (or Subsidiary Ledgers):

In our earlier Units, we reviewed several Balance Sheet accounts such as:

- Accounts Receivable
- Accounts Payable

These accounts typically contain many transactions from several different customers or vendors. For example, assume that a business has a debit balance of \$1,000 in Accounts Receivable. This balance is made up of three customers' individual balances.

	Accounts Receivable	
Customer A	\$ 500	
Customer B	300	
Customer C	200_	
Balance	\$ 1,000	

The General Ledger balance of \$1,000 is correct and is adequate for preparing financial statement, but it is not adequate for keeping track of each customers account activity. Therefore, there must be a subsidiary ledger for this

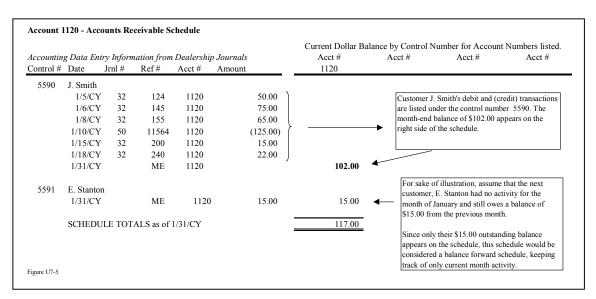
account. In the days of hand written or manual accounting, each customer would have a card or ledger page showing purchases made on credit and payments on accounts.

	Account Card for J. Smith								
Date	Transaction	Purchase	Payment	Balance					
5-Jar	Sale - invoice 124	50.00		50.00					
6-Jar	Sale - invoice 145	75.00		125.00					
8-Jar	Sale - invoice 155	65.00		190.00					
10-Jar	payment - check 4456		125.00	65.00					
15-Jar	Sale - invoice 200	15.00		80.00					
18-Jar	Sale - invoice 240	22.00		102.00					
31-Jar	Statement sent - month-end			102.00					
5-Feb	Sale - invoice 278	50.00		152.00					
10-Feb	payment - check 4490		102.00	50.00					
Figure U7-4									

At the end of each accounting period (ex. at month-end), each customer's balance would be determined (\$102.00) and added together. The total of all customer cards should match the balance in the general ledger. If the totals did not match, the accountant would have to find the error in one of three places.

- 1. Error in hand-written sales journal.
- 2. Error in hand-written general ledger card for Accounts Receivable.
- 3. Error in customer card.

This process was slow and cumbersome. With today's computerized accounting systems, office managers schedule important account numbers such as Accounts Receivable so that each customer transaction entered into an accounting journal automatically updates both the general ledger balance, as well as the schedule balance for that customer. See Figure U7-5 below.



While different computer vendors may program their schedules to appear in slightly different ways, there are several features that all computerized schedules will have.

- Customers will generally appear on the report by control number sequence. (ex. 5590, 5591). Alternatively, some schedules may be requested to sort alphabetically, (Adams, Baker, Carter).
- Generally, schedule column headings will include the following items:
 - 1. Control Number customer identification number
 - 2. Date date of transaction
 - 3. <u>Journal #</u> journal number of journal where entry was made. (ex. Journal 32 Parts Counter Sales Journal)
 - 4. <u>Reference Number</u> the reference number of the document where the entry was made. (ex. Parts counter invoice number 124)
 - 5. <u>Account Number</u> the account number used for the transaction that is assigned to this schedule. (Ex. account 1120 Accounts Receivable Parts, Service & Body Shop. Remember that this schedule has room for four account numbers to be tracked on the same report.
 - 6. Amount the dollar amount of the entry to the account. Transactions on the schedule show as their normal sign, with offsetting entries indicated with a minus bracket or sign (-). For example, the normal sign for an accounts receivable account is a debit balance. Therefore, debit entries are shown in this example with no notation or sign. Alternatively, a credit entry to accounts receivable is indicated with a (bracket). Note: Some computer vendors may show both + and entry notations to indicate debit or credit entries. Verify with your office manager how debit or credit entries appear on your system's schedules
- The schedule will list all debit and credit entries to the scheduled account number (ex. 1120 Accounts Receivable) for the month and calculate a ending total by individual control number and in total for the entire schedule. This is noted on the sample schedule by the notation, Accounting Data Entry Information from Dealership Journals.
- The dollar balance for the total schedule will match the general ledger balance for the account. For example, our sample schedule has a total debit balance of \$117.00. This is noted on the sample schedule by the notation, *Current Dollar Balance by Control Number for Account Numbers Listed*. In this example schedule, the schedule has been built to keep track of up to four different accounts on one report. However, only one account (1120 Accounts Receivable) has currently been assigned to this report. You will see other schedules later with more than one account number.
- Some schedules are built to keep track of all detail to a particular control number as long as there is dollar balance remaining for the customer. This is called a *detail-forward* schedule. Other schedules may be built to keep track of only current month detail and prior month balances, like this example of a *balance-forward* schedule.

Schedules (or subsidiary ledgers) are critical information to dealership office managers. With the thousands of transactions recorded each month to key balance sheet accounts, schedules allow the office staff to keep track of these transactions on a customer-by-customer, vendor-by-vendor basis. We will be studying many more schedules in later Units.