***SYSTEMS UNDERSTANDING AID***

**INSTRUCTIONS AND ASSIGNMENT SCHEDULE FOR USING THE STUDENT SPREADSHEET PORTION OF THE ASSIGNMENT**

**Option 1**

The purpose of this exercise is to show you that the preparation of a year-end worksheet, financial statements, and a post-closing trial balance with the use of a spreadsheet is extremely simple and is an important way to save time.

1. Do not begin the spreadsheet application until the entire *Systems Understanding Aid* project is completed, including “WRAPPING UP” on page 15 of the Instructions, Flowcharts, and Ledgers book.
2. Obtain instructions from your course instructor about which copy of the *SUA* spreadsheet file you should download from the Armond Dalton Resources website (armonddaltonresources.com). This file will be used to prepare Waren’s year-end worksheet, financial statements, and post-closing trial balance. The spreadsheet is available in Microsoft Excel (2003 or higher).
3. After downloading the appropriate file from the website, open it using Microsoft Excel. If you are using transactions list A for the *SUA* project, the file you will use is named “SUA version A.xls.” If you are using transactions list B for the project, the file you will use is named “SUA version B.xls.” After opening the file, you will be in the year-end worksheet portion [sheet 1] of the file. The financial statements [sheets 2, 3, and 4] and the post-closing trial balance [sheet 5] are separate sheets stacked behind this front sheet. Notice the tabs at the lower left portion of the screen identifying each of these separate sheets. Click on each one respectively to view the various schedules, named as follows [Each tab will have an A or B at the end of the tab name to designate the appropriate transactions list.]:
   * Worksheet
   * Bal Sheet
   * Inc & RE Stmt
   * Cash Flows
   * Post Close TB

The only amounts that you need to enter in the entire spreadsheet are the unadjusted trial balance amounts (Sheet 1, columns E and F), the adjusting entries (Sheet 1, columns G through J), and certain information in the statement of cash flows (Sheet 4, discussed in a later section).

To move around the spreadsheet, use the four arrow keys. To move from sheet to sheet within the stacked sheets, click on the appropriate tab on the sheet bar at the lower left of the screen. To enter amounts, move to the appropriate cell, enter the amount and then push the [  ] or the [ **Enter** ] key. If you make a mistake, return to the cell and enter the correct amount.

If you are using file “SUA version A.xls”, the only cells in which you can enter data are Sheet 1 (Worksheet) cells E10 through J53. If you are using file “SUA version B.xls”, the only cells in which you can enter data are Sheet 1 (Worksheet) cells E9 through J61, and Sheet 4 (Cash Flows) cells B24, B25, B26, B31, and B32. The rest of the cells are protected against inadvertent data entry. If you try to enter data into a protected cell, the computer will beep and give you an error message. Press [ **Esc** ] and then move to the appropriate cell where you can enter the data.

1. Enter the unadjusted trial balance amounts from your completed year-end worksheet (Doc. No. 25) in columns E and F of the spreadsheet. After you enter all balances, total debits in column E should equal total credits in column F at the bottom of the worksheet. Do not proceed until they balance.
2. Enter all adjusting entries in columns G through J, except for income tax expense. Only columns H and J should include dollar amounts. Enter a code number for each entry’s adjustment number in columns G and I. After you enter all of the adjusting entries, total debits in column H should equal total credits in column J. Do not proceed until they balance.

After you complete all other AJE’s, calculate and enter income tax expense (WAREN’S YEAR-END PROCEDURE #2, part f). Cursor to pre-tax net income in Sheet 1 (Worksheet):

* Cell M56 or P56 for “SUA version A.xls”, or
* Cell M64 or P64 for “SUA version B.xls”.

Use this pre-tax net income to calculate income tax expense. After calculating the amount of income tax expense, cursor back to the adjustments columns (G-J) and enter this final adjusting entry.

1. Observe that you have already completed WAREN’S YEAR-END PROCEDURES 3 through 5 on page 15 of the Instructions, Flowcharts, and Ledgers book, except for the statement of cash flows. To complete the statement of cash flows, some additional information needs to be entered into Sheet 4 (Cash Flows) for transactions list B. If you are using transactions list B, enter the following information into the spreadsheet:

* Sheet 4, cell B24 – Proceeds from sale of marketable securities
* Sheet 4, cell B25 – Purchase of marketable securities
* Sheet 4, cell B26 - Cash payments for fixed assets
* Sheet 4, cell B31 - Cash proceeds from loans
* Sheet 4, cell B32 - Repayment of note payable

After entering the required information for the statement of cash flows, the financial statements should be complete. It is a good idea to review all of the financial statements on the screen to make sure that they balance and that the numbers are the same as the version you completed manually. Keep in mind that most of the information for the financial statements comes from the year-end worksheet, so any errors that you make when entering the unadjusted trial balance amounts and adjusting journal entries will carry through to the financial statements.

1. Print the year-end worksheet, the financial statements, and the post-closing trial balance. For specific instructions about printing output and saving your file, see the final page of this handout.