

## Chapter 10 Kafa2 Sweaters

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1. It is necessary to make reversing entries for accruals after closing the year because the accrued revenues and expenses recorded in the previous fiscal year could be recorded again in the new fiscal year when income is received or costs are paid. Reversing entries ensure that the portion of the cost or income that relates to the previous fiscal year is not recorded twice.
2. The steps involved in closing the current year in a manual system are:
  - a) Process journal entries to transfer Revenue and Expense accounts to Retained Earnings or Capital accounts.
  - b) Process journal entries to close Dividends Declared or Drawings.

In Sage 50 Accounting, the session date is advanced to the first day of the new fiscal year and the Revenue and Expense accounts are closed to Retained Earnings or the Capital account.

3. See the answers for question 5 in Chapter 9.

## Chapter 11 HotTubs Company

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### *Answers to Before Moving On...*

1. The PROJECTS module is used to allocate revenues and expenses to one or more projects (jobs).
2. When entering Purchases and Services (PAYABLE), Sales (RECEIVABLES), and Payroll Expenses (EMPLOYEES & PAYROLL) to allocated project Revenue and Expense accounts, a company can control and manage the projects and their business more effectively.
3. The options for allocation of dollar amounts of divisions are:
  - a) Amount.
  - b) Percent.
  - c) Hours for payroll.
4. Most companies that use the Sage 50 Accounting PROJECTS module will allocate 100% of revenues and expenses to projects in order for the project's reports to equal the equivalent account on the Income Statement.
5. To correct an error in allocating amounts to projects, you could use one of two methods.
  - Use the Adjust a previously posted journal entry icon.
  - Make an exact reversal of the original entry, and then record a new or corrected entry.