

COMPUTER ACCOUNTING APPLICATIONS USING

# BusinessWorks<sup>TM</sup>

R O G E R A . G E E

BusinessWorks<sup>TM</sup>  
ACCOUNTING

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# *Computer Accounting Applications Using BusinessWorks™*

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**Roger A. Gee, CPA**

This workbook can be used with the following software package:

*BusinessWorks™ Integrated Accounting System  
Test Drive Version 10.0 for DOS™*



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John Trollinger  
who beta tested this workbook

and to my students in the  
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at San Diego Mesa College  
who delighted in finding the  
smallest of errors.



## *To the Student:*

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Your instructor probably selected this workbook because he or she believed you needed to apply the principles taught in your accounting course using a computer. You'll learn how to solve some real-world problems using an integrated accounting software package.

This workbook was written based upon the suggestions of students like yourself. You will notice that it requires you to create your own computer accounting systems for service and merchandising businesses. You then test your systems by entering transactions and adjusting entries, and by printing journals, ledgers, financial statements, and other reports.

The primary emphasis of this workbook is on computer accounting procedures. You will learn much about how to use the BusinessWorks integrated accounting package, but the software is not the focus of this book. You will learn how to use parts of this software package *as you need them* to solve accounting problems.

In *Chapter One* you will learn how to set up and test a relatively simple accounting system. You will notice that there is a parallel between the manual accounting procedures shown in your textbook and the computer procedures shown here.

In *Chapter Two* you will learn how period-end processing is done using a computer accounting system. You will learn about adjusting and closing accounts and preparing a working trial balance.

In *Chapter Three* you will learn how to set up a more complicated accounting system that emphasizes customer and vendor ledgers. You will be entering the transactions of your cookie distributorship. Perhaps you'll take an entrepreneurial interest in your pretend business.

*Chapter Four* gets a bit more complicated because you will be setting up an accounting system that uses perpetual inventory transactions. You will also learn how to make the computer create business documents such as invoices, credit memos, purchase orders, and checks.

If you ever wondered how your paycheck gets produced, you will find out in *Chapter Five*. You will be setting up an accounting system that emphasizes payroll. You will also learn how to get the computer to create paychecks and how a company accounts for the deductions that appear on your paystub.

In *Chapter Five*, your students are shown how to set up an accounting system that uses the Payroll and General Ledger modules. They learn that a payroll system is quite difficult to set up but quite easy to use once it runs right. They will test the system with only two employees and relatively few payroll checks. They will, however, go through the quarter-end and year-end procedures that are necessary in payroll accounting.

This workbook was tested by some students who were in a college computer lab and others who had computers at home. Some of the students were in their first semester of accounting and others were already taking more advanced courses. The students who completed the chapters on computers at home (or at their place of employment) appeared to do better than the students in the computer lab. Most of the students in the college computer lab had never touched a computer. This inexperience caused them to be behind—at least in the beginning. Based upon the student test results, I believe the workbook can be used in the following circumstances:

- It can be used concurrently in the first semester of accounting (accounting principles or financial accounting). The chapters can be assigned as homework for students with home computers. A one-semester unit, three-hour per week computer lab should be set up for students without prior computer experience. I make this workbook optional, which means that students who intend to be accounting or finance majors complete the chapter assignments.
- The workbook can be used concurrently with the first semester of intermediate accounting. Completion of this workbook should be required. I teach an intermediate accounting course at a community college. Almost half of my students do not have access to home computers. They enroll in a Computer Accounting Applications lab to complete the chapter assignments.
- This workbook can also be used as part of an upper-division computer systems course. BusinessWorks is one of the few high-end software packages than can be used in an academic computer lab. Good internal control can be established with the actual version of the software—access can be restricted on a need-to-know basis. When you assign Chapter 4, ask your students how they would grant access based upon the duties of various personnel within a business.

The following software package is available for your students with home computers and for your academic computer lab:

*BusinessWorks™ Integrated Accounting System, Test Drive Version 10.0 For DOS™.*  
The software is called BusinessWorks in this workbook.

This software is available from State of the Art, Inc. Have your college bookstore call:

**(800) 854-3415**

The test-drive version is a single-user (non-network) version of the software, but it can be put on an academic network. Instructions for doing this are in the instructor's manual. The single-user version allows students to save their data to a floppy drive. Your college bookstore can sell the software to students with home computers for about \$20. Since it is a reduced-price, test-drive version, it cannot be used with current year records.



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\*These chapters take two weeks (6 lab hours) each to complete.

\*\*Chapter 4 takes three weeks (9 lab hours) complete.

## Chapter One

# Service Business Transactions

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### Chapter Objectives:

1. Analyze transactions according to the rules of debit and credit and enter them in a data file using an integrated accounting software package.
2. Print a journal detail report (the journal) and explain the similarities and differences between a hand-prepared and a computer-generated journal.
3. Print a detailed trial balance (the ledger) and compare it with a trial balance shown in this chapter.

### Tutorial:

Assume that you move to Hollywood to become a star in the movies. You know, deep down, that you may never get that big break. On the other hand, you don't want to keep body and soul together by flipping burgers or waiting on tables. You scrape the dollars together to purchase a swimming pool maintenance business called *Starving Actor's Pool Service*.

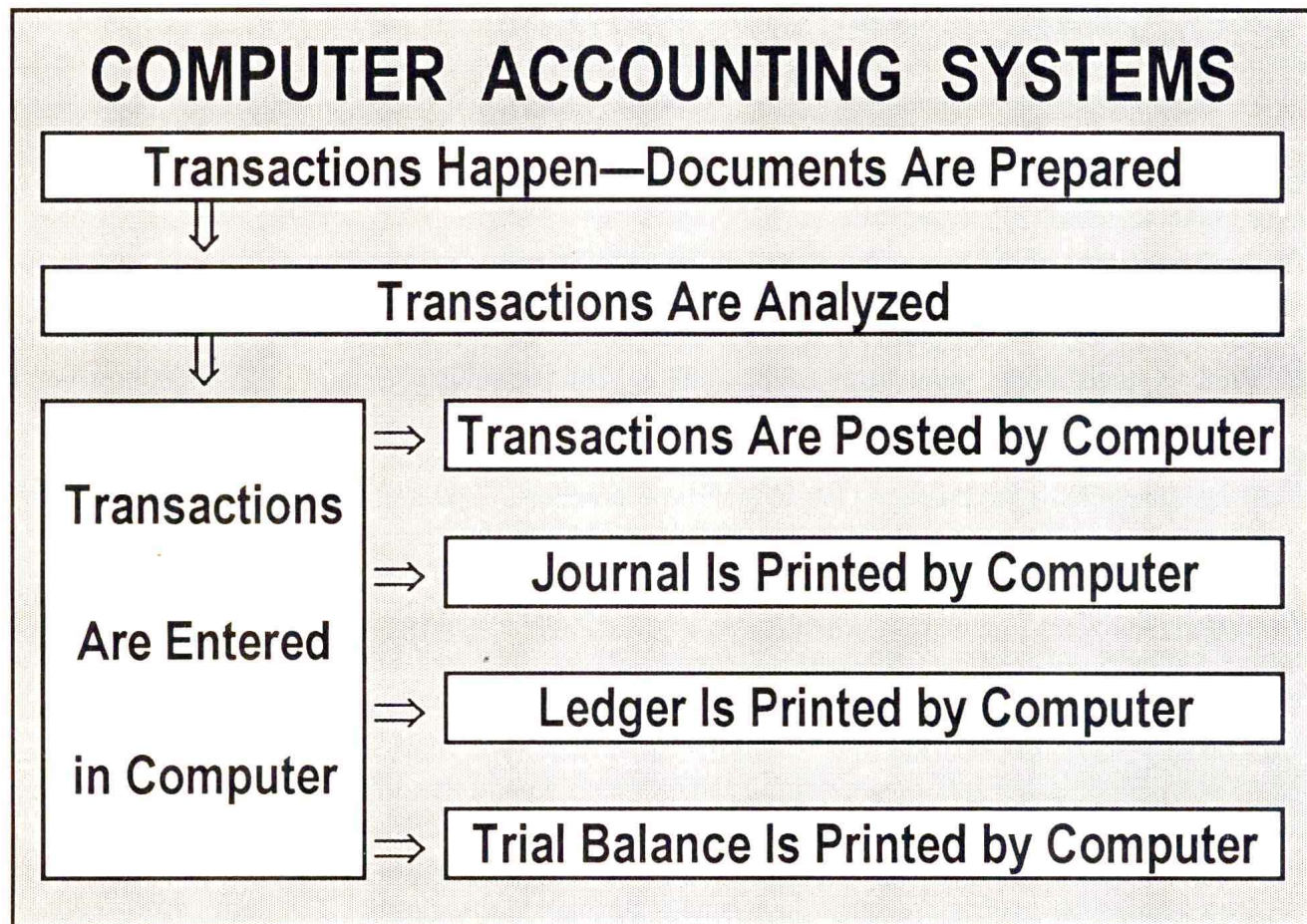
You know that profits are made in business through transactions. The term *transaction* is defined as an exchange of monetary values that can be recorded in the business accounting records. Some transactions produce revenue. Others cover expenses. When the revenues exceed the expenses in your pool maintenance business, a profit will result. In this chapter you will learn to use the General Ledger module of an accounting software package to keep track of your transactions.

The transactions of your business must be analyzed and entered into a computer and posted to a data file. See **Figure 1-A** on the next page. In this chapter the transactions are analyzed from outside source documents. From that data file you can have the computer print a journal. A *journal* is the report of your transactions shown in *chronological* order. This printout produced by BusinessWorks is called the *journal detail report*.



You can also have the computer print a ledger. The *ledger* is a report that lists the debit and credit entries of all the transactions in *account number* order. Each account on the report has either a debit or credit balance. The ledger produced by the BusinessWorks software is called the *detailed trial balance*. A report that lists the ledger account names and their balances is called a *trial balance*. The trial balance printed by the BusinessWorks software is called the *summary trial balance*. In summary, the BusinessWorks software has different names for the journal, ledger, and trial balance, but the purpose of these reports remains the same.

Figure 1-A: The First Steps of the Accounting Cycle



Note: If you are a student who is working at home, you may have two BusinessWorks files that are installed on your hard drive. You must delete these files before saving data to a floppy disk on your A drive. Delete these files by doing the following:

At the C:\> prompt, type `del c:\bw\zips.*` and press the **Enter** key

1. Make sure that you have a formatted disk in the A drive of your computer. Do the following to get to the A:\> prompt on your computer:

Type **a:** and press the **Enter** key

Note: If you are working in an academic computer lab, you may have a special procedure to get to the A:\> prompt on your computer. Ask your instructor for instructions.



2. You need to make a *directory* on your disk in the **A** drive. A directory is like a drawer in a file cabinet. It is where you will store data files. Make a directory as follows:

Type **md bw** and press the **Enter** key. This makes the *bw* directory.

Note: Use the **SpaceBar** to make a space between **md** and **bw**.

Type **copy c:\bw\\*.m?f a:\bw** and press the **Enter** key

Note: What you are doing is copying some file formatting information from the disk in the **C** drive to your data disk in the **A** drive. *Be careful.* Your instructor will tell you if the file formatting information is on another hard disk drive or if your floppy disk drive is a **B** drive instead of the **A** drive.

3. Load the BusinessWorks software according to the following instructions

Type **c:\bw\bw -d:a:\bw** and press the **Enter** key

Note: Your instructor will issue special instructions for loading the BusinessWorks software in the academic computer lab if they are different.

When you get a **Company Data Not Found** message, create a sample company as follows:

Press the **Enter** key to okay the creation of a sample company

Press the **F10** key to accept the information as shown

Press the **Enter** key to okay the use of company information

The **Main Menu** screen for the **Sample Company** should appear.

4. To create data files for your pool maintenance company:

Arrow to the **Maintenance** menu name

Arrow to the **Maintain Companies** option and press the **Enter** key

Type **POOL** in the **Company I.D.** box and press the **Enter** key

Press the **Enter** key again to add this new company to the data file

Type **STARVING ACTOR'S POOL SERVICE** in the **Name** box and press the **Enter** key

Type **CREATE** in the **Confirm Create** box and press the **Enter** key

Press the **Enter** key to remove the **Demo Version** message and press the **Escape** key

Arrow to the **Yes** option in the **Switch Companies** box and press the **Enter** key

Type **POOL** in the **Company I.D.** box and press the **Enter** key

Type **12/01/94** in the **Posting Date** box and press the **Enter** key

Type **12/31/94** in the **Report Date** box and press the **Enter** key

Press the **Enter** key to use the company information

5. You should now be at the screen that is illustrated in **Figure 1-B**.

Figure 1-B: Main Menu Screen

STARVING ACTOR'S POOL SERVICE		Posting Date: Dec 1, 1994	
Main Menu			
Accounting	Utilities	Maintenance	Quit

<ol style="list-style-type: none"><li>1. General Ledger</li><li>2. Accounts Payable</li><li>3. Accounts Receivable</li><li>4. Inventory Control</li><li>5. Payroll</li><li>6. Order Entry</li><li>7. Job Cost</li></ol>
---

Notice that the **Accounting** menu name is highlighted and that seven accounting modules are listed. The first six modules are used in this workbook. Only the General Ledger module is used in this chapter.

6. In this step you will exit the BusinessWorks software program. When you need to exit the program, make sure that you use the **Quit** menu name on the **Main Menu** screen. If you don't, you may lose some data.

Arrow to the **Quit** menu option and press the **Enter** key  
Press the **Enter** key to okay the exit from the program

7. Load BusinessWorks according to the procedures in step 3 on page 1-3 and do the following:

Type **POOL** in the **Company I.D.** box and press the **Enter** key  
Type **12/01/94** in the **Posting Date** box and press the **Enter** key  
Type **12/31/94** in the **Report Date** box and press the **Enter** key  
Press the **Enter** key to use the company information

8. Select the printer port and the printer as follows:

Arrow to the **Maintenance** menu name  
Arrow to the **Printer Setup** option and select it by pressing the **Enter** key  
Press the **Enter** key to select the **Printer 1** alternative  
Press the ↓ (down arrow) key and select the appropriate printer port

Note: A printer port is an outlet on the back of your computer. A cable that is connected to your printer is plugged into the outlet. The printer port is usually called **LPT1**. If you are in an academic computer lab, your instructor will tell you if the printer port is different.



Press the **F2** key to show the list of printers  
Arrow to the appropriate printer and press the **Enter** key to select it  
Press the **F10** key to accept the **Printer Setup** information  
Press the **Enter** key to okay the information  
Arrow to the **Done** option and press the **Enter** key

You should now be back at the **Main Menu** screen.

9. Set up a chart of accounts by doing the following:

Arrow to the **Accounting** menu name  
Select the **General Ledger** module by pressing the **Enter** key  
Arrow to the **Accounts** menu name  
Press the **Enter** key to select the **Maintain Chart of Accounts** option  
Select the **Yes** option to create the **General Ledger** data files  
Select the **Yes** option to continue creating data files

To create a chart of accounts from *scratch*, do the following:

Arrow to the **Yes** option and press the **Enter** key  
Type **CREATE** and press the **Enter** key  
Press the **Enter** key again after the computer creates the files

You should now be at the screen illustrated in **Figure 1-C**.

**Figure 1-C: The Maintain Chart of Accounts Screen**

STARVING ACTOR'S POOL SERVICE      Posting Date: Dec 1, 1994

---

Maintain Chart Of Accounts

---

Account Information

Account Number:

Department:

Description:

Account Class:

Account Type:

To enter the first account, do the following:

Type **1100** in the **Account Number** box and press the **Enter** key  
Select the **Yes** option (to add the account) by pressing the **Enter** key  
Type **Cash** in the **Description** box and press the **Enter** key



Select **Posting** in the **Account Class** box  
 Select **Current Assets** in the **Account Type** box  
 Select **None** in the **Subtype** box  
 Press the **Enter** key to accept the information as shown

Enter the accounts shown in **Figure 1-D** in a similar manner. The items in the **Subtype** column earmark certain accounts for special reports that are not used in this chapter. Select the **None** option for this column when asked. Make sure you enter your *actual* last name in place of the words *Your Last Name* in accounts **5100** and **5200**.

**Figure 1-D: Table of the Rest of the Accounts**

Nmbr	Description	Class	Account Type	Subtype
1200	Accounts Receivable	Posting	Current Assets	None
1300	Supplies	Posting	Current Assets	None
1400	Prepaid Rent	Posting	Current Assets	None
1500	Prepaid Insurance	Posting	Current Assets	None
1600	Security Deposits	Posting	Current Assets	None
2100	Furniture & Equipment	Posting	Fixed Assets	
2400	Transportation Equipment	Posting	Fixed Assets	
3100	Notes Payable	Posting	Current Liabilities	None
3200	Accounts Payable	Posting	Current Liabilities	None
3300	Payroll Taxes Payable	Posting	Current Liabilities	None
5100	Your Last Name, Capital	Posting	Equity	
5200	Your Last Name, Drawing	Posting	Equity	
5300	Income Summary	Posting	Retained Earnings	
6100	Pool Service Fees	Posting	Sales (Revenue)	
7200	Advertising Expense	Posting	Expenses	
7250	Insurance Expense	Posting	Expenses	
7300	Meals & Entertainment Expense	Posting	Expenses	
7350	Rent Expense	Posting	Expenses	
7400	Repairs Expense	Posting	Expenses	
7450	Salaries Expense	Posting	Expenses	
7500	Supplies Expense	Posting	Expenses	
7550	Taxes & Licenses Expense	Posting	Expenses	
7600	Telephone Expense	Posting	Expenses	
7650	Truck Gas & Repairs Expense	Posting	Expenses	
7700	Utilities Expense	Posting	Expenses	
8500	Interest Expense	Posting	Oth Inc & Exp	

When you are finished entering the account information, do the following:

Press the **Escape** key *once* to return to the **Main Menu** screen

10. Print the chart of accounts by doing the following:

Select the **Accounts** menu name (if not already selected)

Select the **Print Chart of Accounts** option

Select the **No** option and the **Printer 1** option

Press the **F10** key to accept the report setup  
Select the **Yes** option to print the **Chart of Accounts**  
Press the **Escape** key *twice* to return to the **Main Menu** screen

When you are asked to press the **Escape** key *twice* :

Press the **Escape** key *once* and wait for the screen information to change .

Press the **Escape** key *again* and wait for the screen information to change .

Review your chart of accounts for accuracy. If you find errors, return to the **Maintain Chart of Accounts** screen. If an account number is wrong, enter the incorrect number and delete the account according to the directions on the screen. If other account information is wrong, enter the account number and change the information as appropriate.

11. Assume that on **December 1** you take check number **1357** in the amount of **\$20,000** (your personal check) to the *Beverly Hills Commerce Bank*. You open a business checking account. Enter this transaction as follows:

Select the **General Ledger** module by pressing the **Enter** key  
At the **Entries** menu name, select the **Post to General Journal** option  
Select the **Yes** option and select the **Standard** journal entry type  
Type **CK1357** in the **Voucher Reference Number** box and press the **Enter** key

Note: The **Voucher Reference Number** box is the place for source document numbers from checks, invoices, or purchase orders.

Press the **Enter** key to accept **12/01/94** as the transaction date

Note: Type *your actual name* instead of the words *Your Name* indicated below. Instead of describing the transaction as your textbook shows, you should put source document information here. Customer and vendor names are the most common entries.

Type **Your Name** in the **Description** box and press the **Enter** key  
Type **1100** in the **Account** column and press the **Enter** key  
Type **20000** in the **Debit** column and press the **Enter** key  
Press the **F2** key, arrow to account number **5100**, and press the **Enter** key

Press the **Enter** key to accept the **20000** credit amount  
Press the **Enter** key to complete the transaction  
Press the **Enter** key to post this transaction to the data file

12. To view the above transaction, do the following:

Press the **Enter** key to accept the **Done** entry type  
Select the **No** batch report option



Select the **Reports** menu name and the **Journal Report** option  
 Select the **No** option and select the **Screen** option  
 Select the **All Current Journal Entries** option

Select the **Detail** option  
 Select the **Yes** option in the **Include Voided Entries** box  
 Select the **No** option in the **Include Department Totals** box  
 Select the **Yes** option in the **Include All Journals** box  
 Select the **Yes** option to print the report to the screen

Your journal should look like **Figure 1-E**.

**Figure 1-E: Journal Detail Report**

Dec 31, 1994		*** DEMO VERSION OF BUSINESSWORKS ***			Page 1
Time Of Day		STARVING ACTOR'S POOL SERVICE			
		Journal Detail Report			
Date	Jnl	Ref. No	Description / Accounts	Debits	Credits
12/01/94	G/L	CK1357	Your Name		
			1100.00 Cash	20,000.00	
			5100.00 Your Last Name, Capital		20,000.00
***** Report Total				20,000.00	20,000.00

The illustration above is similar to the journal in your textbook except for the transaction description. Rather than showing the words *Investment in Business*, the above journal shows a source document (check) number and a payer name.

Press the **Escape** key *three times* to return to the **Main Menu** screen

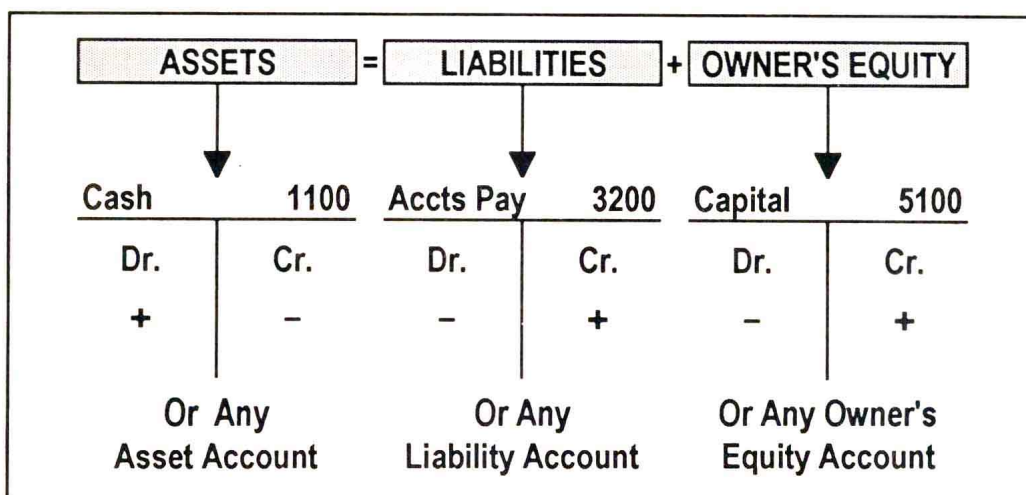
13. Exit the program by following the procedure in step 6 on page 1-4.

### Before You Start the Chapter Project Back Up Your Data Disk Using the Diskcopy Command

## *Project:*

Your pool service business is purchased from Hollywood actor *Ima Star*. In this chapter *project*, you are going to record the purchase of the business and a few other transactions for your first month in the business. It is important to keep the *rules of debit and credit* in mind as you enter your transactions (see **Figure 1-F** on the next page).

**Figure 1-F: Rules of Debit and Credit**



*Revenue* accounts show increases in owner's equity. Record dollar amounts in revenue accounts as credits. *Expense* accounts show decreases in owner's equity. Record dollar amounts in expense accounts as debits.

1. Load BusinessWorks according to the procedures in step 3 on page 1-3. Make sure you have your data disk in the **A** drive of your computer. Select your **POOL** company according to the procedures in step 7 on page 1-4. Enter the following transactions for your first month in the pool maintenance business. The posting date should now be **12/05/94**. The report date should be **12/31/94**.

Note: You may get an *initial account balances have not been entered* message when you try to input the following transaction. Since this is a new business, there are no initial account balances. Select the **Yes** option when asked.

2. The full purchase price of the business is **\$22,200**. On **December 5** you pay **\$4,200** to *Ima Starr* with check number **101** and sign a short-term promissory note for the rest. The purchase price of the business is broken down as follows:

Furniture & Equipment	<b>\$8,000</b>
Transportation Equipment	<b>8,500</b>
Accounts Receivable	<b>4,500</b>
Supplies	<b>1,200</b>

Note: The **\$8,500** should be entered as a debit even though the computer is suggesting a credit. Press the **F1** key to find out how to switch to the DEBIT column. The help screen will tell you to press the **Shift** and **Tab** keys together to move back to the DEBIT column. The proper way to press the **Shift** and **Tab** keys together is:

First, press the **Shift** key and keep it down  
 Second, tap the **Tab** key  
 Third, release the **Shift** key

The transaction you entered should look like **Figure 1-G** on the next page.



Figure 1-G: Transaction Showing Purchase of Business

STARVING ACTOR'S POOL SERVICE		Posting Date: Dec 5, 1994																																	
Post to General Journal																																			
<div style="border: 1px solid black; padding: 5px;"> <p><b>Header Information</b></p> <table style="width: 100%;"> <tr> <td style="width: 50%;">Type of Entry: Standard</td> <td style="width: 50%;">Current Month: December 1994</td> </tr> <tr> <td>Voucher ref #: CK101</td> <td>New Number: n/a</td> </tr> <tr> <td>Transaction date: 12/05/94</td> <td>Posting To: December 1994</td> </tr> <tr> <td colspan="2">Description: Ima Starr</td> </tr> </table> </div>				Type of Entry: Standard	Current Month: December 1994	Voucher ref #: CK101	New Number: n/a	Transaction date: 12/05/94	Posting To: December 1994	Description: Ima Starr																									
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Description: Ima Starr																																			
<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <th style="text-align: left;">Account</th> <th style="text-align: left;">Description</th> <th style="text-align: right;">Debit</th> <th style="text-align: right;">Credit</th> </tr> <tr> <td>2100.00</td> <td>Furniture &amp; Equipment</td> <td style="text-align: right;">8000.00</td> <td></td> </tr> <tr> <td>2400.00</td> <td>Transportation Equipment</td> <td style="text-align: right;">8500.00</td> <td></td> </tr> <tr> <td>1200.00</td> <td>Accounts Receivable</td> <td style="text-align: right;">4500.00</td> <td></td> </tr> <tr> <td>1300.00</td> <td>Supplies</td> <td style="text-align: right;">1200.00</td> <td></td> </tr> <tr> <td>1100.00</td> <td>Cash</td> <td></td> <td style="text-align: right;">4200.00</td> </tr> <tr> <td>3100.00</td> <td>Notes Payable</td> <td></td> <td style="text-align: right;">18000.00</td> </tr> <tr> <td colspan="2" style="text-align: right;">Unposted Balance</td> <td></td> <td></td> </tr> </table>	Account	Description	Debit	Credit	2100.00	Furniture & Equipment	8000.00		2400.00	Transportation Equipment	8500.00		1200.00	Accounts Receivable	4500.00		1300.00	Supplies	1200.00		1100.00	Cash		4200.00	3100.00	Notes Payable		18000.00	Unposted Balance						
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1100.00	Cash		4200.00																																
3100.00	Notes Payable		18000.00																																
Unposted Balance																																			

Note: You may not see all of the accounts at once in the above journal entry.

Press the **F10** key to accept the transaction and press the **Enter** key to post it

3. Also on **December 5** you pay the first and last months' rent to *Office Management Corp.* with check number **102**. The check amount is **\$4,000** and is broken down as follows:

Rent Expense	\$2,000
Prepaid Rent	\$2,000

4. Before you enter the next transaction, change the posting date by doing the following:

Press the **Escape** key and select the **No** option

Press the **Escape** key again

Arrow to the **Utilities** menu name

Select the **Change Posting Date** option

Type **12/07/94** in the **Current Posting Date** box and press the **Enter** key

Select the **Yes** option to accept the information

5. On **December 7** you apply for a sales tax permit (resale permit) in your name at the state office building. No deposit is required. When you apply for a business license at city hall, you pay **\$125** with check number **103**. The check is made out to *City Treasurer*. Debit the Taxes and Licenses Expense account.

6. Later on **December 7** you purchase an additional pickup truck so that there will be one for you and one for the employee who came with the business. The purchase price of the truck is