

**CHART OF ACCOUNTS**

<u>Account #</u>	<u>Account Name</u>	<u>Account Type</u>	<u>Usual Debit</u>	<u>Usual Credit</u>	<u>PCL Chain</u>
1010	Cash	Asset	x	1,347,149	1,3,2 1, 853, 582
1110	CIT	Asset	x	562,683	1,3,3 (19,528)
1210	Accounts Recievable - Parts, Service, Body	Asset	0 x	<del>557,619</del>	1,3,7 Page 7 (12/28/2017)
1220	Accounts Recievable - Incentives	Asset	x	12,338	1,3,8
1310	New Vehicle Inventory	Asset	x	<del>2,080,435</del>	1,3,12 2,051,829
1320	Pre-Owned Vehicle Inventory	Asset	x	5,133,446	1,3,13 5941,789
1510	Computer Equipment (Furniture/Fixtures)	Asset	x		1,3,19 62,114
2110	Accounts Payable - Trade	Liabilities	344,936	x	1,7,2
2130	Notes Payable - New (Floorplan)	Liabilities	<del>159,384</del>	x	1,7,3 2,608,514
2150	Current Portion of Long Term Debt	Liabilities	0	x	1,7,4
2710	Long Term Debt - Notes Payable	Liabilities	0	x	1,7,9
3300	Paid In Capital	Equity	0	x	1,7,15
3900	Retained Earnings	Equity	7,001,008	x	1,7,16
4010	Sales - New Vehicle	Sales/Income		x	3,2,2 782,486
4020	Sales - Pre-Owned Vehicle	Sales/Income		x	3,2,2 2,189,029
5010	Cost of Sales - New Vehicle	Cost Of Sales	x	5	719,702
5020	Cost of Sales - Pre-Owned Vehicle	Cost Of Sales	x	6	2,033,086
6010	Sales Compensation	Expense	x	68,274	2,2,6
6210	Floorplan Interest Expense	Expense	x	28,701	2,2,9-14008 = (10213)
6220	Advertising Expense	Expense	x	17466	2,2,10 (628,466)
7020	Rent Expense	Expense	x	36,000	2,2,14 (4186)
7030	Other Interest Expense	Expense	x	NA	2,2,15
8000	Other Income	Sales/Income		x	?

PCL Chain is a mapping reference to the financial statement Page, Column and Line number.

**Important** There is no PCL for Cost of Sales because most financial statements do not show cost of sale. Line 2 of the income statement is Sales. Line 3 is Gross Profit. Gross Profit is Sales less Cost of Sales (COS). A simple example: Sell a vehicle for \$33,500. The cost of the vehicle (COS) is \$32,100 so the GP is \$1,400. The GP PCL is 2,2,3 There is no Gross Profit account. It is the difference between Sales and COS.

Used 2249 800

2020 OEM FINANCIAL STATEMENT						
Month/Year	Jan-20	Through	Jan-20			
BALANCE SHEET						
ANSWER KEY						
Page 1						
Assets	Acct #	Amount	1	Liabilities	Acct #	Amount
Cash	1010	1,288,192	2	A/P Trade	2110	50,000
CIT	1110	150,000	3	Notes Payable New	2130	1,642,900
<b>Total Cash &amp; Contracts</b>		1,438,192	4	Current Portion of LTD	2150	92,000
			5			
<b>Receivables</b>			6	<b>Total Current Liabilities</b>		1,784,900
A/R Parts Service BS	1210	21,500	7			
A/R Incentives	1220	16,500	8	Long Term Debt (LTD)		
<b>Net Receivables</b>		38,000	9	Notes Payable	2710	400,459
			10			
<b>Inventories</b>			11	<b>Total Liabilities</b>		2,185,359
New Vehicle	1310	1,617,900	12			
Pre-Owned Vehicles	1320	400,000	13	<b>Net Worth</b>		
<b>Total Inventories</b>		2,017,900	14			
			15	Paid in Capital	3300	1,000,000
<b>Total Current Assets</b>		3,494,092	16	Retained Earnings	3900	262,500
			17			
<b>Fixed Assets</b>			18	<b>Current Earnings</b>		
Computer Equipment	1510	17,500	19	January		63,733
			20			
			21	<b>Total Net Worth</b>		1,326,233
			22			
<b>Total Assets</b>		3,511,592	23	<b>Total Liab &amp; Net Worth</b>		3,511,592

2020 OEM FINANCIAL STATEMENT						
Month/Year	Jan-20	Through	Jan-20			
INCOME STATEMENT						
ANSWER KEY						
Page 2						
	Month: January	YTD: January	1	Amount	Acct #	Amount
<b>Sales</b>			2	1,033,500		
<b>Gross Profit</b>			3	76,400		
			4			
<b>Variable Expenses</b>			5			
Sales Compensation	6010	15,000	6			
			7			
<b>Semi-Variable Expenses</b>			8			
Floorplan Interest	6210	1,000	9			
Advertising	6220	9,000	10			
			11			
			12			
			13			
<b>Fixed Expenses</b>			14	6,000		
Rent	7020		15	1,667		
Other Interest	7030		16			
<b>Total Expenses</b>		32,667	17			
			18			
<b>Operating Profit</b>		43,733	19			
			20			
Other Adds / Deducts		20,000	21			
			22			
<b>Net Profit</b>		63,733	23			

Account Name

DR	CR	Account #	DR	CR
1	Cash	1010	500,000	
	Current Portion of Long Term Debt	2150		92,000
	Notes Payable - Long Term Debt	2710		408,000

The dealer is planning some capital improvements in the service department.  
 Start of the month, take out a 5 year working capital loan for \$500,000 (DR) increases cash.  
 The next 12 payments (the current portion of the loan) total \$92,000(CR).  
 The 48 payments (\$408,000 CR) after that are considered long term (months 13 to 60)  
 Cash goes up, current and long-term loans go up.

2	Cash	1010	2,000	
	Contracts in Transit	1110	30,000	
	A/R Incentives	1220	1,500	
	Sales - New Vehicle	4010		33,500
	Cost of Sales - New Vehicle	5010	32,100	
	Inventory - New Vehicle	1310		32,100

You sell a new vehicle for \$33,500 (CR). The customer puts \$2,000 (DR) cash down and applies \$1,500 (DR) factory incentive to the deal. The balance, \$30,000 (DR) is financed through the F&I Office. The vehicle cost is \$32,100 (DR & CR)  
 Note: Two parts to the transaction; revenue recognition and inventory reduction.  
 Revenue: Cash goes up (down payment), CIT goes up, A/R Receivable goes up, revenue goes up  
 Inventory: Cost of sale goes up, inventory goes down.  
 The gross profit on the deal is the sale price less the cost of sale (inventory cost).

3	Cash	1010	30,000	
	Contracts in Transit	1110		0
	Notes Payable - New (Floorplan)	2130	32,100	
	Cash	1010		32,100

Three days later the deal is funded and you receive the \$30,000 (DR & CR) in your checking account due on the CIT.  
 You immediately pay the floorplan amount of \$32,100 (DR & CR) on that vehicle to remain in Trust  
 Cash goes up, CIT goes down, Floorplan goes down, Cash goes down.

4	Cash	1010	20,000	
	Other Income	8000		20,000

The dealer receives \$20,000 (DR & CR) from their OEM. This is an incentive tied to their overall facility compliance standard. The dealer elects to recognize this payment "below the line" in other income as it does not directly tie to a specific department.