



**Canada Dealer's  
Standard Accounting System  
Manual**

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## **TO: GENERAL MOTORS OF CANADA DEALERS:**

Accounting, the process of properly recording and classifying business transactions, is an important factor, recognized as essential to the successful management of a business.

Control of capital and satisfactory profits are largely dependent upon the efficiency of management and its ability to direct the affairs of the business. Plans and decisions are necessary and these should be based on facts. Without facts, decisions may be made based on erroneous or unreliable information which, at worst, may jeopardize the business and, at best, may not utilize resources to their fullest extent to produce maximum profits.

Accounting itself will not correct mistakes and weaknesses which may exist in the operation of a business. However, it will assist in revealing them and thus contribute to sound understanding and intelligent action aimed at their correction.

Uniform accounting is necessary because it records the financial history of the business; but, more important, it provides the basis for meaningful comparisons.

There is, however, another important purpose of uniform accounting in dealerships.

If the most successful results are to be attained, a close relationship must exist between the Dealers and the Manufacturer. Dealership managers depend to an extent upon marketing policies established by the Manufacturer for its products. It is essential that such policies be considered in the light of their effects upon the dealer organization. This fact is recognized by the Manufacturer, but it must have factual information in order to make decisions and establish policies that are fair and equitable to the Dealers and in the best interests of both parties. The Dealer's Standard Accounting System, properly operated, provides these facts when the operating data is forwarded to the Manufacturer each month.

Adherence to the provisions of this Dealer's Standard Accounting System Manual will also enhance internal control within the dealership.

Your cooperation in this respect will do much toward the elimination of weaknesses and the building of a stronger and sounder dealer organization, capable of increasing sales at a satisfactory profit.

**GENERAL MOTORS OF CANADA LIMITED**

## **TO: ALL DEALER ACCOUNTANTS:**

The General Motors Dealer's Standard Accounting System Manual is not an explanation of the basic and fundamental principles or methods of bookkeeping, but is an accounting manual intended for use by an Accountant.

It is our desire to have the Dealer employ a skilled Accountant who recognizes the importance of gauging the business and of assisting in the formulation of policies on the basis of facts rather than guesswork.

An Accountant is one who understands the mechanics of bookkeeping and, in addition, has the ability to supervise the methods used in collecting the information to be recorded and to interpret and analyze the results disclosed by the operating data. Such an individual should be able to interpret:

- The trends of the business
- The results of changes in policies
- The fluctuations in various accounts
- The effect of such fluctuations

The Accountant should be aware of changes in conditions of the business, which might prove detrimental to profits, be able to forecast the probable results of any contemplated actions or changes in policy, and be able to determine the number of vehicles, which must be sold to cover the unabsorbed overhead and produce a desired profit.

The value of the Accountant is increased if he or she is able to furnish the dealer with the information outlined above.

The duties of a Dealer Accountant are:

1. Maintain the Dealer's Standard Accounting System in accordance with the instructions contained in this manual and supervise all methods used in the business for the recording of transactions.
2. Submit required trial balance information to FACTS 2.0 on a timely basis. Prepare necessary supporting schedules of accounts.
3. Prepare sales and profit forecasts for future periods as a guide for the business and make comparisons between these forecasts and the actual results.
4. Use the FACTS 2.0 Compass Reports each month as a tool in managing the business.

## Assets

### Cash & Contracts

|     |                           |
|-----|---------------------------|
| 200 | Cash On Hand (Petty Cash) |
| 201 | Cash On Hand              |
| 202 | Cash in Bank              |
| 205 | Contracts in Transit      |
| 260 | Securities                |

### Receivables

|     |                                 |
|-----|---------------------------------|
| 210 | Notes Receivable - Customers    |
| 220 | Accounts Receivable - Customers |
| 225 | Cash Sales                      |
| 261 | Factory Receivables             |
| 262 | Due from Finance Companies      |
| 263 | Warranty Claims                 |
| 264 | Ins. Commissions Receivable     |
| 265 | G.S.T./P.S.T./H.S.T. Receivable |

### Inventories

|     |  |
|-----|--|
| 230 | Demonstrators                          |
| 231 | New Cars                               |
| 235 | New Medium Duty Trucks                 |
| 237 | New Trucks                             |
| 238 | Other Automotive                       |
| 240 | Used Cars                              |
| 241 | Used Trucks                            |
| 242 | Parts & Accessories                    |
| 243 | Tires                                  |
| 244 | Gas, Oil & Grease                      |
| 245 | Paint & Body Shop Materials            |
| 246 | Sublet Repairs                         |
| 247 | Work in Process-Labour                 |
| 252 | Other                                  |
| 258 | Miscellaneous Assets Received in Trade |

### Prepaid Expenses

|     |                   |
|-----|-------------------|
| 270 | Prepaid Taxes     |
| 271 | Prepaid Insurance |
| 274 | Prepaid-Other     |

### Working Assets

|     |                          |
|-----|--------------------------|
| 275 | Driver Training Vehicles |
| 277 | Lease & Rental Vehicles  |

### Fixed Assets

|     |   |
|-----|---|
| 280 | Land (Auto Business Only)                     |
| 281 | Buildings & Improvements (Auto Business Only) |
| 282 | Machinery & Shop Equipment                    |
| 283 | Parts & Accessories Equipment                 |
| 284 | Furniture & Fixtures                          |
| 285 | Company Vehicles                              |
| 286 | Leaseholds                                    |
| 287 | IT - Hardware                                 |
| 288 | IT - Software                                 |
| 289 | Other Fixed Assets                            |

### Other Assets

|     |  |
|-----|--|
| 291 | Life Insurance-Cash Value                |
| 293 | Notes & Accounts Receivable-Officers     |
| 294 | Notes & Accounts Receivable-Other        |
| 296 | Other Investments & Miscellaneous Assets |

## Liabilities

### Accounts Payable

300 Accounts Payable-Trade Creditors

### Notes Payable

310 Notes Payable-New Vehicle & Demos  
311 Notes Payable-Used Vehicles  
312 Notes Payable-Lease & Rental Units  
314 Notes Payable-Other  
315 G.S.T./H.S.T. Payable

### Accrued Liabilities

320 Interest Payable  
321 Salaries, Wages & Commissions Payable  
322 Insurance Payable  
323 Payroll Taxes Payable  
324 Sales Taxes Payable  
325 Other Taxes Payable  
327 Income Taxes Payable  
328 Employee's Incentives/Bonuses Payable  
329 Owner's Bonuses Payable  
330 Retirement Benefits Payable  
331 Other Payables

### Long Term Liabilities

332 Other Reserves  
333 Deferred Taxes  
334 Long Term Debt  
335 Mortgages Payable-Real Estate

### Contra Assets

340 Allowance for Doubtful Accounts  
347 Accumulated Depreciation Lease & Rental Units  
351 Accumulated Depreciation Buildings & Improvements  
352 Accumulated Depreciation Machinery & Shop Equipment  
353 Accumulated Depreciation Parts & Accessories Equipment  
354 Accumulated Depreciation Furniture & Fixtures  
355 Accumulated Depreciation Company Vehicles  
356 Accumulated Amortization of Leaseholds  
357 Accumulated Depreciation IT - Hardware  
358 Accumulated Depreciation IT - Software  
359 Accumulated Depreciation Other

## Owner's Equity

### Net Worth

360 Capital Stock &  
Additional Paid In Capital  
370 Retained Earnings  
375 Dividends  
380 Investments  
390 Drawings  
399 Profit or Loss

## New Vehicle Department

### Sales & Cost of Sales

|      |      |                                   |
|------|------|-----------------------------------|
| 400  | 600  |                                   |
| Thru | Thru | New Cars- Retail – ICE & EV       |
| 418  | 618  |                                   |
| 400K | 600K |                                   |
| Thru | Thru | New Cars – SBC (memo) – ICE & EV  |
| 418K | 618K |                                   |
| 400L | 600L |                                   |
| Thru | Thru | New Cars – Fleet – ICE & EV       |
| 418L | 618L |                                   |
| 400M | 600M |                                   |
| Thru | Thru | New Cars – Government – ICE & EV  |
| 418M | 618M |                                   |
| 419  | 619  | New Cars Internet – ICE & EV      |
| 421  | 621  | New Cars-Internal – ICE & EV      |
| 423  | 623  |                                   |
| Thru | Thru | New Trucks- Retail – ICE & EV     |
| 438  | 638  |                                   |
| 423K | 623K |                                   |
| Thru | Thru | New Trucks- SBC (memo) – ICE & EV |
| 438K | 638K |                                   |
| 423L | 623L |                                   |
| Thru | Thru | New Trucks- Fleet – ICE & EV      |
| 438L | 638L |                                   |
| 423M | 623M |                                   |
| Thru | Thru | New Trucks- Government – ICE & EV |
| 438M | 638M |                                   |
| 439  | 639  | New Trucks – Internet – ICE & EV  |
| 440  | 640  | New Trucks-Fleet – ICE & EV       |
| 441  | 641  | New Trucks-Internal – ICE & EV    |
| 445  | 645  | New Other Automotive              |
| 457  | 657  | Accessories                       |

## Used Vehicle Department

### Sales & Cost of Sales

|      |      |  |
|------|------|--|
| 446A | 646A | Used Cars Retail – Optimum/Used Cars from Saturn     |
|      | 647A | Reconditioning – Optimum/Used Cars from Saturn       |
| 446B | 646B | Used Cars Retail - Other                             |
|      | 647B | Reconditioning - Other Used Cars                     |
| 450A | 650A | Used Trucks Retail – Optimum/Used Trucks from Saturn |
|      | 651A | Reconditioning – Optimum/Used Trucks from Saturn     |
| 450B | 650B | Used Trucks Retail - Other                           |
|      | 651B | Reconditioning - Other Used Trucks                   |
| 448  | 648  | Used Cars Wholesale                                  |
|      | 649  | Adjustment-Used Car Inventory                        |
| 452  | 652  | Used Trucks-Wholesale                                |
|      | 653  | Adjustment-Used Truck Inventory                      |
| 456  | 656  | Used Other Automotive                                |

## Fixed Operations - Mechanical

### Sales & Cost of Sales

|      |      |  |
|------|------|--|
| 460A | 660A | Customer Labour - Cars & Light Duty Trucks                   |
| 460B | 660B | Service Contracts Customer Labour - Cars & Light Duty Trucks |
| 460C | 660C | Quick Service Labour - Cars & Light Duty Trucks              |
| 461A | 661A | Customer Labour - Medium Duty Trucks/Saab                    |
| 461B | 661B | Service Contracts Customer Labour - Medium Duty Trucks/Saab  |
| 461C | 661C | Quick Service Labour - Medium Duty Trucks/Saab               |
| 462  | 662  | Warranty Claim Labour - Mechanical                           |
| 463  | 663  | Internal Labour - Mechanical                                 |
| 464  | 664  | New Vehicle Inspection Labour                                |
|      | 665  | Adjustment - Cost of Labour Sales - Mechanical               |
| 466  | 666  | Sublet Repairs   |
| 469  | 669  | Shop Supplies  |

## Body Shop

### Sales & Cost of Sales

|     |     |  |
|-----|-----|--|
| 470 | 670 | Customer Paint Labour - Cars & Trucks          |
| 471 | 671 | Customer Body Labour - Cars & Trucks           |
| 472 | 672 | Warranty Claim Labour - Paint & Body           |
| 473 | 673 | Internal Labour-Paint & Body                   |
|     | 675 | Adjustment-Cost of Labour Sales - Paint & Body |
| 476 | 676 | Sublet Repairs                                 |
| 479 | 679 | Paint & Body Shop Materials                    |

## Parts & Accessories Department

### Sales & Cost of Sales

|     |     |   |
|-----|-----|---|
| 467 | 667 | Parts-Mechanical Repair Orders Cars & Light Duty Trucks |
| 468 | 668 | Parts-Mechanical Repair Orders Medium Duty Trucks/Saab  |
| 477 | 677 | Parts-Body Customer Repair Orders - Cars & Trucks       |
| 478 | 678 | Parts-Quick Service-Repair Orders                       |
| 480 | 680 | Parts-Warranty Claims                                   |
| 481 | 681 | Parts-Internal  |
| 482 | 682 | Parts-Counter-Retail                                    |
| 483 | 683 | Parts-Wholesale   |
| 484 | 684 | Accessories   |
|     | 687 | Purchase Allowances                                     |
|     | 688 | Adjustment-Parts & Accessories Inventory                |
| 490 | 690 | Tires   |
| 491 | 691 | Gas, Oil & Grease                                       |
| 492 | 692 | Miscellaneous   |

## Lease & Rental Activity

### Close End Lease

|     |                                    |
|-----|------------------------------------|
| 511 | Recurring Lease Payments           |
| 512 | Maintenance Income                 |
| 513 | Partial Month (Pro-Rata) Income    |
| 514 | Late Payment Charge                |
| 516 | Administrative Fee                 |
| 517 | Other Lease Revenue                |
|     | <b>Direct Cost</b>                 |
| 711 | Interest                           |
| 712 | Amortization                       |
| 713 | Insurance (In Service Vehicles)    |
| 714 | License, Title & Tax               |
| 715 | Policy-Leased Vehicles             |
| 716 | Maintenance & Repairs              |
| 717 | Rent-Sublet Units                  |
| 718 | Other                              |
| 510 | Selling Price of Disposed Vehicles |
| 710 | Cost of Sale of Disposed Vehicles  |

### Open End Lease

|     |                                    |
|-----|------------------------------------|
| 521 | Recurring Lease Payments           |
| 522 | Maintenance Income                 |
| 523 | Partial Month (Pro-Rata) Income    |
| 524 | Late Payment Charge                |
| 526 | Administrative Fee                 |
| 527 | Other Lease Revenue                |
|     | <b>Direct Cost</b>                 |
| 721 | Interest                           |
| 722 | Amortization                       |
| 723 | Insurance (In Service Vehicles)    |
| 724 | License, Title & Tax               |
| 725 | Policy-Leased Vehicles             |
| 726 | Maintenance & Repairs              |
| 727 | Rent-Sublet Units                  |
| 728 | Other                              |
| 520 | Selling Price of Disposed Vehicles |
| 720 | Cost of Sale of Disposed Vehicles  |

### Rental

|     |                                    |
|-----|------------------------------------|
| 534 | Late Payment Charge                |
| 535 | Rental Income                      |
| 536 | Administrative Fee                 |
|     | <b>Direct Cost</b>                 |
| 731 | Interest                           |
| 732 | Amortization                       |
| 733 | Insurance (In Service Vehicles)    |
| 734 | License, Title & Tax               |
| 735 | Policy-Leased Vehicles             |
| 736 | Maintenance & Repairs              |
| 737 | Rent-Sublet Units                  |
| 738 | Other                              |
| 530 | Selling Price of Disposed Vehicles |
| 730 | Cost of Sale of Disposed Vehicles  |

## F & I, Protection Plan Activity

|     |                              |
|-----|------------------------------|
| 541 | Insurance Commissions Earned |
| 740 | F & I Manager Commissions    |
| 741 | Insurance Chargebacks        |
| 542 | 742 Accessories              |
| 543 | 743 GM Protection Plans      |
| 544 | 744 Other Protection Plans   |



## Finance & Insurance Activity

### New

|     |     |                                 |
|-----|-----|---------------------------------|
| 806 |     | Finance Income-New              |
| 807 |     | Insurance Commission Earned-New |
| 810 | 860 | Accessories-New                 |
| 822 | 872 | Other F & I Income New Vehicles |
| 443 | 643 | GM Protection Plans – New       |
| 444 | 644 | Other Protection Plans - New    |
|     | 850 | Finance & Insurance Chargebacks |
|     | 853 | Repossession Losses-New         |
|     | 855 | F & I Compensation - New        |

### Used

|     |     |                                   |
|-----|-----|-----------------------------------|
| 808 |     | Finance Income-Used               |
| 809 |     | Insurance Commissions Earned-Used |
| 811 | 861 | Accessories-Used                  |
| 823 | 873 | Other F & I Income Used Vehicles  |
| 454 | 654 | GM Protection Plans – Used        |
| 455 | 655 | Other Protection Plans - Used     |
|     | 851 | Finance & Insurance Chargebacks   |
|     | 854 | Repossession Losses-Used          |
|     | 856 | F & I Compensation – Used         |

## Additions to Income

|     |  |                       |
|-----|--|-----------------------|
| 902 |  | Bad Debts Recovered   |
| 903 |  | Cash Discounts Earned |
| 905 |  | Other Income          |

## Deductions from Income

|     |  |                        |
|-----|--|------------------------|
| 953 |  | Cash Discounts Allowed |
| 955 |  | Other Deductions       |

## Expenses

Expenses are to be distributed to each Department by creating sub-accounts formed by combining the three (3) digit expense account number with the two (2) digit department code.

### Department Codes

|                          |    |
|--------------------------|----|
| New Vehicles             | 01 |
| Used Vehicles            | 02 |
| Lease & Rental           | 03 |
| Finance & Insurance      | 04 |
| Mechanical               | 05 |
| Body Shop                | 06 |
| Parts & Accessories      | 07 |
| (Not Used)               | 08 |
| General & Administrative | 09 |

For example, Delivery Expenses charged to the New Vehicle Department should be posted to Account 013-01, Delivery Expense (New). Freight for Parts shipments should be posted to Account 033-07, Freight (Parts) – and so forth.

### Variable Selling Expenses

|     |  |
|-----|--|
| 011 | Vehicle Salespeople Compensation & Other |
| 013 | Delivery Expense                         |
| 015 | Policy Work-Vehicles                     |

### Personnel Expenses

|     |                                    |
|-----|------------------------------------|
| 020 | Salaries-Owners/Executive Managers |
| 021 | Salaries-Supervision               |
| 022 | Salaries-Clerical                  |
| 023 | Other Salaries & Wages             |
| 024 | Absentee Compensation              |
| 025 | Taxes-Payroll                      |
| 026 | Incentives-Supervision             |
| 027 | Employee Benefits                  |
| 029 | Retirement Benefits                |

### Semi-Fixed Expenses

|     |                                  |
|-----|----------------------------------|
| 033 | Postage / Freight                |
| 051 | Company Vehicle Expense          |
| 056 | Insurance-Vehicle Inventory      |
| 057 | Bad Debt Expense                 |
| 060 | Office Supplies & Expenses       |
| 061 | Other Supplies                   |
| 063 | E-Commerce Advertising/Fees      |
| 064 | Advertising Rebates              |
| 065 | Advertising                      |
| 066 | Contributions                    |
| 067 | Policy Work-Parts & Service      |
| 068 | Information Technology Services  |
| 069 | Outside Services (Other)         |
| 070 | Travel & Entertainment           |
| 071 | Membership Dues & Publications   |
| 072 | Legal & Auditing Expense         |
| 074 | Telephone                        |
| 075 | Training Expense                 |
| 076 | Interest-Notes Payable-Floorplan |
| 077 | Miscellaneous Expense            |
| 078 | Interest-Floorplan Credit        |
| 079 | Interest-Notes Payable (Other)   |

### Fixed Expenses

|     |                                       |
|-----|---------------------------------------|
| 080 | Rent                                  |
| 081 | Amortization-Leaseholds               |
| 082 | Repairs-Real Estate                   |
| 083 | Depreciation Buildings & Improvements |
| 084 | Taxes-Real Estate                     |
| 085 | Insurance Buildings & Improvements    |
| 086 | Interest-Mortgages                    |
| 087 | Utilities                             |
| 088 | Insurance Other                       |
| 089 | Taxes-Other                           |
| 090 | Repairs-Equipment                     |
| 091 | Depreciation-Equipment                |
| 092 | Equipment Rental                      |

### Adjustments

|     |                             |
|-----|-----------------------------|
| 097 | Bonuses-Employees           |
| 098 | Bonuses-Owners              |
| 099 | Income Taxes - Current Year |

## 200 Cash on Hand (Petty Cash)

*Assets*

*Cash and Contracts*

### Synopsis

Account 200, is established to record the amount of Cash kept at the dealership to provide change to customers and pay incidental bills, which are too small to warrant issuing a cheque.

| Debits   | Credits  |
|--|--|
| <ol style="list-style-type: none"><li data-bbox="203 611 771 682">1. The amount set aside when the fund is established</li><li data-bbox="203 699 748 770">2. The amount added to <b>increase</b> the fund</li></ol> | <ol style="list-style-type: none"><li data-bbox="873 611 1463 682">1. The amount removed to <b>decrease</b> the fund</li></ol> |

## 201 Cash on Hand

*Assets*

*Cash and Contracts*

### Synopsis

Account 201 is established to record the Cash receipts at the dealership.

| Debits                         | Credits                                     |
|--------------------------------|---|
| 1. The amount of Cash received | 1. The amount of Cash deposited in the bank |

### Comments

A debit balance represents undeposited receipts.

### Note:

Bank deposits should be made daily.

## 202 Cash in Bank

### Assets

### Cash and Contracts

#### Synopsis

Account 202 is established to record the Cash deposited with banks and other financial institutions.

| Debits   | Credits  |
|--|--|
| <ol style="list-style-type: none"><li>1. Cash deposits</li><li>2. Savings deposits</li><li>3. Time deposits</li><li>4. Certificates of deposit</li><li>5. Interest on above deposits</li></ol> | <ol style="list-style-type: none"><li>1. Withdrawals</li><li>2. Deposited cheques returned by the bank</li><li>3. Bank charges</li></ol> |

#### Comments

A debit balance represents the amount of cash on deposit while a credit balance represents drafts written in excess of cash on deposits.

#### Note:

The month-end balance should be reconciled with that shown on the bank statements.

## 205 Contracts in Transit

### Assets

### Cash and Contracts

#### Synopsis

Account 205 is established to record finance Contracts covering new and used vehicle sales which have been submitted to financial institutions for payment.

| Debits   | Credits   |
|--|---|
| 1. Amounts financed on customer notes discounted with finance institutions | 1. Payments received from finance institutions<br>2. Principals withheld by finance institutions on customer notes discounted |

#### Comments

A debit balance represents the amounts financed on customer notes discounted, which are due from finance institutions.

#### Note:

At month end, a schedule of the notes for which payments have not been received should be prepared.

# CUSTOMER RECEIVABLES

Separate general ledger accounts should be maintained for receivables resulting from vehicle sales, service and parts sales, leases and rentals, and other sales. Other should be for receivables resulting from sales of items carried in [Account 238, Other Automotive](#) (inventory) and [Account 252, Other](#) (inventory).

For each general ledger account, a separate subsidiary ledger should be maintained. A detail of the debits and credits should be posted to the individual accounts in the subsidiary ledgers.

A supporting schedule with an age analysis of each subsidiary account should be prepared at the month end. The net amount of each schedule should agree with the balance in the related controlling account.

For purposes of aging, the due date of customer receivables is that agreed on at the time of the sale. This stipulation would apply to extended and usual terms of payment.

Receivables due from governmental agencies and collision claims with insurance companies may be aged. However, it is not necessary to include these amount in the over 90 days past due column unless collection appears doubtful. It is also not necessary to include these amounts in the month-end computation of the allowance for doubtful accounts.

Customer notes and accounts receivable, classified and aged in accordance with the trial balances, should be shown on the operating report.

Any credit balances listed on the trial balances should be classified as a current liability and shown on page 1 of the operating report as follows:

- Accounts Receivable Credit Balances
- Customer Deposits

If preferred, notes and accounts receivable from others may be recorded in these customer accounts but should be shown on page 1 of the operating report as follows:

- Debit Balances  
[Account 293, Notes and Accounts Receivable - Officers](#), for amounts due from active and inactive officers and from stockholders.

[Account.294, Notes and Accounts Receivable - Other](#), for:

- A. Amounts due from employees for notes, accounts, loans, and advances, except current balances due for merchandise.
- B. Loans and advances due from subsidiary and affiliated enterprises and from outsiders.
- C. Amounts due from subsidiary and affiliated enterprises for merchandise when extended terms have been granted.

- Credit Balances
  1. Amounts Payable to officers and stockholders on open account should be combined with [Account.300, Accounts Payable - Trade Creditors](#).
  2. Notes payable due within one year to officers and stockholders should be combined with [Account 314, Notes Payable - Other](#).

## 210 Notes Receivable - Customers

### Assets

### Receivables

#### Synopsis

Account 210 is established to record monies owed by customers who have signed promissory notes to the dealership.

| Debits  | Credits  |
|---|--|
| 1. The value of notes accepted from customers | 1. The amount of Customer payments received<br>2. The amount of Notes considered uncollectible<br>3. The balances due on notes secured by vehicles which have been repossessed |

#### Comments

A debit balance represents the unpaid balances of notes accepted from customers.



## 220 Accounts Receivable - Customers

### Assets

### Receivables

### Synopsis

Account 220 is established to record the monies owed by customers who have open accounts with the dealership.

| Debits  | Credits   |
|---|---|
| <ol style="list-style-type: none"><li>1. The amounts due from customer charge sales</li><li>2. The amount of deposited cheques returned by the bank</li><li>3. The amount of Lease payments due on leases recorded as sales</li><li>4. The earned portion of deferred income on leases recorded as sales</li><li>5. The amount of Repossession surpluses paid</li></ol> | <ol style="list-style-type: none"><li>1. The amount of Customer payments received</li><li>2. The value of Credits allowed to customers</li><li>3. The Deposits received on future sales</li><li>4. The amount of accounts considered uncollectible</li><li>5. The amount of deferred income on leases recorded as sales</li><li>6. The amount of Repossession surpluses due customers</li></ol> |

### Comments

A debit balance represents the net balances of customer accounts.

## 225 Cash Sales

*Assets*

*Receivables*

### Synopsis

Account 225 is established to record the cash received as a result of Sales transactions processed at the dealership.

| Debits            | Credits  |
|-------------------|--|
| 1. Sales for cash | 1. Cash received from cash sales<br>2. Cash refunds for return of merchandise by customers |

### Note:

This is a clearing account for cash sales and normally should have no month-end balance. If a balance exists, a month-end schedule should be prepared to determine the nature of the balance. The balance should be classified with the applicable asset and liability accounts on the trial balance.

## 230 Demonstrators

### Assets

### Inventories

#### Synopsis

Account 230 is established to record the inventory value of vehicle Demonstrators maintained to provide test rides for customers.

| Debits  | Credits  |
|---|--|
| <ol style="list-style-type: none"><li>1. The factory invoice amount, less holdback and other non-related items such as supplemental advertising funds, of new vehicles placed in demonstration and other temporary company service</li><li>2. The Cost of New Vehicles placed into Demonstration inventory</li><li>3. The Internal selling price of dealer-installed accessories and optional equipment and the labour and material required for installation</li><li>4. The Destination, delivery and handling charges</li></ol> | <ol style="list-style-type: none"><li>1. The replacement value of accessories, optional equipment and tires removed from units and placed in <a href="#">Account. 242, Parts &amp; Accessories (inventory)</a> and <a href="#">Account 243, Tires (inventory)</a> as applicable</li><li>2. The amount of subsequent factory price reductions</li><li>3. The cost of units taken out of service and transferred to new vehicle inventories prior to their sales as new vehicles</li></ol> |

#### Comments

A debit balance represents the cost of new vehicles set aside for use as demonstrators and for other temporary company service.

#### Note:

A record of each unit in the vehicle inventories shown below should be made on a Vehicle Inventory Record at the time the unit is acquired.

Stock numbers should be assigned in numerical sequence to new, used and repossessed units acquired. A used unit accepted in trade on the sale of a new unit should be given the same stock number as the new unit sold, but followed by the letter A. A used unit accepted in trade on the sale of another used unit should be given the same stock number as the used unit sold, but followed by the letter B, etc.

Supporting month-end schedules should be prepared. These schedules should be in agreement with the general ledger accounts and compared to physical inventories of the following:

- Demonstrators
- New Cars
- New Trucks
- Other Automotive

Supporting month-end schedules should be prepared. These schedules should be in agreement with the general ledger accounts and compared to physical inventories of the following:

- Used Cars
- Used Trucks

## 231 New Cars

### Assets

### Inventories

#### Synopsis

Account 231 is established to record the inventory value of New Cars on hand.

| Debits  | Credits  |
|---|--|
| <ol style="list-style-type: none"><li>1. The factory invoice amount, less holdback and other non-related items such as supplemental advertising funds, of New Cars acquired</li><li>2. The Internal selling price of dealer-installed accessories and optional equipment and the labour and materials required for installation</li><li>3. The Destination, delivery and handling charges</li><li>4. The Cost of new units transferred from demonstration and other temporary company service for sales as new cars</li></ol> | <ol style="list-style-type: none"><li>1. The replacement value of accessories, optional equipment and tires removed from new cars and placed in <a href="#">Account 242, Parts &amp; Accessories</a> (inventory) and <a href="#">Account 243, Tires</a> (inventory) as applicable</li><li>2. The amount of subsequent factory price reductions</li><li>3. The Cost of New Cars placed in demonstration and other temporary company service</li><li>4. The Cost of New Cars transferred to other dealers</li><li>5. The Cost of New Cars sold and otherwise disposed of</li></ol> |

#### Comments

A debit balance represents the cost of New Cars in inventory.

#### Note:

A record of each unit in the vehicle inventories shown below should be made on a Vehicle Inventory Record at the time the unit is acquired.

Stock numbers should be assigned in numerical sequence to new, used and repossessed units acquired. A used unit accepted in trade on the sale of a new unit should be given the same stock number as the new unit sold, but followed by the letter A. A used unit accepted in trade on the sale of another used unit should be given the same stock number as the used unit sold, but followed by the letter B, etc.

Supporting month-end schedules should be prepared. These schedules should be in agreement with the general ledger accounts and compared to physical inventories of the following:

- Demonstrators
- New Cars
- New Trucks
- Other Automotive

Supporting month-end schedules should be prepared. These schedules should be in agreement with the general ledger accounts and compared to physical inventories of the following:

- Used Cars
- Used Trucks

# 235 Medium Duty Trucks

## Assets

### Inventories

#### Synopsis

Account 235 is established to record the inventory value of New Medium Duty Trucks on hand.

| Debits  | Credits  |
|---|--|
| <ol style="list-style-type: none"><li>1. The factory invoice amount, less holdback and other non-related items such as supplemental advertising funds, of new Medium Duty Trucks acquired</li><li>2. The Internal selling price of dealer-installed accessories and optional equipment and the labour and materials required for installation</li><li>3. The cost of dealer installed Other Automotive items and the Internal selling price of the labour and materials required for installation</li><li>4. The Destination, delivery and handling charges</li><li>5. The Cost of new units transferred from demonstration and other temporary company service for sales as new Medium Duty Trucks</li></ol> | <ol style="list-style-type: none"><li>1. The replacement value of accessories, optional equipment and tires removed from new trucks and placed in <a href="#">Account 242, Parts &amp; Accessories</a> (inventory) and <a href="#">Account 243, Tires</a> (inventory) as applicable</li><li>2. The amount of subsequent factory price reductions</li><li>3. The Cost of new Medium Duty Trucks placed in demonstration and other temporary company service</li><li>4. The Cost of new Medium Duty Trucks transferred to other dealers</li><li>5. The Cost of new Medium Duty Trucks sold and otherwise disposed of</li></ol> |

#### Comments

A debit balance represents the cost of new Medium Duty Trucks in inventory.

#### Note:

A record of each unit in the vehicle inventories shown below should be made on a Vehicle Inventory Record at the time the unit is acquired.

Stock numbers should be assigned in numerical sequence to new, used and repossessed units acquired. A used unit accepted in trade on the sale of a new unit should be given the same stock number as the new unit sold, but followed by the letter A. A used unit accepted in trade on the sale of another used unit should be given the same stock number as the used unit sold, but followed by the letter B, etc.

Supporting month-end schedules should be prepared. These schedules should be in agreement with the general ledger accounts and compared to physical inventories of the following:

- Demonstrators
- New Cars
- New Trucks
- Other Automotive

Supporting month-end schedules should be prepared. These schedules should be in agreement with the general ledger accounts and compared to physical inventories of the following:

- Used Cars
- Used Trucks



## 237 New Trucks

### Assets

### Inventories

#### Synopsis

Account 237 is established to record the inventory value of New on hand.

| Debits   | Credits   |
|--|---|
| <ol style="list-style-type: none"><li>1. The Factory invoice amount, less holdback and other non-related items such as supplemental advertising funds, of new trucks acquired</li><li>2. The Internal selling price of dealer-installed accessories and optional equipment and the labour and materials required for installation</li><li>3. The Cost of dealer-installed Other Automotive items and the internal selling price of the labour and materials required for installation</li><li>4. The Destination, delivery and handling charges</li><li>5. The Cost of new units transferred from demonstration and other temporary company service for sale as new trucks</li></ol> | <ol style="list-style-type: none"><li>1. The replacement value of accessories, optional equipment and tires removed from new trucks and placed in <a href="#">Account, 242, Parts &amp; Accessories</a> (inventory) and <a href="#">Account 243, Tires</a> (inventory) as applicable</li><li>2. The Cost of new trucks placed in demonstration and other temporary company service</li><li>3. The amount of subsequent factory price reductions</li><li>4. The Cost of New Trucks transferred to other dealers</li><li>5. The Cost of new trucks sold and otherwise disposed of</li></ol> |

#### Comments

A debit balance represents the cost of new trucks in inventory.

#### Note:

A record of each unit in the vehicle inventories shown below should be made on a Vehicle Inventory Record at the time the unit is acquired.

Stock numbers should be assigned in numerical sequence to new, used and repossessed units acquired. A used unit accepted in trade on the sale of a new unit should be given the same stock number as the new unit sold, but followed by the letter A. A used unit accepted in trade on the sale of another used unit should be given the same stock number as the used unit sold, but followed by the letter B, etc.

Supporting month-end schedules should be prepared. These schedules should be in agreement with the general ledger accounts and compared to physical inventories of the following:

- Demonstrators
- New Cars
- New Trucks
- Other Automotive

Supporting month-end schedules should be prepared. These schedules should be in agreement with the general ledger accounts and compared to physical inventories of the following:

- Used Cars
- Used Trucks

## 238 Other Automotive

### Assets

### Inventories

#### Synopsis

Account 238 is established to record inventory of Other Automotive merchandise that cannot be classified as a Car, Truck or Medium Duty Truck.

| Debits  | Credits   |
|---|---|
| <ol style="list-style-type: none"><li>1. The factory invoice amount, less holdback and other non-related items such as supplemental advertising funds, of new other automotive items acquired</li><li>2. The Internal selling price of dealer-installed accessories and optional equipment and the labour and materials required for installation</li><li>3. The Destination, delivery and handling charges</li><li>4. The lower of trade-in allowance or appraised wholesale value of used items accepted in trade on sales of new and used items</li><li>5. The Cost of used items purchased</li><li>6. The Traveling expenditures when acquiring these items</li><li>7. The selling price of the labour and materials used in reconditioning</li><li>8. The Auction fees on used items purchased</li></ol> | <ol style="list-style-type: none"><li>1. The replacement value of accessories, optional equipment and tires removed from other automotive items and placed in <a href="#">Account, 243 Tires</a> (inventory) and <a href="#">Account 252, Other</a> (inventory) as applicable</li><li>2. The amount of subsequent factory price reductions</li><li>3. Any required write down of new items to market value</li><li>4. The monthly write down of used items to appraised wholesale values</li><li>5. The Inventory value of items sold and otherwise disposed of</li></ol> |

## Comments

A debit balance represents the inventory value of other automotive items in inventory regularly stocked for resale. This should include all new and used self-propelled vehicles (other than motor homes) and other automotive-oriented merchandise such as:

- a. Aircraft
- b. Boats
- c. Camper bodies
- d. Farm tractors
- e. Golf carts
- f. Motorcycles
- g. Scooters
- h. Snowmobiles
- i. Special bodies
- j. Truck equipment and trailers
- k. Utility, house and camp trailers

## Note:

A record of each unit in the vehicle inventories shown below should be made on a Vehicle Inventory Record at the time the unit is acquired.

Stock numbers should be assigned in numerical sequence to new, used and repossessed units acquired. A used unit accepted in trade on the sale of a new unit should be given the same stock number as the new unit sold, but followed by the letter A. A used unit accepted in trade on the sale of another used unit should be given the same stock number as the used unit sold, but followed by the letter B, etc.

Supporting month-end schedules should be prepared. These schedules should be in agreement with the general ledger accounts and compared to physical inventories of the following:

- Demonstrators
- New Cars
- New Trucks
- Other Automotive

Supporting month-end schedules should be prepared. These schedules should be in agreement with the general ledger accounts and compared to physical inventories of the following:

- Used Cars
- Used Trucks

## 240 Used Cars

### Assets

### Inventories

### Synopsis

Account 240 is established to record the inventory value of Used Cars on hand.

| Debits   | Credits  |
|--|--|
| <ol style="list-style-type: none"><li>1. The lower of trade-in allowance or appraised wholesale value of used cars accepted in trade on sales of new and used units</li><li>2. The Cost of used cars purchased, including those of factory representatives</li><li>3. The Internal selling price of the labour and materials used in reconditioning</li><li>4. The traveling expenditures when acquiring used cars</li><li>5. The auction fees on used cars purchased</li><li>6. The Appraised wholesale value of company-owned cars, other than those in demonstration and other temporary company service, transferred for sales as used cars</li><li>7. The Appraised wholesale value of repossessed cars</li></ol> | <ol style="list-style-type: none"><li>1. The inventory value if used cars sold and otherwise disposed of</li><li>2. The monthly write down to appraised wholesale values</li></ol> |

### Comments

A debit balance represents the inventory value of used cars intended for resale.

**Note:**

The inventory value of each used vehicle should be the lower of cost or appraised wholesale value.

The cost of a used vehicle is:

- Trade-in allowance
- OR
- Purchase price
- PLUS
- Internal selling price of mechanical and body reconditioning, including accessories, optional equipment and body and truck equipment plus the internal selling price of the labour and materials required for installation.
- Traveling expenditures when acquiring vehicles.
- Auction fees on vehicles purchased.

At each month end, used vehicles should be adjusted to appraised wholesale values through [Acct. 649, Adjustment-Used Car Inventory](#), and [Acct. 653, Adjustment-Used Truck Inventory](#), as applicable.

A record of the cost of reconditioning a used vehicle and the amount of the monthly write down, if necessary, should be made on the applicable Vehicle Inventory Record.

Used vehicles purchased at GM auctions and from GM divisions should be identified. This can be accomplished by the use of a prefix to the stock number such as PGM 236. The P meaning a purchased unit and GM meaning GM auction or divisions.

A record of each unit in the vehicle inventories shown below should be made on a Vehicle Inventory Record at the time the unit is acquired.

Stock numbers should be assigned in numerical sequence to new, used and repossessed units acquired. A used unit accepted in trade on the sale of a new unit should be given the same stock number as the new unit sold, but followed by the letter A. A used unit accepted in trade on the sale of another used unit should be given the same stock number as the used unit sold, but followed by the letter B, etc.

Supporting month-end schedules should be prepared. These schedules should be in agreement with the general ledger accounts and compared to physical inventories of the following:

- Demonstrators
- New Cars
- New Trucks
- Other Automotive



Supporting month-end schedules should be prepared. These schedules should be in agreement with the general ledger accounts and compared to physical inventories of the following:

- Used Cars
- Used Trucks



## 241 Used Trucks

### Assets

### Inventories

#### Synopsis

Account 241 is established to record the inventory value of Used Trucks on hand.

| Debits   | Credits  |
|--|--|
| <ol style="list-style-type: none"><li>1. The lower of trade-in allowance or appraised wholesale value of used trucks accepted in trade on sales of new and used units</li><li>2. The Cost of used trucks purchased, including those of factory representatives</li><li>3. The Internal selling price of the labour and materials used in reconditioning</li><li>4. The traveling expenditures when acquiring used trucks</li><li>5. The auction fees on used trucks purchased</li><li>6. The Appraised wholesale value of company-owned trucks, other than those in demonstration and other temporary company service, transferred for sales as used trucks</li><li>7. The Appraised wholesale value of repossessed trucks</li></ol> | <ol style="list-style-type: none"><li>1. The Inventory value of used trucks sold and otherwise disposed of</li><li>2. The monthly write down to appraised wholesale values</li></ol> |

#### Comments

A debit balance represents the inventory value of used trucks intended for resale.

**Note:**

The inventory value of each used vehicle should be the lower of cost or appraised wholesale value.

The cost of a used vehicle is:

- Trade-in allowance
- OR
- Purchase price
- PLUS
- Internal selling price of mechanical and body reconditioning, including accessories, optional equipment and body and truck equipment plus the internal selling price of the labour and materials required for installation.
- Traveling expenditures when acquiring vehicles.
- Auction fees on vehicles purchased.

At each month end, used vehicles should be adjusted to appraised wholesale values through [Acct. 649, Adjustment-Used Car Inventory](#), and [Acct. 653, Adjustment-Used Truck Inventory](#), as applicable.

A record of the cost of reconditioning a used vehicle and the amount of the monthly write down, if necessary, should be made on the applicable Vehicle Inventory Record.

Used vehicles purchased at GM auctions and from GM divisions should be identified. This can be accomplished by the use of a prefix to the stock number such as PGM 236. The P meaning a purchased unit and GM meaning GM auction or divisions.

A record of each unit in the vehicle inventories shown below should be made on a Vehicle Inventory Record at the time the unit is acquired.

Stock numbers should be assigned in numerical sequence to new, used and repossessed units acquired. A used unit accepted in trade on the sale of a new unit should be given the same stock number as the new unit sold, but followed by the letter A. A used unit accepted in trade on the sale of another used unit should be given the same stock number as the used unit sold, but followed by the letter B, etc.

Supporting month-end schedules should be prepared. These schedules should be in agreement with the general ledger accounts and compared to physical inventories of the following:

- Demonstrators
- New Cars
- New Trucks
- Other Automotive

Supporting month-end schedules should be prepared. These schedules should be in agreement with the general ledger accounts and compared to physical inventories of the following:

- Used Cars
- Used Trucks

## 242 Parts and Accessories

### Assets

### Inventories

#### Synopsis

Account 242 is established to record the inventory value of Parts and Accessories on hand.

| Debits   | Credits  |
|--|--|
| <ol style="list-style-type: none"><li>1. The Cost of parts and accessories acquired, other than those purchased with new vehicles</li><li>2. The Cost of shop supplies acquired</li><li>3. The amount of Purchase discounts earned</li><li>4. The replacement value of accessories and optional equipment removed from new vehicles and placed in inventory</li><li>5. The Inventory value of parts and accessories returned by customers</li><li>6. The Adjustment for the difference between book and physical inventory count values</li><li>7. The Adjustment for periodic price increases by the manufacturer</li></ol> | <ol style="list-style-type: none"><li>1. The amount of Purchase discounts</li><li>2. The Inventory value of parts and accessories sold and otherwise disposed of</li><li>3. The Inventory value of parts and accessories returned to suppliers</li><li>4. The Adjustment for the difference between book and physical count values</li><li>5. The Inventory value of shop supplies sold and otherwise disposed of</li><li>6. The Adjustment for period price decreases by the manufacturer</li></ol> |

#### Comments

A Debit Balance represents the inventory value of automotive parts and accessories.

#### Note:

**Sub-Accounts should be set up for GM Accessories, Parts Cores and Shop Supplies.**

If other than new G.M. vehicles are sold by the dealership, a separate General Ledger Account should be established for the inventory of parts and accessories related to the other lines handled. This account should be combined with [Account 242, Parts & Accessories](#) when preparing the month-end trial balance.

A physical inventory of parts and accessories should be taken at least once a year. It should be priced at the lower of cost or market value. Any difference between book and physical count values should be adjusted through [Acct. 688, Adjustment-Parts and Accessories Inventory](#).

Physical inventories should be taken at each month end of the following:

- Tires
- Gas, Oil and Grease
- Paint and Body Shop Materials

These inventories should be priced at the lower of cost or market values. Any differences between book and physical count values should be adjusted through the following accounts, as applicable:

- [Acct. 690, Cost of Sales-Tires](#)
- [Acct. 691, Cost of Sales-Gas, Oil and Grease](#)
- [Acct. 669, Cost of Sales-Shop Supplies](#)
- [Acct. 679, Cost of Sales-Paint and Body Shop Materials](#)

A physical inventory of other merchandise should be taken at least once each year. It should be priced at the lower of cost or market value. Any difference between book and physical count values should be adjusted through [Acct. 692, Cost of Sales-Miscellaneous](#).

## 243 Tires

### Assets

### Inventories

#### Synopsis

Account 243 is established to record the inventory value of Tires on hand.

| Debits  | Credits  |
|---|--|
| <ol style="list-style-type: none"><li>1. The Cost of tires acquired, other than those purchased with new vehicles</li><li>2. The replacement value of tires removed from new vehicles and placed in inventory</li><li>3. The Adjustment for the difference between book and physical count values</li></ol> | <ol style="list-style-type: none"><li>1. The Inventory value of tires sold and otherwise disposed of</li><li>2. The Inventory value of tires returned to suppliers</li><li>3. The Adjustment for the difference between book and physical count values</li></ol> |

#### Comments

A debit balance represents the inventory value of tires.

#### Note:

Physical inventories should be taken at each month end of the following:

- Tires
- Gas, Oil and Grease
- Paint and Body Shop Materials

These inventories should be priced at the lower of cost or market values. Any differences between book and physical count values should be adjusted through the following accounts, as applicable:

- [Acct. 690, Cost of Sales-Tires](#)
- [Acct. 691, Cost of Sales-Gas, Oil and Grease](#)
- [Acct. 679, Cost of Sales-Paint and Body Shop Materials](#)

A physical inventory of other merchandise should be taken at least once each year. It should be priced at the lower of cost or market value. Any difference between book and physical count values should be adjusted through [Acct. 692, Cost of Sales-Miscellaneous](#).

## 244 Gas, Oil and Grease

### Assets

### Inventories

#### Synopsis

Account 244 is established to record the inventory value of Gas (fuel), Oil and Grease on hand.

| Debits   | Credits  |
|--|--|
| <ol style="list-style-type: none"><li>1. The Cost of gasoline (fuel), oil, grease and similar materials (lubricants) purchased</li><li>2. The Adjustment for the difference between book and physical count values</li></ol> | <ol style="list-style-type: none"><li>1. The Inventory value of gasoline (fuel), oil, grease and similar materials (lubricants) sold</li><li>2. The Inventory value of gasoline (fuel), oil, grease and similar materials (lubricants) consumed internally</li><li>3. The Adjustment for the difference between book and physical count values</li></ol> |

#### Comments

A debit balance represents the inventory value of gasoline (fuel), oil, grease and similar materials (lubricants).

#### Note:

If gasoline is not carried in stock for resale, purchases may be charged directly to the appropriate expense account. Bulk purchases may be charged to [Account 244, Gas, Oil and Grease](#) and internal consumption recorded as a direct relief of inventory by a charge to the appropriate expense account.

Physical inventories should be taken at each month end of the following:

- Tires
- Gas, Oil and Grease
- Paint and Body Shop Materials

These inventories should be priced at the lower of cost or market values. Any differences between book and physical count values should be adjusted through the following accounts, as applicable:



- [Acct. 690, Cost of Sales-Tires](#)
- [Acct. 691, Cost of Sales-Gas, Oil and Grease](#)
- [Acct. 679, Cost of Sales-Paint and Body Shop Materials](#)

A physical inventory of other merchandise should be taken at least once each year. It should be priced at the lower of cost or market value. Any difference between book and physical count values should be adjusted through [Acct. 692, Cost of Sales-Miscellaneous](#).

# 245 Paint and Body Shop Materials

## Assets

### Inventories

#### Synopsis

Account 245 is established to record the inventory value of Paint and Body Shop Materials on hand.

| Debits  | Credits   |
|---|---|
| 1. The Cost of paint and body shop materials purchased                      | 1. The Inventory value of paint and body shop materials sold                |
| 2. The Adjustment for the difference between book and physical count values | 2. The Adjustment for the difference between book and physical count values |

#### Comments

A debit balance represents the inventory value of paint and body shop materials, including trim materials.

#### Note:

Physical inventories should be taken at each month end of the following:

- Tires
- Gas, Oil and Grease
- Paint and Body Shop Materials

These inventories should be priced at the lower of cost or market values. Any differences between book and physical count values should be adjusted through the following accounts, as applicable:

- [Acct. 690, Cost of Sales-Tires](#)
- [Acct. 691, Cost of Sales-Gas, Oil and Grease](#)
- [Acct. 679, Cost of Sales-Paint and Body Shop Materials](#)

A physical inventory of other merchandise should be taken at least once each year. It should be priced at the lower of cost or market value. Any difference between book and physical count values should be adjusted through [Acct. 692, Cost of Sales-Miscellaneous](#).



## 246 Sublet Repairs

*Assets*

*Inventories*

### Synopsis

Account 246 is established to record the inventory value of Sublet Repairs, which have been completed, but not yet sold to customers.

| Debits                                  | Credits                            |
|---|------------------------------------|
| 1. The Cost of sublet repairs purchased | 1. The Cost of sublet repairs sold |

### Comments

A debit balance represents the cost of sublet repairs unsold. Sublet repair is defined as service work assigned to outside garages, specialty shops, and other automotive jobbers.

### Note:

A month-end schedule should be prepared showing the cost of each unsold sublet repair. Any difference between the total of this schedule and the account balance should be determined and corrected. It is suggested that a memo detail list of sublet repair purchases be maintained as an aid in costing sublet repair sales and in preparing the month-end schedule. Each purchase should be identified with the related repair order number.

## 247 Work In Process - Labour

### Assets

### Inventories

### Synopsis

Account 247 is established to record the amount of Work In Process which is defined as the compensation of Mechanical and Body Shop technicians, but not yet sold to customers.

| Debits   | Credits  |
|--|--|
| <ol style="list-style-type: none"><li>1. The total agreed-upon compensation, including incentive pay, of mechanical and body shop technicians and their helpers. This includes those employed in reconditioning used vehicles and in preparing new vehicles for delivery</li><li>2. The amount of an employee's compensation applicable to productive service work if the individual functions as a service manager or foreman and as a technician</li><li>3. The compensation of employees not classified as technicians for any portion of their time, which is devoted to productive service work</li></ol> | <ol style="list-style-type: none"><li>1. The compensation of mechanical and body shop technicians for any portion of their time which is devoted to non-productive work</li><li>2. The Cost of labour on completed repair orders</li><li>3. The monthly adjustment to agree with the schedule of cost of labour on mechanical repair orders in process</li><li>4. The monthly adjustments to agree with the schedule of cost of labour on body shop repair orders in process</li></ol> |

### Comments

A debit balance represents the cost of labour on repair orders in process.

### Note:

1. This compensation SHOULD NOT include absentee compensation such as holiday, vacation, sick leave and pay while attending training schools.
2. Separate general ledger accounts should be established for the cost of mechanical and body shop labour on repair orders in process.
3. Month-end Open Repair Orders should be reconciled to the General Ledger Work in Process inventory values for Mechanical and Body Shop.

## 252 Other (Inventory)

### Assets

### Inventories

#### Synopsis

Account 252 is established to record the inventory value of Other merchandise on hand.

| Debits  | Credits   |
|---|---|
| <ol style="list-style-type: none"><li>1. The Cost of other merchandise acquired</li><li>2. The replacement value of parts, accessories and optional equipment removed from new other automotive items and placed in inventory</li><li>3. The Adjustment for the difference between book and physical count values</li></ol> | <ol style="list-style-type: none"><li>1. The Inventory value of other merchandise sold and otherwise disposed of</li><li>2. The Adjustments for the difference between book and physical count values</li></ol> |

#### Comments

A debit balance represents the inventory value if regularly stocked merchandise intended for resale that is not otherwise provided for. This should include both new and used items such as:

- a. Appliances
- b. Farm implements
- c. Hardware
- d. Motors
- e. Parts, accessories and optional equipment for items in [Account 238, Other Automotive](#) (inventory)

#### Note:

A detail of these items should be made in this account or in a suitable subsidiary record.

## 258 Miscellaneous Assets Received in Trade (Inventory)

### Assets

### Inventories

#### Synopsis

Account 258 is established to record the inventory value of merchandise taken in trade on the sale of vehicles, which cannot be properly recorded in any other inventory account.

| Debits   | Credits   |
|--|---|
| 1. The lower of appraised or allowance values of miscellaneous assets received in trade which are not regularly stocked for resale | 1. The Inventory value of miscellaneous assets NOT intended for immediate resale<br>2. The Inventory value of miscellaneous assets sold and otherwise disposed of |

#### Comments

A debit balance represents the inventory value of miscellaneous assets received in trade on vehicle sales, which are intended for resale. This should include such items as:

- a. Jewelry
- b. Real Estate
- c. Stocks

#### Note:

1. A detail of these items should be made in this account or in a suitable subsidiary record.
2. Gains or losses on disposition of these items should be recorded in [Account 905, Other Income](#) or [Account 955, Other Deductions](#), as applicable.

## 260 Securities

### Assets

### Cash & Contracts

#### Synopsis

Account 260 is established to record the value of financial investments in stock and bonds owned by the dealership.

| Debits   | Credits   |
|--|---|
| 1. The Cost of readily marketable securities acquired which are intended to be temporary investments | 1. The book value of securities intended to be retained as long-term investments<br>2. The write down to market value<br>3. The book value of securities sold and otherwise disposed of |

#### Comments

A debit balance represents the book value of stocks, bonds and other securities of a readily marketable nature, which are intended to be temporary investments.

#### Note:

A detail of these securities should be made in this account or in a suitable subsidiary record.

Gains or losses on disposition of these items should be recorded in [Account 905, Other Income](#) or [Account 955, Other Deductions](#), as applicable.



## 261 Factory Receivables

*Assets*

*Receivables*

### Synopsis

Account 261 is established to record the amount of receivables owed by the manufacturer to the dealership.

| Debits  | Credits  |
|---|--|
| <ol style="list-style-type: none"><li>1. The amount of Factory incentives and rebates due</li><li>2. The New vehicle inspection labour and fuel fill claims due</li><li>3. Co-op advertising due on vehicles purchased from the factory</li></ol> | <ol style="list-style-type: none"><li>1. The amount of credits received from the factory</li></ol> |

### Comments

A debit balance represents amounts due from the factory for:

- a. Incentives and rebates
- b. Co-op advertising
- c. New vehicle inspection labour claims
- d. Fuel fill claims

## 262 Due From Finance Companies

### Assets

### Receivables

#### Synopsis

Account 262 is established to record the amount of monies Due From Finance Companies for the sale of retail finance contracts. As a matter of policy some finance institutions withhold a percentage of funds due to the dealership as a reserve to offset the Chargebacks that are likely to occur in the future.

| Debits   | Credits   |
|--|---|
| <ol style="list-style-type: none"><li>1. The amount of finance income due on customer notes discounted with finance institutions</li><li>2. The main balance held by finance institutions on customer notes discounted</li></ol> | <ol style="list-style-type: none"><li>1. The amount of payments received from financial institutions</li><li>2. The monthly adjustments to this account</li></ol> |

#### Comments

A debit balance represents unpaid finance income due to the dealership (the finance income is usually indicated on the cheque to the dealer and in the notice of acceptance).

#### Note:

The month-end balance should be reconciled with monthly finance institution statements. Any difference should be determined and corrected.

## 263 Warranty Claims

*Assets*

*Receivables*

### Synopsis

Account 263 is established to record the amount of Warranty and Transportation Claims that are due to the dealership from the manufacturer.

| Debits  | Credits  |
|---|--|
| <ol style="list-style-type: none"><li>1. The amount of Warranty claims due from the factory</li><li>2. The amount of Transportation claims due from the factory</li><li>3. The amount of Adjustment for the difference between the month-end schedule and the account balance</li></ol> | <ol style="list-style-type: none"><li>1. The amount of Credits received from the factory</li><li>2. Invalid claims rejected by the factory</li><li>3. The Adjustment for the difference between the month-end schedule and the account balance</li></ol> |

### Comments

A debit balance represents unpaid warranty and transportation claims due from the factory.

## 264 Insurance Commissions Receivable

*Assets*

*Receivables*

### Synopsis

Account 264 is established to record the amount of Insurance Commissions owed to the dealership from various Insurance Companies for policies sold to customers.

| Debits  | Credits   |
|---|---|
| 1. The Insurance commissions due from insurance companies | 1. The payments received from insurance companies<br>2. The monthly adjustments necessary to reconcile this account |

### Comments

A debit balance represents unpaid insurance commissions due from insurance companies.

### Note:

The month-end balance should be reconciled with the periodic insurance company statements. Any difference should be determined and corrected.

## 265 G.S.T./P.S.T./H.S.T. Receivable

*Assets*

*Receivables*

### Synopsis

Account 265 is established to record the amount of G.S.T./P.S.T./H.S.T. recoverable from purchases of items for resale or the purchase of other qualifying items.

| Debits   | Credits  |
|--|--|
| 1. The amount of G.S.T./P.S.T./H.S.T. recoverable from a prior month | 1. The amount of G.S.T./P.S.T./H.S.T. refunds received |

### Comments

A debit balance represents unpaid G.S.T./P.S.T./H.S.T. owed to the dealership.

### Note:

At the end of each month a G.S.T./P.S.T./H.S.T. return should be prepared and reconciled with Account 315, G.S.T./P.S.T./H.S.T. Payable. If Account 315 shows a debit balance, then the amount should be transferred to Account 265, G.S.T./P.S.T./H.S.T. Receivable. Please refer to Account 315, G.S.T./P.S.T./H.S.T. Payable for additional details.

## 270 Prepaid Taxes

Assets

Prepaid Expenses

### Synopsis

Account 270 is established to record the amount of Taxes that have been paid in advance.

| Debits                                 | Credits                              |
|--|--------------------------------------|
| 1. The amount of taxes paid in advance | 1. The expired portion of taxes paid |

### Comments

A debit balance represents the unexpired portion of taxes paid in advance, such as:

- a. Real Estate taxes
- b. Personal property taxes

The total amount of the Tax Payment should be pro-rated over the number of months for which the Tax is assessed. The pro-rated monthly provision of the Tax should be written off each month by crediting this account with the monthly provision and debiting [Account 084, Taxes-Real Estate](#), [Account 089, Taxes-Other](#), or whichever applies.

### Note:

Professional tax and accounting advice should be obtained regarding the proper handling of tax payments.

## 271 Prepaid Insurance

*Assets*

*Prepaid Expenses*

### Synopsis

Account 271 is established to record the amount of Insurance premiums, which are paid to cover a term that provides coverage in the future.

| Debits   | Credits  |
|--|--|
| <ol style="list-style-type: none"><li>1. The amount of insurance premiums paid in advance</li><li>2. The advance deposit premiums which are subject to future determination of earned premiums</li></ol> | <ol style="list-style-type: none"><li>1. The expired portion of insurance premiums paid</li><li>2. The advance deposit premiums applied in settlement of earned premiums</li></ol> |

### Comments

A debit balance represents the unexpired portion of insurance premiums paid in advance, such as:

- a. Building Insurance
- b. Garage Liability Insurance

## 274 Prepaid Other

*Assets*

*Prepaid Expenses*

### Synopsis

Account 274 is established to record the amount of payments for Other goods and services that are paid in advance.

| Debits  | Credits                                  |
|---|--|
| 1. The amount of other expenses of the business paid in advance | 1. The expired portion of other expenses |

### Comments

A debit balance represents the unexpired portion of other expenses of the business paid in advance, such as:

- a. Advertising
- b. Rent
- c. Maintenance Agreements



## 275 Driver Training Vehicles

*Assets*

*Working*

### Synopsis

Account 275 is established to record the value of vehicles, which are loaned to a qualified Driver Training Schools.

| Debits   | Credits  |
|--|--|
| <ol style="list-style-type: none"><li>1. The factory invoice amount, less holdback and other non-related items such as supplemental advertising funds, of new vehicles placed in driver training service</li><li>2. The Internal selling price of dealer-installed accessories and optional equipment and the labour and materials required for installation</li><li>3. The Destination, delivery and handling charges</li></ol> | <ol style="list-style-type: none"><li>1. The amount of factory credits applied to vehicles placed in driver training service</li><li>2. The Cost of vehicles transferred to used vehicle inventories when taken out of service</li></ol> |

### Comments

A debit balance represents the cost of vehicles temporarily registered in the Driver Training Program.

## 277 Lease and Rental Vehicles

### Assets

### Working

### Synopsis

Account 277 is established to record the value of Lease and Rental vehicles that are placed in service in a dealership owned leasing and/or daily rental operation.

| Debits  | Credits  |
|---|--|
| <ol style="list-style-type: none"><li>1. The Internal selling price of units placed in lease and rental service recorded as depreciable assets</li><li>2. The Cost of units purchased from other dealers and placed in lease and rental service recorded as depreciable assets</li><li>3. The Internal selling price of dealer-installed special equipment, modifications, etc., and the labour and materials required for installation</li></ol> | <ol style="list-style-type: none"><li>1. The book value of units transferred to used vehicle inventories when taken out of service</li><li>2. The book value of units sold and otherwise disposed of</li></ol> |

### Comments

A debit balance represents the book value of lease and rental units. Only dealerships, which have leasing or rental departments operating within the dealership, use this account. As lessor, the dealership is underwriting the lease to the end user. No financial institution is involved in the transaction. Professional tax, accounting and legal advice should be obtained regarding the handling, accounting and management of the dealership owned leasing operation.

### Note:

1. When removed from service (and not sold by the Lease and Rental Department), Lease and Rental units should be transferred to [Account 240, Used Cars](#) (inventory) or [Account 241, Used Trucks](#) (inventory) as applicable, prior to their sales as used vehicles. Such units should be transferred at appraised wholesale value. Any differences between the book and appraised wholesale values should be recorded in [Account. 712, Amortization \(Closed End Lease\)](#), [Account 722, Amortization \(Open End Lease\)](#), or [Account 732, Amortization \(Rental\)](#) as applicable.

2. If more than just a nominal number of lease and rental units are in service, a separate general ledger account should be established for the write down and captioned [Account 347, Accumulated Depreciation Lease and Rental Units](#). This account should be combined with the related asset account when preparing the trial balance. Lease and Rental accumulated depreciation should be shown as a memo on page 1 line 43 of the Operating Report.

## 280 Land - Auto Business Only

*Assets*

*Fixed*

### Synopsis

Account 280 is established to record the acquisition price of Land purchased by the dealership and used in the automobile business.

| Debits                       | Credits  |
|------------------------------|--|
| 1. The Cost of land acquired | 1. The Cost of land sold and otherwise disposed of |

### Comments

A debit balance represents the cost of land purchased by the dealership.

# 281 Building and Improvements - Auto Business Only

Assets

Fixed

## Synopsis

Account 281 is established to record the acquisition cost of Building and Improvements purchased by the dealership and used in the automobile business.

| Debits  | Credits   |
|---|---|
| 1. The Cost of building and improvements acquired | 1. The Cost of building and improvements sold and otherwise disposed of |

## Comments

A debit balance represents the cost of buildings and improvements situated on land owned by the dealership.

## Note:

ONLY ASSETS USED IN THE OPERATION OF THE DEALERSHIP BUSINESS SHOULD BE INCLUDED IN THESE ACCOUNTS.

Cost of assets should include additional items such as:

1. Expenses incidental to securing title
2. Installation and construction costs, including interest during construction
3. Accessories and optional equipment
4. Freight
5. Sales Tax

## 282 Machinery and Shop Equipment

*Assets*

*Fixed*

### Synopsis

Account 282 is established to record the acquisition cost of Machinery and Shop Equipment purchased by the dealership and used in the automobile business.

| Debits  | Credits  |
|---|--|
| 1. The Cost of machinery and shop equipment acquired<br>2. The Cost of machinery and shop equipment built | 1. The Cost of machinery and shop equipment sold and otherwise disposed of |

### Comments

A debit balance represents the cost of machinery, permanent tools and equipment acquired and built for the use in the service department. This includes items of a moveable nature, not a permanent part of the building such as:

- a. Benches
- b. Cabinets
- c. Hoists
- d. Overhead racks
- e. Tool racks
- f. Jacks
- g. Diagnostic equipment

### Note:

ONLY ASSETS USED IN THE OPERATION OF THE DEALERSHIP BUSINESS SHOULD BE INCLUDED IN THESE ACCOUNTS.

Cost of assets should include additional items such as:

1. Expenses incidental to securing title
2. Installation and construction costs, including interest during construction
3. Accessories and optional equipment
4. Freight
5. Sales Tax

## 283 Parts and Accessories Equipment

*Assets*

*Fixed*

### Synopsis

Account 283 is established to record the acquisition cost of Parts & Accessories Equipment purchased by the dealership and used in the automobile business.

| Debits  | Credits   |
|---|---|
| 1. The Cost of Parts and Accessories equipment acquired<br>2. The Cost of Parts and Accessories equipment built | 1. The Cost of Parts and Accessories equipment sold and otherwise disposed of |

### Comments

A debit balance represents the cost of equipment acquired and built for use in the parts and accessories department. This includes items of a movable nature, not a permanent part of the building, such as:

- a. Cabinets
- b. Containers
- c. Counters
- d. Parts bins
- e. Shelves
- f. Showcases

### Note:

ONLY ASSETS USED IN THE OPERATION OF THE DEALERSHIP BUSINESS SHOULD BE INCLUDED IN THESE ACCOUNTS.

Cost of assets should include additional items such as:

1. Expenses incidental to securing title
2. Installation and construction costs, including interest during construction
3. Accessories and optional equipment
4. Freight
5. Sales Tax

## 284 Furniture and Fixtures

*Assets*

*Fixed*

### Synopsis

Account 284 is established to record the acquisition cost of Furniture and Fixtures purchased by the dealership and used in the automobile business.

| Debits  | Credits  |
|---|--|
| 1. The Cost of furniture and fixtures acquired<br>2. The Cost of furniture and fixtures built | 1. The Cost of furniture and fixtures sold and otherwise disposed of |

### Comments

A debit balance represents the cost of furniture and fixtures acquired and built for use in the business, such as:

- a. Chairs
- b. Desks
- c. File cabinets
- d. Moveable partitions
- e. Office machines
- f. Rugs
- g. Safes
- h. Signs
- i. Tables
- j. Telephone equipment

### Note:

ONLY ASSETS USED IN THE OPERATION OF THE DEALERSHIP BUSINESS SHOULD BE INCLUDED IN THESE ACCOUNTS.

Cost of assets should include additional items such as:

1. Expenses incidental to securing title
2. Installation and construction costs, including interest during construction
3. Accessories and optional equipment
4. Freight
5. Sales Tax

## 285 Company Vehicles

*Assets*

*Fixed*

### Synopsis

Account 285 is established to record the inventory value of vehicle placed in Company Vehicle service.

| Debits   | Credits  |
|--|--|
| <ol style="list-style-type: none"><li>1. The Internal selling price of vehicles placed in permanent company service</li><li>2. The Internal selling price of dealer-installed special equipment, modifications, etc., and the labour and materials required for installation</li><li>3. The Cost of vehicles acquired from other dealers for permanent company service</li></ol> | <ol style="list-style-type: none"><li>1. The Cost of company vehicles sold and otherwise disposed of</li><li>2. The Cost of vehicles transferred to used vehicle inventories when taken out of service</li></ol> |

### Comments

A debit balance represents the cost of vehicles set aside for permanent company use, including items such as:

- a. Antique vehicles
- b. Courtesy vehicles
- c. Delivery vehicles
- d. Motorcycles
- e. Parts trucks
- f. Parts vans
- g. Tow trucks

### Note:

Company vehicles should be transferred to [Account 240, Used Cars](#) (inventory) or [Account 241, Used Trucks](#) (inventory) as applicable, prior to their sales as used vehicles. Such vehicles should be transferred at the lower of book or appraised wholesale value. Charge any excess to [Account 091, Depreciation Equipment](#).



ONLY ASSETS USED IN THE OPERATION OF THE DEALERSHIP BUSINESS SHOULD BE INCLUDED IN THESE ACCOUNTS.

Cost of assets should include additional items such as:

1. Expenses incidental to securing title
2. Installation and construction costs, including interest during construction
3. Accessories and optional equipment
4. Freight
5. Sales Tax

## 286 Leaseholds

*Assets*

*Fixed*

### Synopsis

Account 286 is established to record the purchase price of Leasehold Improvements on property leased by the dealership and used in the automobile business.

| Debits  | Credits   |
|---|---|
| <ol style="list-style-type: none"><li>1. The Cost of leaseholds and of buildings situated on leased land</li><li>2. The Cost of improvements to leasehold and to building situated on leased land. This includes entirely new buildings, permanent improvements to existing buildings, paving, etc.</li></ol> | <ol style="list-style-type: none"><li>1. The Cost of leaseholds and buildings and improvements sold and otherwise disposed of</li></ol> |

### Comments

A debit balance represents the cost of leaseholds, buildings situated on leased land and improvements to leaseholds and buildings.

## 287 Information Technology - Hardware

*Assets*

*Fixed*

### Synopsis

Account 287 is established to record the acquisition cost of Information Technology computer hardware purchased by the dealership and used in the automobile business.

| Debits                     | Credits  |
|----------------------------|--|
| 1. The Cost of IT Hardware | 1. The cost of IT Hardware when sold or otherwise disposed |

### Comments

A debit balance represents the initial cost of IT Hardware including shipping costs and sales tax.

IT Hardware is any piece of computer equipment - whether it's a laptop, desktop, computer monitor, mouse, keyboard, printer, etc.

### Note:

ONLY ASSETS USED IN THE OPERATION OF THE DEALERSHIP BUSINESS SHOULD BE INCLUDED IN THESE ACCOUNTS.

Cost of assets should include additional items such as:

1. Expenses incidental to securing title
2. Installation and construction costs, including interest during construction
3. Accessories and optional equipment
4. Freight
5. Sales Tax

## 288 Information Technology - Software

### Assets

### Fixed

### Synopsis

Account 288 is established to record the acquisition price or license cost of Information Technology computer Software purchased by the dealership and used in the automobile business.

| Debits  | Credits   |
|---|---|
| 1. The Cost to acquire or license IT Software | 1. The final value of IT Software when removed from service or otherwise disposed |

### Comments

IT Software is typically acquired under a license from the Software supplier. The acquisition cost is capitalized as a Fixed Asset while it used on a computer owned or operated by the dealership. This applies to Software used on personal computers as well as larger network systems connecting various departments within the entire dealership.

### Note:

ONLY ASSETS USED IN THE OPERATION OF THE DEALERSHIP BUSINESS SHOULD BE INCLUDED IN THESE ACCOUNTS.

Cost of assets should include additional items such as:

1. Expenses incidental to securing title
2. Installation and construction costs, including interest during construction
3. Accessories and optional equipment
4. Freight
5. Sales Tax

## 289 Other Fixed Assets

Assets

Fixed

### Synopsis

Account 289 is established to record the acquisition costs of Other Fixed Assets purchased by the dealership and which cannot properly be recorded in any other account.

| Debits                            | Credits   |
|-----------------------------------|---|
| 1. The cost of Other fixed assets | 1. The cost of Other Fixed Assets when sold or otherwise disposed |

### Comments

This account is provided to show extraneous fixed assets that are used in franchise operations. This account should show the combined balances of all accounts representing the cost of any fixed assets that are used in operations, but which are not otherwise provided for in one of the regular fixed asset accounts. This would include such items as boats, airplanes, recreational property, etc.

### Note:

ONLY ASSETS USED IN THE OPERATION OF THE DEALERSHIP BUSINESS SHOULD BE INCLUDED IN THESE ACCOUNTS.

Cost of assets should include additional items such as:

1. Expenses incidental to securing title
2. Installation and construction costs, including interest during construction
3. Accessories and optional equipment
4. Freight
5. Sales Tax

## 291 Life Insurance - Cash Value

*Assets*

*Other*

### Synopsis

Account 291 is established to record the value of the Cash Surrender Value of Life Insurance purchased by the dealership and for which the dealership is the beneficiary.

| Debits   | Credits   |
|--|---|
| 1. Periodic increase in the cash surrender value of policies | 1. The Cash surrender values of policies terminated<br>2. Decreases to the cash surrender value when used to pay premiums |

### Comments

A debit balance represents the cash surrender values of life insurance policies owned by the dealership and for which the dealership is the beneficiary.

## 293 Notes and Accounts Receivable - Officers

*Assets*

*Other*

### Synopsis

Account 293 is established to record the amounts owed to the dealership by Officers and / or stockholders.

| Debits  | Credits   |
|---|---|
| 1. Notes and accounts due from active and inactive officers and from stockholders | 1. Payments received from officers and stockholders |

### Comments

A debit balance represents notes and accounts due from active and inactive officers and from stockholders.

### Note:

1. This account is for use by corporations only.
2. A detail of these items should be made in this account or in a suitable subsidiary record.

## 294 Notes and Accounts Receivable - Other

*Assets*

*Other*

### Synopsis

Account 294 is established to record the amounts owed to the dealership by Other parties such as employees, subsidiaries, affiliated companies and third parties who are not customers.

| Debits   | Credits  |
|--|--|
| 1. The amounts due from employees, subsidiary and affiliated enterprises and outsiders | 1. The amount of payments received from employees, subsidiary and affiliated enterprises and outsiders<br>2. Notes and accounts considered uncollectible |

### Comments

A debit balance represents receivables for which no provision has been made, such as:

- a. Notes, accounts, loans and advances due from all employees, excluding current balances due for merchandise which should be included with customer notes and accounts receivable
- b. Loans and advances to subsidiary and affiliated enterprises, including amounts due for merchandise when extended terms have been granted
- c. Loans and advances to outsiders

### Note:

A detail of these items should be made in this account or in a suitable subsidiary record.



## 296 Other Investments and Miscellaneous Assets

### Assets

### Other

### Synopsis

Account 296 is established to record the amount of Other Investments and Miscellaneous Assets owned by the dealership.

| Debits  | Credits  |
|---|--|
| <ol style="list-style-type: none"><li>1. The Cost of securities acquired which are intended to be retained as long-term investments (stocks and bonds)</li><li>2. The Cost of securities acquired which are not of a readily marketable nature (stocks and bonds)</li><li>3. The Cost of real estate not used in the operation of the business</li><li>4. The Cost of club memberships</li><li>5. The Cost of miscellaneous assets not intended for resale</li><li>6. The Cost of investments in subsidiary and affiliated enterprises</li><li>7. The Cost of investments in purchasing cooperatives</li><li>8. The amount of organization expense if capitalized</li><li>9. Deposits on contracts as a guarantee of performance</li><li>10. The amount of items of expense paid in advance relative to these assets</li><li>11. The Cost of other assets acquired</li><li>12. Goodwill</li></ol> | <ol style="list-style-type: none"><li>1. The monthly provision for depreciation</li><li>2. The expired portion of items of expenses paid</li><li>3. The write down of securities to market value</li><li>4. Deposits returned</li><li>5. The book value of assets sold and otherwise disposed of</li><li>6. The Adjustments for net losses of subsidiary and affiliated enterprises whose net equity is recorded in this account</li></ol> |

## Comments

A debit balance represents the book value of assets not used in the business and not otherwise provided for.

## Note:

1. Cost of assets should include additional items such as:
  - a. Expenses incidental to securing title
  - b. Installation and construction costs
  - c. Freight
  - d. Sales Tax
2. A detail of these assets should be made in this account or in a suitable subsidiary record.
3. Income and expenses relating to these assets should be recorded in [Account 905, Other Income](#) or [Account 955, Other Deductions](#), as applicable.

# 300 Accounts Payable – Trade Creditors

## Liabilities

### Accounts Payable

#### Synopsis

Account 300 is established to record the amounts payable to suppliers and vendors.

| Debits  | Credits   |
|---|---|
| <ol style="list-style-type: none"><li>1. The amount of cash discounts taken</li><li>2. Payments made on open account</li><li>3. Payments made on used and repossessed vehicles acquired</li><li>4. Purchases returned to suppliers</li><li>5. The amount of credit memos received from vendors or suppliers</li><li>6. Payments transmitted to others for customers</li></ol> | <ol style="list-style-type: none"><li>1. Purchases on open account</li><li>2. Liens due on used vehicles</li><li>3. Balances due on repossessed vehicles</li><li>4. Payments collected from customers for transmittal to others</li></ol> |

#### Comments

A credit balance represents the net balance due trade creditors.

Amounts owed to vendors through an established open account are credited to this account. Payments tendered to vendors are debited. An accounts payable subsidiary ledger should be established for each vendor. A purchase order system should be utilized so that all purchases are authorized by management and payments are matched to the amount authorized. Each vendor's account should be reviewed at the end of the month and discrepancies should be resolved immediately.

Debit balances should be shown as Accounts Payable Debit Balances in the Receivables section on page 7, Line 58.

# 310 Notes Payable – New Vehicles and Demonstrators

## Liabilities

### Notes Payable

#### Synopsis

Account 310 is established to record the amounts paid or payable to financial institutions for New Vehicle inventory financed on a short term line of credit. This line of credit is secured by the vehicles themselves and is commonly referred to as the “floor plan”.

| Debits  | Credits  |
|---|--|
| <ol style="list-style-type: none"><li>1. Payments made</li><li>2. Amount due on vehicles placed in the Driver Training Program and in permanent company service</li><li>3. Amount due on vehicles sold to other departments</li></ol> | <ol style="list-style-type: none"><li>1. Notes payable on new vehicles and demonstrators</li></ol> |

#### Comments

A credit balance represents the amounts owed to finance institutions on notes secured by new vehicles and demonstrators in inventory and new vehicles sold for which delayed payments have been authorized.

## 311 Notes Payable – Used Vehicles

### *Liabilities*

### *Notes Payable*

#### Synopsis

Account 311 is established to record the amounts paid or payable to financial institutions for Used Vehicle inventory financed on a short term line of credit. This line of credit is secured by the vehicles themselves and is commonly referred to as the “floor plan”.

| Debits                         | Credits                           |
|--------------------------------|-----------------------------------|
| 1. The amount of payments made | 1. Notes payable on used vehicles |

#### Comments

A credit balance represents the amount owed to finance institutions on notes secured by used vehicles.

## 312 Notes Payable – Lease and Rental Units

### *Liabilities*

### *Notes Payable*

#### Synopsis

Account 312 is established to record the amounts paid or payable to financial institutions for Lease and Rental Units inventory financed on a short term line of credit. This line of credit is secured by the vehicles themselves and is commonly referred to as the “floor plan”.

| Debits                                  | Credits  |
|---|--|
| 1. Prepaid interest<br>2. Payments made | 1. Notes payable on lease and rental units<br>2. Expired portion of prepaid interest |

#### Comments

A credit balance represents the amounts owed to financial institutions on notes secured by lease and rental units.

## 314 Notes Payable – Other

### Liabilities

### Notes Payable

#### Synopsis

Account 314 is established to record amounts paid or payable on short term loans. Credit lines to floor Company Vehicles, Driver Training cars or to finance other notes payable within the next 12 months are typical of Notes Payable covered by this account.

| Debits   | Credits  |
|--|--|
| <ol style="list-style-type: none"><li>1. Prepaid interest</li><li>2. Payments made</li></ol> | <ol style="list-style-type: none"><li>1. Notes payable on driver training vehicles</li><li>2. Notes payable on permanent company vehicles</li><li>3. Other notes payable due within 12 months from the current operating report date</li><li>4. Portion of long term notes payable, including mortgages, due within 12 months</li><li>5. Expired portion of prepaid interest</li></ol> |

#### Comments

A credit balance represents the amount owed on notes secured by driver training and permanent company vehicles and on notes not otherwise provided for.

#### Note:

The amount of notes due beyond the next 12 month period is recorded in [Account 334, Long Term Debt](#). In the case of Real Estate Mortgages, the long term portion (beyond 12 months) is recorded in [Account 335, Mortgages Payable – Real Estate](#).

# 315 G.S.T. Payable/H.S.T.

## Liabilities

### Notes Payable

#### Synopsis

Account 315 is established to record amounts payable to the government for Goods and ServiceTax and/or Harmonized Sales Tax.

| Debits   | Credits  |
|--|--|
| <ol style="list-style-type: none"><li>1. The amount of G.S.T./H.S.T. incurred on qualifying purchases</li><li>2. The amount of G.S.T./H.S.T. paid when filing the monthly return</li></ol> | <ol style="list-style-type: none"><li>1. The amount of G.S.T./H.S.T. billed on sales</li><li>2. The amount transferred to offset a debit balance from this account to Account, 265, G.S.T./H.S.T. Receivable</li></ol> |

#### Comments

A credit balance represents the amount owed and payable to the government for G.S.T./H.S.T. billed and collected on sales.

A debit balance represents the amount due as a refund for G.S.T./H.S.T. paid on qualifying purchases by the dealership.

#### Note:

At the end of each month a return should be filed. During the course of normal business, the G.S.T./H.S.T. billed on sales will exceed the G.S.T./H.S.T. paid on qualifying purchases. This results in a credit balance. When payment is made, the amount is debited to this account to clear the amount owed.

On occasion, the G.S.T./H.S.T. incurred on qualifying purchases may be higher than the G.S.T./H.S.T. payable. This results in a debit balance and represents the amount of a refund due to the dealership. The amount of the debit balance is transferred to Asset Account 265, G.S.T./H.S.T. Receivable and held as a receivable until the refund cheque is received



## 320 Interest Payable

*Liabilities*

*Accrued*

### Synopsis

Account 320 is established to record amounts of Interest payable or accrued on loans held by the dealership.

| Debits           | Credits  |
|------------------|--|
| 1. Payments made | 1. Monthly portion of interest on interest-bearing obligations |

### Comments

A credit balance represents unpaid interest which has accumulated on all interest-bearing obligations.

# 321 Salaries, Wages and Commissions Payable

*Liabilities*

*Accrued*

## Synopsis

Account 321 is established to record amounts payable to or accrued for employees in the form of Salaries, Wages and Commissions.

| Debits                   | Credits  |
|--------------------------|--|
| 1. Net compensation paid | 1. Compensation earned by employees including absentee pay |

## Comments

A credit balance represents unpaid salaries, wages and commissions earned by employees.

## 322 Insurance Payable

*Liabilities*

*Accrued*

### Synopsis

Account 322 is established to record the amount of Insurance premiums payable or accrued to cover policies held by the dealership.

| Debits  | Credits  |
|---|--|
| <ol style="list-style-type: none"><li>1. Payments made</li><li>2. Advance deposits applied in settlement of earned premiums</li></ol> | <ol style="list-style-type: none"><li>1. Insurance premiums due or accrued</li></ol> |

### Comments

A credit balance represents insurance premiums which have not been paid or applied against advance deposits.

## 323 Payroll Taxes Payable

*Liabilities*

*Accrued*

### Synopsis

Account 323 is established to record the amount of Payroll Taxes payable or accrued.

| Debits           | Credits   |
|------------------|---|
| 1. Payments made | 1. Employees' taxes withheld<br>2. Employer's taxes on payrolls |

### Comments

A credit balance represents unpaid payroll taxes.

## 324 Sales Tax Payable

*Liabilities*

*Accrued*

### Synopsis

Account 324 is established to record the amount of Sales Tax payable or accrued.

| Debits  | Credits  |
|---|--|
| 1. Net payments made<br>2. Revenue for collecting sales taxes | 1. Sales tax collected<br>2. Use taxes payable |

### Comments

A credit balance represents unpaid sales and use taxes.

### Note:

If applicable, federal excise tax and luxury tax can be handled through separate general ledger sub-accounts, [Account 324A, Sales Taxes Payable – Excise Taxes](#) and [Account 324B, Sales taxes Payable – Luxury Taxes](#). At month-end, these sub-accounts should be combined and shown with [Account 324, Sales Taxes payable](#) on the trial balance and operating report.

## 325 Other Taxes Payable

*Liabilities*

*Accrued*

### Synopsis

Account 325 is established to record the amount of Other Taxes payable or accrued.

| Debits           | Credits  |
|------------------|--|
| 1. Payments made | 1. Provision for real estate taxes payable<br>2. Provision for personal property taxes payable<br>3. Provision for gross receipts taxes payable<br>4. Provision for state and local taxes payable, not based on income |

### Comments

A credit balance represents unpaid taxes other than payroll, sales, use and income taxes.

## 327 Income Taxes Payable

*Liabilities*

*Accrued*

### Synopsis

Account 327 is established to record the amount of current Income Taxes payable or accrued.

| <b>Debits</b>  | <b>Credits</b>  |
|--|---|
| <ol style="list-style-type: none"><li>1. Monthly provision to equal year-to-date income taxes payable</li><li>2. Payments made</li></ol> | <ol style="list-style-type: none"><li>1. Monthly provision to equal year-to-date income taxes payable</li></ol> |

### Comments

A credit balance represents unpaid Federal, Provincial and Local income taxes.

# 328 Employees Incentives / Bonuses Payable

*Liabilities*

*Accrued*

## Synopsis

Account 328 is established to record the amount of Employee Incentive Pay or Bonuses payable or accrued.

| Debits   | Credits   |
|--|---|
| <ol style="list-style-type: none"><li>1. Monthly provision to equal year-to-date bonuses payable to employees</li><li>2. Net payments made</li></ol> | <ol style="list-style-type: none"><li>1. Monthly provision equal to year-to-date bonuses payable to employees</li></ol> |

## Comments

A credit balance represents unpaid employees bonuses.



## 329 Owners Bonuses Payable

*Liabilities*

*Accrued*

### Synopsis

Account 329 is established to record the amount of Bonuses payable or accrued for payment to Owners.

| Debits  | Credits  |
|---|--|
| <ol style="list-style-type: none"><li>1. Monthly provision to equal year-to-date bonuses payable to Owners</li><li>2. Payments made</li></ol> | <ol style="list-style-type: none"><li>1. Monthly provision equal to year-to-date bonuses payable to Owners</li></ol> |

### Comments

A credit balance represents unpaid Owners bonuses.

## 330 Retirement Fund Payable

*Liabilities*

*Accrued*

### Synopsis

Account 330 is established to record the amount of funds payable or accrued for payment toward a Retirement Fund.

| Debits           | Credits   |
|------------------|---|
| 1. Payments made | 1. Provision for employer's contribution to an employee retirement fund<br>2. Employees' contributions to an employee retirement fund |

### Comments

A credit balance represents unpaid contributions to an employee retirement fund.

## 331 Other Payable

*Liabilities*

*Accrued*

### Synopsis

Account 331 is established to record the amount payable or accrued for Other Payables.

| Debits  | Credits   |
|---|---|
| <ol style="list-style-type: none"><li>1. Payments made</li><li>2. Dividends paid which were previously declared</li></ol> | <ol style="list-style-type: none"><li>1. Provision for other accrued expenses payable</li><li>2. Dividends declared and payable</li></ol> |

### Comments

A credit balance represents other payables and accrued expenses for items such as:

- a. Charitable contributions
- b. Inventory service
- c. Legal and auditing fees
- d. Rent
- e. Dividends

## 332 Other (Reserves)

*Liabilities*

*Long Term*

### Synopsis

Account 332 is established to record other reserves for potential losses, which can reasonably be anticipated. For example, when notice is received that a company owning the dealership files for bankruptcy, the monies owed may end up in default. The potential loss should be set up as a reserve in this account.

| Debits   | Credits  |
|--|--|
| 1. The amount of write off related to debts credited to this account | 1. The amount of potential losses outstanding from debtors who have indicated that payment is unlikely |

### Comments

This account is provided to show extraneous reserves, which might be necessary, such as reserves set up for anticipated losses on notes receivable that have been subject to forfeiture by finance institutions or other providers.

### Note:

As an example, in recent history, several privately owned extended warranty firms have gone out of business while still owing claim payments to dealers.

## 333 Deferred Taxes

*Liabilities*

*Long Term*

### Synopsis

Account 333 is established to record reserves for taxes, which are due beyond the next 12 month period.

| Debits | Credits  |
|--------|--|
|        | 1. The amount of taxes that have been deferred for payment beyond the next 12 months |

### Comments

Deferred Taxes is established to present the estimated actual taxes to be paid in future years.

### Note:

Professional tax and accounting advice should be obtained regarding Deferred Taxes.

## 334 Long Term Debt

### Liabilities

### Long Term

#### Synopsis

Account 334 is established to record the portion of loans, which are due beyond the next 12 month period. The current portion of such loans (due within the next 12 months) is recorded in [Account 314, Notes Payable – Other](#).

| Debits                                  | Credits   |
|---|---|
| 1. Prepaid interest<br>2. Payments made | 1. Obligations payable not due within 12 months<br>2. Expired portion of prepaid interest |

#### Comments

A credit balance represents amounts NOT DUE within 12 months from the current operating report date and not secured by real estate or vehicles.

#### Note:

A detail of these liabilities should be made in this account or a suitable subsidiary record. This detail should indicate which notes, if any, are eligible for the Qualified Long Term Debt Working Capital Exclusion by meeting the following three criteria:

1. The note must be payable to the owner of a substantial equity interest.
2. Principal payments must be restricted to profits.
3. The amount to be excluded is limited to 50% of the Working Capital Standard.

## 335 Mortgages Payable – Real Estate

*Liabilities*

*Long Term*

### Synopsis

Account 335 is established to record the amount due beyond the next 12 months for loans secured by real estate used by the dealership in the automobile business.

| Debits                         | Credits  |
|--------------------------------|--|
| 1. The amount of payments made | 1. Notes payable secured by real estate not due within 12 months |

### Comments

A credit balance: represents amounts NOT DUE within 12 months from the current operating report date and secured by real estate.

### Note:

The current amount of Real Estate Mortgages is recorded in [Account 314, Notes Payable – Other](#).

## 340 Allowance for Doubtful Accounts

*Liabilities*

*Contra Assets*

### Synopsis

Account 340 is established to record the reserve for bad debts.

| Debits   | Credits  |
|--|--|
| <ol style="list-style-type: none"><li>1. Customer receivables considered uncollectible</li><li>2. Monthly <b>decrease</b> of the provision to equal total customer receivables over 90 days past due</li></ol> | <ol style="list-style-type: none"><li>1. Establishment of the provision to equal total customer receivables over 90 days past due</li><li>2. Monthly increase of the provision to equal total customer receivables over 90 days past due</li></ol> |

### Comments

A credit balance represents the provision for possible losses on uncollectible customer notes and accounts receivable.

All receivables should be aged and collection efforts should be intensified, as debts remain unpaid. Professional tax and accounting advice should be obtained regarding the disposition of "bad debts."



## 347 Accumulated Depreciation - Lease and Rental Units

*Liabilities*

*Contra Assets*

### Synopsis

Account 347 is established to record the Accumulated Depreciation of Lease and Rental Units currently in service. These Lease and Rental units are assets owned by the dealership.

| Debits  | Credits                               |
|---|---------------------------------------|
| 1. Accumulated depreciation of Lease and Rental units sold or otherwise disposed of | 1. Monthly provision for depreciation |

### Comments

A credit balance represents the accumulated depreciation of lease and rental units.

### Note:

Professional tax and accounting advice should be obtained regarding the proper handling and depreciation of Lease and Rental Units.

# 351 Accumulated Depreciation of Buildings and Improvements

*Liabilities*

*Contra Assets*

## Synopsis

Account 351 is established to record the total Depreciation applied to Buildings and Improvements used by the dealership in the automobile business.

| Debits   | Credits                               |
|--|---------------------------------------|
| 1. Accumulated depreciation of buildings and improvements sold and otherwise disposed of | 1. Monthly provision for depreciation |

## Comments

A credit balance represents the accumulated depreciation of buildings and improvements used in the operation of the business.

## Note:

Professional tax and accounting advice should be obtained regarding the proper method of depreciation, which can be applied to Buildings and Improvements.

# 352 Accumulated Depreciation of Machinery and Shop Equipment

*Liabilities*

*Contra Assets*

## Synopsis

Account 352 is established to record the total Depreciation applied to Machinery and Shop Equipment used by the dealership in the automobile business.

| Debits   | Credits                               |
|--|---------------------------------------|
| 1. Accumulated depreciation of machinery and shop equipment sold and otherwise disposed of | 1. Monthly provision for depreciation |

## Comments

A credit balance represents the accumulated depreciation of machinery and shop equipment used in the operation of the business.

## Note:

Professional tax and accounting advice should be obtained regarding the proper method of depreciation, which can be applied to Machinery and Shop Equipment.

# 353 Accumulated Depreciation of Parts and Accessories Equipment

*Liabilities*

*Contra Assets*

## Synopsis

Account 353 is established to record the total Depreciation applied to Parts and Accessories Equipment.

| <b>Debits</b>   | <b>Credits</b>                        |
|---|---------------------------------------|
| 1. Accumulated depreciation of parts and accessories equipment sold and otherwise disposed of | 1. Monthly provision for depreciation |

## Comments

A credit balance represents the accumulated depreciation of parts and accessories equipment used in the operation of the business.

## Note:

Professional tax and accounting advice should be obtained regarding the proper method of depreciation, which can be applied to Parts and Accessories Equipment.

## 354 Accumulated Depreciation of Furniture and Fixtures

*Liabilities*

*Contra Assets*

### Synopsis

Account 354 is established to record the total Depreciation of Furniture and Fixtures owned by the dealership and used in the automobile business.

| Debits   | Credits                               |
|--|---------------------------------------|
| 1. Accumulated depreciation of furniture and fixtures sold and otherwise disposed of | 1. Monthly provision for depreciation |

### Comments

A credit balance represents the accumulated depreciation of furniture and fixtures used in the operation of the business.

### Note:

Professional tax and accounting advice should be obtained regarding the proper method of depreciation, which can be applied to Furniture and Fixtures.

# 355 Accumulated Depreciation of Company Vehicles

*Liabilities*

*Contra Assets*

## Synopsis

Account 355 is established to record the total Depreciation applied to Company Vehicles owned by the dealership and used in the automobile business.

| Debits   | Credits                               |
|--|---------------------------------------|
| 1. Accumulated depreciation of company vehicles sold and otherwise disposed of | 1. Monthly provision for depreciation |

## Comments

A credit balance represents the accumulated depreciation of permanent company vehicles used in the operation of the business.

## Note:

Professional tax and accounting advice should be obtained regarding the proper method of depreciation, which can be applied to Company Vehicles.

## 356 Accumulated Amortization of Leaseholds

*Liabilities*

*Contra Assets*

### Synopsis

Account 356 is established to record the total Amortization of Leasehold improvements on property rented by the dealership and used in the automobile business.

| Debits   | Credits                               |
|--|---------------------------------------|
| 1. Accumulated amortization of leaseholds improvements sold or otherwise disposed of | 1. Monthly provision for amortization |

### Comments

A credit balance represents the accumulated amortization of leaseholds and leasehold improvements used in the operation of the business.

### Note:

Professional tax and accounting advice should be obtained regarding the proper method of amortization, which can be applied to Leasehold improvements.

## 357 Accumulated Depreciation of IT - Hardware

*Liabilities*

*Contra Assets*

### Synopsis

Account 357 is established to record the total Depreciation applied to computer Hardware owned by the dealership and used in the automobile business.

| Debits   | Credits  |
|--|--|
| 1. The total amount of Depreciation applied to IT Hardware when the Hardware is sold or otherwise disposed | 1. The monthly provision for Depreciation applied to IT Hardware |

### Note:

Professional tax and accounting advice should be obtained regarding the proper method of depreciation, which can be applied to IT Hardware.



## 358 Accumulated Depreciation of IT – Software

*Liabilities*

*Contra Assets*

### Synopsis

Account 358 is established to record the total Depreciation applied to IT Software purchased or licensed by the dealership for use in the automobile business.

| Debits   | Credits  |
|--|--|
| 1. The total amount of Depreciation applied to IT computer Software when such Software is sold or otherwise disposed | 1. The monthly provision for Depreciation applied to IT software |

### Note:

Professional tax and accounting advice should be obtained regarding the proper method of depreciation, which can be applied to IT computer Software.

## 359 Accumulated Depreciation - Other

*Liabilities*

*Contra Assets*

### Synopsis

Account 359 is established to record the total Depreciation of assets which are recorded in [Account 289, Other Fixed Assets](#).

| Debits  | Credits   |
|---|---|
| 1. The total amount of Depreciation applied to Assets recorded in <a href="#">Account 289, Other Fixed Assets</a> when any of these assets are sold or otherwise disposed | 1. The monthly provision for Depreciation applied to Other Fixed Assets held in Account 289 |

### Comments

This account is provided to show accumulated depreciation on all of the assets included in [Account 289, Other Fixed Assets](#).

### Note:

Professional tax and accounting advice should be obtained regarding the proper method of depreciation, which can be applied to Other Fixed Assets.

## 360 Capital Stock and Additional Paid-In Capital

*Owner's Equity*

*Net Worth*

### Synopsis

Account 360 is established to record the amount of capitalization for dealerships, which are organized as corporations. This account cannot be used by dealerships set up as partnerships or proprietorships (see [Account 380, Investments](#)).

| Debits  | Credits   |
|---|---|
| 1. Par or assigned value of capital stock retired | 1. Par or assigned value of capital stock issued<br>2. Additional paid-in capital |

### Comments

A credit balance represents the par or assigned value of capital stock outstanding and additional paid-in capital.

### Note:

Separate general ledger accounts should be established for each class of stock and additional paid-in capital. The balances in these accounts should be combined with [Account 360, Capital Stock & Additional Paid In Capital](#) on the trial balance.

If a corporation purchases its own capital stock, one of the following procedures should be utilized.

- A. If the stock is retired, its par or assigned value should be recorded in [Account 360, Capital Stock & Additional Paid In Capital](#).

Amounts paid in excess of par or assigned value should be recorded in [Account 370, Retained Earnings](#).

If purchased for less, the discount should be credited to an account captioned Paid-In Surplus. The balance in this account should be combined with [Account 360, Capital Stock & Additional Paid In Capital](#) on the trial balance.

- B. If the stock is not retired, it should be recorded, at cost, in an account captioned Treasury Stock. The balance in this account should be combined with [Account 360, Capital Stock & Additional Paid In Capital](#) on the trial balance.

- C. If legal considerations require a recording and operating report presentation different than outlined above, such procedure should be followed.

## 370 Retained Earnings

*Owner's Equity*

*Net Worth*

### Synopsis

Account 370, Retained Earnings is established to record the accumulated profit (or loss) of the dealership. This account is for use by corporations only.

| Debits  | Credits   |
|---|---|
| <ol style="list-style-type: none"><li>1. Amounts paid in excess of par or assigned value of capital stock retired</li><li>2. Balance in the dividends account at the end of the accounting year</li><li>3. Net loss at the end of the accounting year</li></ol> | <ol style="list-style-type: none"><li>1. Net profit at the end of the accounting year</li></ol> |

### Comments

A credit balance represents retained profits accumulated in prior years in an incorporated business.

## 375 Dividends

*Owner's Equity*  
*Net Worth*

### Synopsis

Account 375 is established to record the amount of Dividends paid or payable to stockholders as declared by the Board of Directors. This account is for corporations only.

| <b>Debits</b>                             | <b>Credits</b>  |
|---|---|
| 1. Dividends paid during the current year | 1. Balance in the account at the end of the accounting year |

## 380 Investments

*Owner's Equity*

*Net Worth*

### Synopsis

Account 380 is established for partnerships and proprietorships to record the Investments of owners. Corporations may not use this account.

| Debits   | Credits  |
|--|--|
| <ol style="list-style-type: none"><li>1. Balance in the drawings account at the end of the accounting year</li><li>2. Net loss at the end of the accounting year</li></ol> | <ol style="list-style-type: none"><li>1. Investments in an unincorporated business</li><li>2. Net Profit at the end of the accounting year</li></ol> |

### Comments

A credit balance represents the investment and retained profits accumulated in prior years in an unincorporated business.

### Note:

Separate general ledger accounts should be provided for each partner. The balances in these accounts should be combined in [Account 380, Investments](#) on the operating report.

## 390 Drawings

*Owner's Equity*

*Net Worth*

### Synopsis

[Account 390, Drawings](#) is established to record the amount of funds withdrawn from the dealership by partners or owners of an unincorporated business.

| Debits   | Credits   |
|--|---|
| 1. Withdrawals (other than salaries) during the current year by a proprietor and by partners | 1. Balance in the account at the end of the accounting year |

### Note:

Separate general ledger accounts should be provided for each partner. The balances in these accounts should be combined in [Account 390, Drawings](#) on the operating report.

## 399 Profit and Loss

*Owner's Equity*

*Net Worth*

### Synopsis

Account 399 is established to report the Profit or Loss of the dealership.

| <b>Debits</b>  | <b>Credits</b>   |
|--|--|
| <ol style="list-style-type: none"><li>1. Total of all costs of sales accounts at the end of the accounting year</li><li>2. Total of all expense accounts at the end of the accounting year</li><li>3. Total of all deductions from income accounts at the end of the accounting year</li><li>4. Net profit at the end of the accounting year</li></ol> | <ol style="list-style-type: none"><li>1. Total of all sales accounts at the end of the accounting year</li><li>2. Total of all lease and rental income and sales accounts at the end of the accounting year</li><li>3. Total of all additions to income accounts at the end of the accounting year</li><li>4. Net loss at the end of the accounting year</li></ol> |



## New GM Accounts by Model, Engine, and Sale Type

### CHEVROLET ICE

| Cars            | Sales        | Cost of Sales |  | Trucks             | Sales        | Cost of Sales |
|-----------------|--------------|---------------|--|--------------------|--------------|---------------|
|                 | A/C          | A/C           |  |                    | A/C          | A/C           |
| VOLT            | 400A         | 600A          |  | DO NOT USE         | 423A         | 623A          |
| MALIBU          | 401A         | 601A          |  | DO NOT USE         | 424A         | 624A          |
| SONIC           | 402A         | 602A          |  | EXPRESS            | 425A         | 625A          |
| IMPALA          | 403A         | 603A          |  | COLORADO           | 426A         | 626A          |
| SPARK           | 404A         | 604A          |  | TRAVERSE           | 427A         | 627A          |
| CORVETTE        | 405A         | 605A          |  | TRAX               | 428A         | 628A          |
| CORVETTE E-RAY  | 406A         | 606A          |  | TAHOE/SUBURBAN     | 429A         | 629A          |
| DO NOT USE      | 407A         | 607A          |  | LD 1500 SILVERADO  | 430A         | 630A          |
| DO NOT USE      | 408A         | 608A          |  | LD 2500 SILVERADO  | 431A         | 631A          |
| DO NO USE       | 409A         | 609A          |  | LD 3500 SILVERADO  | 432A         | 632A          |
| CAMARO          | 410A         | 610A          |  | BLAZER             | 433A         | 633A          |
| CRUZE           | 411A         | 611A          |  | EQUINOX            | 434A         | 634A          |
| DO NOT USE      | 412A         | 612A          |  | CITY EXPRESS       | 435A         | 635A          |
| DO NOT USE      | 413A         | 613A          |  | TRAILBLAZER        | 436A         | 636A          |
| DO NOT USE      | 414A         | 614A          |  | FOR FUTURE USE     | 437A         | 637A          |
| DO NOT USE      | 415A         | 615A          |  | OTHER CHEVROLET    | 438A         | 638A          |
| FOR FUTURE USE  | 416A         | 616A          |  |                    |              |               |
| DO NOT USE      | 417A         | 617A          |  |                    |              |               |
| OTHER CHEVROLET | 418A         | 618A          |  |                    |              |               |
| MEMO *e-CAR SLS | 419A         | 619A          |  | MEMO* e-TRK SLS    | 439A         | 639A          |
| TL CAR FLT GOV  | L / M series | L / M series  |  | TOTAL TRK FLT GOV  | L / M series | L / M series  |
| TL CAR INTERNAL | 421A         | 621A          |  | TOTAL TRK INTERNAL | 441A         | 641A          |

### CHEVROLET EV

| Cars               | Sales        | Cost of Sales |  | Trucks             | Sales        | Cost of Sales |
|--------------------|--------------|---------------|--|--------------------|--------------|---------------|
|                    | A/C          | A/C           |  |                    | A/C          | A/C           |
| DO NOT USE         | 400B         | 600B          |  | BOLT EUV           | 423B         | 623B          |
| DO NOT USE         | 401B         | 601B          |  | BOLT EV            | 424B         | 624B          |
| DO NOT USE         | 402B         | 602B          |  | BLAZER EV          | 425B         | 625B          |
| DO NOT USE         | 403B         | 603B          |  | EQUINOX EV         | 426B         | 626B          |
| DO NOT USE         | 404B         | 604B          |  | SILVERADO EV       | 427B         | 627B          |
| DO NOT USE         | 405B         | 605B          |  | DO NOT USE         | 428B         | 628B          |
| DO NOT USE         | 406B         | 606B          |  | DO NOT USE         | 429B         | 629B          |
| DO NOT USE         | 407B         | 607B          |  | DO NOT USE         | 430B         | 630B          |
| DO NOT USE         | 408B         | 608B          |  | DO NOT USE         | 431B         | 631B          |
| DO NOT USE         | 409B         | 609B          |  | DO NOT USE         | 432B         | 632B          |
| DO NOT USE         | 410B         | 610B          |  | DO NOT USE         | 433B         | 633B          |
| DO NOT USE         | 411B         | 611B          |  | DO NOT USE         | 434B         | 634B          |
| DO NOT USE         | 412B         | 612B          |  | DO NOT USE         | 435B         | 635B          |
| DO NOT USE         | 413B         | 613B          |  | DO NOT USE         | 436B         | 636B          |
| DO NOT USE         | 414B         | 614B          |  | DO NOT USE         | 437B         | 637B          |
| DO NOT USE         | 415B         | 615B          |  | DO NOT USE         | 438B         | 638B          |
| DO NOT USE         | 416B         | 616B          |  |                    |              |               |
| DO NOT USE         | 417B         | 617B          |  |                    |              |               |
| DO NOT USE         | 418B         | 618B          |  |                    |              |               |
| MEMO *e-CAR SLS    | 419B         | 619B          |  | MEMO *e-TRK SLS    | 439B         | 639B          |
| TL CAR FLT GOV     | L / M series | L / M series  |  | TOTAL TRK FLT GOV  | L / M series | L / M series  |
| TOTAL CAR INTERNAL | 421B         | 621B          |  | TOTAL TRK INTERNAL | 441B         | 641B          |

### BUICK ICE

| Cars               | Sales        | Cost of Sales |  | Trucks             | Sales        | Cost of Sales |
|--------------------|--------------|---------------|--|--------------------|--------------|---------------|
|                    | A/C          | A/C           |  |                    | A/C          | A/C           |
| REGAL              | 400D         | 600D          |  | DO NOT USE         | 423D         | 623D          |
| LACROSSE           | 401D         | 601D          |  | ENVISTA            | 424D         | 624D          |
| VERANO             | 402D         | 602D          |  | DO NOT USE         | 425D         | 625D          |
| DO NOT USE         | 403D         | 603D          |  | ENCLAVE            | 426D         | 626D          |
| DO NOT USE         | 404D         | 604D          |  | BUICK ENCORE GX    | 427D         | 627D          |
| DO NOT USE         | 405D         | 605D          |  | ENCORE             | 428D         | 628D          |
| DO NOT USE         | 406D         | 606D          |  | ENVISON            | 429D         | 626D          |
| DO NOT USE         | 407D         | 607D          |  | DO NOT USE         | 430D         | 630D          |
| DO NOT USE         | 408D         | 608D          |  | DO NOT USE         | 431D         | 631D          |
| DO NOT USE         | 409D         | 609D          |  | DO NOT USE         | 432D         | 632D          |
| DO NOT USE         | 410D         | 610D          |  | DO NOT USE         | 433D         | 633D          |
| DO NOT USE         | 411D         | 611D          |  | DO NOT USE         | 434D         | 634D          |
| DO NOT USE         | 412D         | 612D          |  | DO NOT USE         | 435D         | 635D          |
| DO NOT USE         | 413D         | 613D          |  | DO NOT USE         | 436D         | 636D          |
| DO NOT USE         | 414D         | 614D          |  | FOR FUTURE USE     | 437D         | 637D          |
| DO NOT USE         | 415D         | 615D          |  | OTHER BUICK        | 438D         | 638D          |
| FOR FUTURE USE     | 416D         | 616D          |  |                    |              |               |
| DO NOT USE         | 417D         | 617D          |  |                    |              |               |
| OTHER BUICK        | 418D         | 618D          |  |                    |              |               |
| MEMO* e-CAR SLS    | 419D         | 619D          |  | MEMO* e-TRK SLS    | 439D         | 639D          |
| TL CAR FLT GOV     | L / M series | L / M series  |  | TOTAL TRK FLT GOV  | L / M series | L / M series  |
| TOTAL CAR INTERNAL | 421D         | 621D          |  | TOTAL TRK INTERNAL | 441D         | 641D          |

### BUICK EV

| Cars               | Sales        | Cost of Sales |  | Trucks             | Sales        | Cost of Sales |
|--------------------|--------------|---------------|--|--------------------|--------------|---------------|
|                    | A/C          | A/C           |  |                    | A/C          | A/C           |
| DO NOT USE         | 400C         | 600C          |  | DO NOT USE         | 423C         | 623C          |
| DO NOT USE         | 401C         | 601C          |  | DO NOT USE         | 424C         | 624C          |
| DO NOT USE         | 402C         | 602C          |  | DO NOT USE         | 425C         | 625C          |
| DO NOT USE         | 403C         | 603C          |  | DO NOT USE         | 426C         | 626C          |
| DO NOT USE         | 404C         | 604C          |  | DO NOT USE         | 427C         | 627C          |
| DO NOT USE         | 405C         | 605C          |  | DO NOT USE         | 428C         | 628C          |
| DO NOT USE         | 406C         | 606C          |  | DO NOT USE         | 429C         | 629C          |
| DO NOT USE         | 407C         | 607C          |  | DO NOT USE         | 430C         | 630C          |
| DO NOT USE         | 408C         | 608C          |  | DO NOT USE         | 431C         | 631C          |
| DO NOT USE         | 409C         | 609C          |  | DO NOT USE         | 432C         | 632C          |
| DO NOT USE         | 410C         | 610C          |  | DO NOT USE         | 433C         | 633C          |
| DO NOT USE         | 411C         | 611C          |  | DO NOT USE         | 434C         | 634C          |
| DO NOT USE         | 412C         | 612C          |  | DO NOT USE         | 435C         | 635C          |
| DO NOT USE         | 413C         | 613C          |  | DO NOT USE         | 436C         | 636C          |
| DO NOT USE         | 414C         | 614C          |  | DO NOT USE         | 437C         | 637C          |
| DO NOT USE         | 415C         | 615C          |  | DO NOT USE         | 438C         | 638C          |
| DO NOT USE         | 416C         | 616C          |  |                    |              |               |
| DO NOT USE         | 417C         | 617C          |  |                    |              |               |
| DO NOT USE         | 418C         | 618C          |  |                    |              |               |
| MEMO* e-CAR SLS    | 419C         | 619C          |  | MEMO* e-TRK SLS    | 439C         | 639C          |
| TL CAR FLT GOV     | L / M series | L / M series  |  | TOTAL TRK FLT GOV  | L / M series | L / M series  |
| TOTAL CAR INTERNAL | 421C         | 621C          |  | TOTAL TRK INTERNAL | 441C         | 641C          |

### GMC ICE

| Cars               | Sales        | Cost of Sales |  | Trucks                  | Sales        | Cost of Sales |
|--------------------|--------------|---------------|--|-------------------------|--------------|---------------|
|                    | A/C          | A/C           |  |                         | A/C          | A/C           |
| DO NOT USE         | 400F         | 600F          |  | DO NOT USE              | 423F         | 623F          |
| DO NOT USE         | 401F         | 601F          |  | TERRAIN                 | 424F         | 624F          |
| DO NOT USE         | 402F         | 602F          |  | SAVANA                  | 425F         | 625F          |
| DO NOT USE         | 403F         | 603F          |  | CANYON                  | 426F         | 626F          |
| DO NOT USE         | 404F         | 604F          |  | DO NOT USE              | 427F         | 627F          |
| DO NOT USE         | 405F         | 605F          |  | DO NOT USE              | 428F         | 628F          |
| DO NOT USE         | 406F         | 606F          |  | DO NOT USE              | 429F         | 629F          |
| DO NOT USE         | 407F         | 607F          |  | YUKON/XL                | 430F         | 630F          |
| DO NOT USE         | 408F         | 608F          |  | LD 1500 SIERRA          | 431F         | 631F          |
| DO NOT USE         | 409F         | 609F          |  | LD 2500 SIERRA          | 432F         | 632F          |
| DO NOT USE         | 410F         | 610F          |  | LD 3500 SIERRA          | 433F         | 633F          |
| DO NOT USE         | 411F         | 611F          |  | DO NOT USE              | 434F         | 634F          |
| DO NOT USE         | 412F         | 612F          |  | DO NOT USE              | 435F         | 635F          |
| DO NOT USE         | 413F         | 613F          |  | ACADIA                  | 436F         | 636F          |
| DO NOT USE         | 414F         | 614F          |  | FOR FUTURE USE          | 437F         | 637F          |
| DO NOT USE         | 415F         | 615F          |  | OTHER GMC TRK           | 438F         | 638F          |
| FOR FUTURE USE     | 416F         | 616F          |  |                         |              |               |
| DO NOT USE         | 417F         | 617F          |  |                         |              |               |
| OTHER GMC          | 418F         | 618F          |  |                         |              |               |
| MEMO* e-CAR SLS    | 419F         | 619F          |  | MEMO* e-TRK SLS this PG | 439F         | 639F          |
| TL CAR FLT GOV     | L / M series | L / M series  |  | TOTAL TRK FLT GOV       | L / M series | L / M series  |
| TOTAL CAR INTERNAL | 421F         | 621F          |  | TOTAL TRK INTERNAL      | 441F         | 641F          |

**GMC EV**

| <b>Cars</b>        | <b>Sales</b> | <b>Cost of Sales</b> |  | <b>Trucks</b>      | <b>Sales</b> | <b>Cost of Sales</b> |
|--------------------|--------------|----------------------|--|--------------------|--------------|----------------------|
|                    | <b>A/C</b>   | <b>A/C</b>           |  |                    | <b>A/C</b>   | <b>A/C</b>           |
| DO NOT USE         | 400H         | 600H                 |  | HUMMER EV SUT      | 423H         | 623H                 |
| DO NOT USE         | 401H         | 601H                 |  | HUMMER EV SUV      | 424H         | 624H                 |
| DO NOT USE         | 402H         | 602H                 |  | SIERRA EV          | 425H         | 625H                 |
| DO NOT USE         | 403H         | 603H                 |  | DO NOT USE         | 426H         | 626H                 |
| DO NOT USE         | 404H         | 604H                 |  | DO NOT USE         | 427H         | 627H                 |
| DO NOT USE         | 405H         | 605H                 |  | DO NOT USE         | 428H         | 628H                 |
| DO NOT USE         | 406H         | 606H                 |  | DO NOT USE         | 429H         | 629H                 |
| DO NOT USE         | 407H         | 607H                 |  | DO NOT USE         | 430H         | 630H                 |
| DO NOT USE         | 408H         | 608H                 |  | DO NOT USE         | 431H         | 631H                 |
| DO NOT USE         | 409H         | 609H                 |  | DO NOT USE         | 432H         | 632H                 |
| DO NOT USE         | 410H         | 610H                 |  | DO NOT USE         | 433H         | 633H                 |
| DO NOT USE         | 411H         | 611H                 |  | DO NOT USE         | 434H         | 634H                 |
| DO NOT USE         | 412H         | 612H                 |  | DO NOT USE         | 435H         | 635H                 |
| DO NOT USE         | 413H         | 613H                 |  | DO NOT USE         | 437H         | 637H                 |
| DO NOT USE         | 414H         | 614H                 |  | DO NOT USE         | 438H         | 638H                 |
| DO NOT USE         | 415H         | 615H                 |  |                    |              |                      |
| DO NOT USE         | 416H         | 616H                 |  |                    |              |                      |
| DO NOT USE         | 417H         | 617H                 |  |                    |              |                      |
| DO NOT USE         | 418H         | 618H                 |  |                    |              |                      |
| MEMO* e-CAR SALES  | 419H         | 619H                 |  | MEMO* e-TRK SLS    | 439H         | 639H                 |
| TL CAR FLT GOV     | L / M series | L / M series         |  | TOTAL TRK FLT GOV  | L / M series | L / M series         |
| TOTAL CAR INTERNAL | 421H         | 621H                 |  | TOTAL TRK INTERNAL | 441H         | 641H                 |

### CADILLAC ICE

| Cars               | Sales        | Cost of Sales |  | Trucks             | Sales        | Cost of Sales |
|--------------------|--------------|---------------|--|--------------------|--------------|---------------|
|                    | A/C          | A/C           |  |                    | A/C          | A/C           |
| DO NOT USE         | 400E         | 600E          |  | ESCALADE           | 423E         | 623E          |
| DO NOT USE         | 401E         | 601E          |  | DO NOT USE         | 424E         | 626E          |
| CTS                | 402E         | 602E          |  | ESCALADE-ESV       | 425E         | 625E          |
| CTS-V              | 403E         | 603E          |  | SRX                | 426E         | 626E          |
| CT4                | 404E         | 604E          |  | DO NOT USE         | 427E         | 627E          |
| CT5                | 405E         | 605E          |  | DO NOT USE         | 428E         | 628E          |
| DO NOT USE         | 406E         | 606E          |  | DO NOT USE         | 429E         | 629E          |
| DO NOT USE         | 407E         | 607E          |  | XT4                | 430E         | 630E          |
| ATS                | 408E         | 608E          |  | XT5                | 431E         | 631E          |
| XTS                | 409E         | 609E          |  | XT6                | 432E         | 632E          |
| ELS                | 410E         | 610E          |  | DO NOT USE         | 433E         | 633E          |
| ATS-V              | 411E         | 611E          |  | ESCALADE V         | 434E         | 636E          |
| CT6                | 412E         | 612E          |  | DO NOT USE         | 435E         | 635E          |
| DO NOT USE         | 413E         | 613E          |  | DO NOT USE         | 436E         | 636E          |
| DO NOT USE         | 414E         | 614E          |  | FOR FUTURE USE     | 437E         | 637E          |
| DO NOT USE         | 415E         | 615E          |  | OTHER CADILLAC     | 438E         | 638E          |
| FOR FUTURE USE     | 416E         | 616E          |  |                    |              |               |
| DO NOT USE         | 417E         | 617E          |  |                    |              |               |
| OTHER CADILLAC     | 418E         | 618E          |  |                    |              |               |
| MEMO* e-CAR SLS    | 419E         | 619E          |  | MEMO* e-TRK SLS    | 439E         | 639E          |
| TL CAR FLT GOV     | L / M series | L / M series  |  | TOTAL TRK FLT GOV  | L / M series | L / M series  |
| TOTAL CAR INTERNAL | 421E         | 621E          |  | TOTAL TRK INTERNAL | 441E         | 641E          |

### CADILLAC EV

| Cars               | Sales        | Cost of Sales |  | Trucks             | Sales        | Cost of Sales |
|--------------------|--------------|---------------|--|--------------------|--------------|---------------|
|                    | A/C          | A/C           |  |                    | A/C          | A/C           |
| CELESTIQ           | 400G         | 600G          |  | LYRIQ              | 423G         | 623G          |
| DO NOT USE         | 401G         | 601G          |  | DO NOT USE         | 424G         | 626G          |
| DO NOT USE         | 402G         | 602G          |  | ESCALADE IQ        | 425G         | 625G          |
| DO NOT USE         | 403G         | 603G          |  | DO NOT USE         | 426G         | 626G          |
| DO NOT USE         | 404G         | 604G          |  | DO NOT USE         | 427G         | 627G          |
| DO NOT USE         | 405G         | 605G          |  | DO NOT USE         | 428G         | 628G          |
| DO NOT USE         | 406G         | 606G          |  | DO NOT USE         | 429G         | 629G          |
| DO NOT USE         | 407G         | 607G          |  | DO NOT USE         | 430G         | 630G          |
| DO NOT USE         | 408G         | 608G          |  | DO NOT USE         | 431G         | 631G          |
| DO NOT USE         | 409G         | 609G          |  | DO NOT USE         | 432G         | 632G          |
| DO NOT USE         | 410G         | 610G          |  | DO NOT USE         | 433G         | 633G          |
| DO NOT USE         | 411G         | 611G          |  | DO NOT USE         | 434G         | 636G          |
| DO NOT USE         | 412G         | 612G          |  | DO NOT USE         | 435G         | 635G          |
| DO NOT USE         | 413G         | 613G          |  | DO NOT USE         | 436G         | 636G          |
| DO NOT USE         | 414G         | 614G          |  | DO NOT USE         | 437G         | 637G          |
| DO NOT USE         | 415G         | 615G          |  | DO NOT USE         | 438G         | 638G          |
| DO NOT USE         | 416G         | 616G          |  |                    |              |               |
| DO NOT USE         | 417G         | 617G          |  |                    |              |               |
| DO NOT USE         | 418G         | 618G          |  |                    |              |               |
| MEMO* e-CAR SLS    | 419G         | 619G          |  | MEMO* e-TRK SLS    | 439G         | 639G          |
| TL CAR FLT GOV     | L / M series | L / M series  |  | TOTAL TRK FLT GOV  | L / M series | L / M series  |
| TOTAL CAR INTERNAL | 421G         | 621G          |  | TOTAL TRK INTERNAL | 441G         | 641G          |



**DEALER FLEET (INC. CAP) – CARS**

| CARS               | Sales | Cost of Sales |
|--------------------|-------|---------------|
|                    | A/C   | A/C           |
| CHEVROLET ICE CARS | 400L  | 600L          |
| CHEVROLET EV CARS  | 401L  | 601L          |
| BUICK ICE CARS     | 402L  | 602L          |
| BUICK EV CARS      | 403L  | 603L          |
| CADILLAC ICE CARS  | 404L  | 604L          |
| CADILLAC EV CARS   | 405L  | 605L          |
| DO NOT USE         | 406L  | 606L          |
| DO NOT USE         | 407L  | 607L          |

**DEALER FLEET (INC. CAP) - TRUCKS**

| TRUCKS                                | Sales | Cost of Sales |
|---------------------------------------|-------|---------------|
|                                       | A/C   | A/C           |
| BUICK / CADILLAC SMALL SUV EV         | 412L  | 612L          |
| BUICK / CADILLAC SMALL SUV ICE        | 413L  | 613L          |
| BUICK / CADILLAC MED SUV EV           | 414L  | 614L          |
| BUICK / CADILLAC MED SUV ICE          | 415L  | 615L          |
| BUICK / CADILLAC LARGE SUV EV         | 416L  | 616L          |
| BUICK / CADILLAC LARGE SUV ICE        | 417L  | 617L          |
| CHEVROLET / GMC SMALL SUV EV          | 418L  | 618L          |
| CHEVROLET / GMC SMALL SUV ICE         | 419L  | 619L          |
| CHEVROLET / GMC MED SUV EV            | 420L  | 620L          |
| CHEVROLET / GMC MED SUV ICE           | 421L  | 621L          |
| CHEVROLET / GMC / HUMMER LARGE SUV EV | 422L  | 622L          |
| CHEVROLET / GMC LARGE SUV ICE         | 423L  | 623L          |
| SILVERADO/SIERRA HD ICE (2500 / 3500) | 424L  | 624L          |
| DO NOT USE                            | 425L  | 625L          |
| SILVERADO/SIERRA LD ICE (1500)        | 426L  | 626L          |
| SILVERADO/SIERRA/HUMMER LD EV         | 427L  | 627L          |
| COLORADO/CANYON ICE                   | 428L  | 628L          |
| DO NOT USE                            | 429L  | 629L          |
| SILVERADO MEDIUM DUTY (4500+)         | 430L  | 630L          |
| CHEVROLET LCF                         | 431L  | 631L          |
| EXPRESS/SAVANA ICE                    | 432L  | 632L          |
| DO NOT USE                            | 433L  | 633L          |
| DO NOT USE                            | 434L  | 634L          |

**DEALER GOVERNMENT SALES - CARS**

| CARS               | Sales | Cost of Sales |
|--------------------|-------|---------------|
|                    | A/C   | A/C           |
| CHEVROLET ICE CARS | 400M  | 600M          |
| CHEVROLET EV CARS  | 401M  | 601M          |
| BUICK ICE CARS     | 402M  | 602M          |
| BUICK EV CARS      | 403M  | 603M          |
| CADILLAC ICE CARS  | 404M  | 604M          |
| CADILLAC EV CARS   | 405M  | 605M          |
| DO NOT USE         | 406M  | 606M          |
| DO NOT USE         | 407M  | 607M          |

**DEALER GOVERNMENT SALES - TRUCKS**

| TRUCKS                                | Sales | Cost of Sales |
|---------------------------------------|-------|---------------|
|                                       | A/C   | A/C           |
| BUICK / CADILLAC SMALL SUV EV         | 412M  | 612M          |
| BUICK / CADILLAC SMALL SUV ICE        | 413M  | 613M          |
| BUICK / CADILLAC MED SUV EV           | 414M  | 614M          |
| BUICK / CADILLAC MED SUV ICE          | 415M  | 615M          |
| BUICK / CADILLAC LARGE SUV EV         | 416M  | 616M          |
| BUICK / CADILLAC LARGE SUV ICE        | 417M  | 617M          |
| CHEVROLET / GMC SMALL SUV EV          | 418M  | 618M          |
| CHEVROLET / GMC SMALL SUV ICE         | 419M  | 619M          |
| CHEVROLET / GMC MED SUV EV            | 420M  | 620M          |
| CHEVROLET / GMC MED SUV ICE           | 421M  | 621M          |
| CHEVROLET / GMC / HUMMER LARGE SUV EV | 422M  | 622M          |
| CHEVROLET / GMC LARGE SUV ICE         | 423M  | 623M          |
| SILVERADO/SIERRA HD ICE (2500 / 3500) | 424M  | 624M          |
| DO NOT USE                            | 425M  | 625M          |
| SILVERADO/SIERRA LD ICE (1500)        | 426M  | 626M          |
| SILVERADO/SIERRA/HUMMER LD EV         | 427M  | 627M          |
| COLORADO/CANYON ICE                   | 428M  | 628M          |
| DO NOT USE                            | 429M  | 629M          |
| SILVERADO MEDIUM DUTY (4500+)         | 430M  | 630M          |
| CHEVROLET LCF                         | 431M  | 631M          |
| EXPRESS/SAVANA ICE                    | 432M  | 632M          |
| DO NOT USE                            | 433M  | 633M          |
| DO NOT USE                            | 434M  | 634M          |

**SMALL BUSINESS COMMERCIAL - CARS**

| CARS               | Sales | Cost of Sales |
|--------------------|-------|---------------|
|                    | A/C   | A/C           |
| CHEVROLET ICE CARS | 400K  | 600K          |
| CHEVROLET EV CARS  | 401K  | 601K          |
| BUICK ICE CARS     | 402K  | 602K          |
| BUICK EV CARS      | 403K  | 603K          |
| CADILLAC ICE CARS  | 404K  | 604K          |
| CADILLAC EV CARS   | 405K  | 605K          |
| DO NOT USE         | 406K  | 606K          |
| DO NOT USE         | 407K  | 607K          |

**SMALL BUSINESS COMMERCIAL - TRUCKS**

| TRUCKS                                | Sales | Cost of Sales |
|---------------------------------------|-------|---------------|
|                                       | A/C   | A/C           |
| BUICK / CADILLAC SMALL SUV EV         | 412K  | 612K          |
| BUICK / CADILLAC SMALL SUV ICE        | 413K  | 613K          |
| BUICK / CADILLAC MED SUV EV           | 414K  | 614K          |
| BUICK / CADILLAC MED SUV ICE          | 415K  | 615K          |
| BUICK / CADILLAC LARGE SUV EV         | 416K  | 616K          |
| BUICK / CADILLAC LARGE SUV ICE        | 417K  | 617K          |
| CHEVROLET / GMC SMALL SUV EV          | 418K  | 618K          |
| CHEVROLET / GMC SMALL SUV ICE         | 419K  | 619K          |
| CHEVROLET / GMC MED SUV EV            | 420K  | 620K          |
| CHEVROLET / GMC MED SUV ICE           | 421K  | 621K          |
| CHEVROLET / GMC / HUMMER LARGE SUV EV | 422K  | 622K          |
| CHEVROLET / GMC LARGE SUV ICE         | 423K  | 623K          |
| SILVERADO/SIERRA HD ICE (2500 / 3500) | 424K  | 624K          |
| DO NOT USE                            | 425K  | 625K          |
| SILVERADO/SIERRA LD ICE (1500)        | 426K  | 626K          |
| SILVERADO/SIERRA/HUMMER LD EV         | 427K  | 627K          |
| COLORADO/CANYON ICE                   | 428K  | 628K          |
| DO NOT USE                            | 429K  | 629K          |
| SILVERADO MEDIUM DUTY (4500+)         | 430K  | 630K          |
| CHEVROLET LCF                         | 431K  | 631K          |
| EXPRESS/SAVANA ICE                    | 432K  | 632K          |
| DO NOT USE                            | 433K  | 633K          |
| DO NOT USE                            | 434K  | 634K          |

## 400-418 New Cars – Retail – ICE & EV

Sales

New Vehicle Department

### Sales Synopsis

The sales of new GM Cars sold at retail to end-users are recorded in Accounts 400 through 418.

| Debits | Credits  |
|--------|--|
|        | 1. Actual selling price of new cars sold to retail customers |

## 600-618 New Cars - Retail– ICE & EV

Cost of Sales

New Vehicle Department

### Cost of Sales Synopsis

The cost of sales for cars sold at retail to end-users are recorded in Accounts 600 through 618.

| Debits                                       | Credits  |
|--|--|
| 1. Cost of new cars sold to retail customers | 1. Credits received from the factory on sales to General Motors' employees under the General Motors Employee Purchase Plan |

### Comments

The Sales for each respective Division/Sale Type should be recorded as indicated in the table below:

| CARS               |                  |                 |           |          |                 |                |       |      |          |
|--------------------|------------------|-----------------|-----------|----------|-----------------|----------------|-------|------|----------|
| Account            | (A)              | (B)             | (D)       | (C)      | (E)             | (G)            | (L)   | (M)  | (K memo) |
| 400/418<br>600/618 | Chevrolet<br>ICE | Chevrolet<br>EV | Buick ICE | Buick EV | Cadillac<br>ICE | Cadillac<br>EV | Fleet | Govt | SBC      |

## Comments

New Car Sales for each respective Division should be posted in the accounts shown in the Vehicle Sales Account Classification Chart.

The selling price is credited to the Sales account and the inventory value, is posted to the corresponding Cost of Sales account.

Dealer installed Accessories sold by the New Vehicle Department should be recorded in [Account 457, Accessories](#).

Each vehicle sale should be recorded at actual selling price. Actual selling price means the selling price to the customer less discounts and overallowances.

The manufacturer will designate the account number to assign to each model of vehicles sold through the Vehicle Sales Account Classification charts issued via Home Office Letters.

Each vehicle sale should be costed individually. The cost of a new vehicle is defined in the Asset section under Vehicle Inventories (New Vehicles).

The cost of the vehicle should be determined from the Factory Invoice or other Vehicle Inventory record. If any items have not been posted to this record, refer to underlying repair orders and invoices to determine the vehicle's cost.

Factory price reductions, which occur after the sales of vehicles, are reductions of cost and should be credited to the appropriate vehicle cost of sales account.

### Note:

New vehicles transferred to other authorized GM dealers are not sales and should **not** be recorded in these sales and cost of sales accounts. Sales and exchanges of new vehicles between GM dealerships should be recorded as inventory transfers, at the vehicle inventory value, through the applicable new vehicle inventory accounts.

## 419 New Cars – Internet (Memo Account) – ICE & EV

Sales

New Vehicle Department

### Sales Synopsis

Account 419, New Cars - Internet, is established as a memo account only to “break-out” sales produced by the dealership’s Internet marketing efforts.

| Debits | Credits  |
|--------|--|
|        | 1. Actual selling price of new cars sold as a result of Internet activity recorded in Accounts 400-418 above |

## 619 New Cars – Internet (Memo Account) – ICE & EV

Cost of Sales

New Vehicle Department

### Cost of Sales Synopsis

The inventory value of Cars sold above is recorded as the Cost of Sales in this account.

| Debits   | Credits |
|--|---------|
| 1. Cost of new cars sold resulting from Internet promotions recorded in Accounts 600-618 |         |

### Comments

The Internet Sales for each respective Division should be recorded as indicated in the table below:

#### CARS

| Account            | (A)              | (B)             | (D)       | (C)      | (E)             | (G)            | (L)   | (M)  | (K memo) |
|--------------------|------------------|-----------------|-----------|----------|-----------------|----------------|-------|------|----------|
| 400/418<br>600/618 | Chevrolet<br>ICE | Chevrolet<br>EV | Buick ICE | Buick EV | Cadillac<br>ICE | Cadillac<br>EV | Fleet | Govt | SBC      |

## 400L-418L New Cars – Fleet – ICE & EV

Sales

*New Vehicle Department*

### Sales Synopsis

New Cars, which are sold to qualified Fleet customers, are recorded in this account.

| Debits | Credits   |
|--------|---|
|        | 1. Actual selling price of new cars sold to fleet customers |

---

## 600L-618L New Cars – Fleet – ICE & EV

Cost of Sales

*New Vehicle Department*

### Cost of Sales Synopsis

The inventory value of the New Cars, sold in the above account, are recorded in this Cost of Sale account.

| Debits                                      | Credits                    |
|---|----------------------------|
| 1. Cost of new cars sold to fleet customers | 1. Fleet incentive credits |

### Note:

Incentives from GM offered as assistance for making Fleet Sales should be credited to [Account 62xL, New Cars – Fleet](#) (Cost of Sales), which has the effect of reducing the cost of sale. The off-setting debit is recorded to [Account 261, Factory Receivables](#).

## 400M-418M New Cars – Government – ICE & EV

*Sales*

*New Vehicle Department*

### Sales Synopsis

New Cars, which are sold to qualified Government customers, are recorded in this account.

| Debits | Credits  |
|--------|--|
|        | 1. Actual selling price of new cars sold to government customers |

---

## 600M-618M New Cars – Government – ICE & EV

*Cost of Sales*

*New Vehicle Department*

### Cost of Sales Synopsis

The inventory value of the New Cars, sold in the above account, are recorded in this Cost of Sale account.

| Debits   | Credits                         |
|--|---------------------------------|
| 1. Cost of new cars sold to government customers | 1. Government incentive credits |

### Note:

Incentives from GM offered as assistance for making Government Sales should be credited to [Account 62xM, New Cars – Government](#) (Cost of Sales), which has the effect of reducing the cost of sale. The off-setting debit is recorded to [Account 261, Factory Receivables](#).



## 400K-418K New Cars – Small Business Commercial (MEMO) – ICE & EV

Sales

*New Vehicle Department*

### Sales Synopsis

The "K" series is established as a memo account only to "break-out" Small Business Commercial Sales of Cars & Trucks.

| Debits | Credits   |
|--------|---|
|        | 1. Actual selling price of new cars sold to SBC customers |

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## 400K-618K New Cars –Small Business Commercial (MEMO) – ICE & EV

Cost of Sales

*New Vehicle Department*

### Cost of Sales Synopsis

The inventory value of the New Cars, sold in the above account, are recorded in this Cost of Sale account.

| Debits                                    | Credits                  |
|---|--------------------------|
| 1. Cost of new cars sold to SBC customers | 1. SBC incentive credits |

### Note:

Incentives from GM offered as assistance for making SBC Sales should be credited to [Account 62xM, New Cars – Fleet](#) (Cost of Sales), which has the effect of reducing the cost of sale. The off-setting debit is recorded to [Account 261, Factory Receivables](#).

## 421 New Cars – Internal – ICE & EV

Sales

New Vehicle Department

### Sales Synopsis

New Cars, which are sold to other departments within the dealership, are recorded in this account. For example, a car might be sold to the Mechanical Department as a courtesy vehicle.

| Debits | Credits   |
|--------|---|
|        | 1. Internal selling price of new cars sold to other departments |

---

## 621 New Cars – Internal – ICE & EV

Cost of Sales

New Vehicle Department

### Cost of Sales Synopsis

The inventory value of Cars sold above is recorded as the Cost of Sales in this account.

| Debits  | Credits |
|---|---------|
| 1. Cost of new cars sold to other departments |         |

### Comments

The Internal Sales for each respective Division should be recorded as indicated in the table below:

#### CARS

| Account            | (A)              | (B)             | (D)       | (C)      | (E)             | (G)            | (L)   | (M)  | (K memo) |
|--------------------|------------------|-----------------|-----------|----------|-----------------|----------------|-------|------|----------|
| 400/418<br>600/618 | Chevrolet<br>ICE | Chevrolet<br>EV | Buick ICE | Buick EV | Cadillac<br>ICE | Cadillac<br>EV | Fleet | Govt | SBC      |

## 423-438 New Trucks – Retail – ICE & EV

Sales

New Vehicle Department

### Sales Synopsis

The sales of New GM Trucks sold at retail to end-users are recorded in Accounts 423 through 438.

| Debits | Credits  |
|--------|--|
|        | 1. Actual selling price of new trucks sold to retail customers |

## 623-638 New Trucks – Retail – ICE & EV

Cost of Sales

New Vehicle Department

### Cost of Sales Synopsis

The inventory value for the New Trucks sold above are recorded in the Cost of Sales Accounts 623 through 638.

| Debits   | Credits  |
|--|--|
| 1. Cost of new trucks sold to retail customers | 1. Credits received from the factory on sales to General Motors' employees under the General Motors Employee Purchase Plan |

### Comments

The Internal Sales for each respective Division should be recorded as indicated in the table below:

| TRUCKS  |           |           |       |       |          |          |     |     |
|---------|-----------|-----------|-------|-------|----------|----------|-----|-----|
| Account | (A)       | (B)       | (D)   | (C)   | (E)      | (G)      | (F) | (H) |
| 423/438 | Chevrolet | Chevrolet | Buick | Buick | Cadillac | Cadillac | GMC | GMC |
| 623/638 | ICE       | EV        | ICE   | EV    | ICE      | EV       | ICE | EV  |

## Comments

New Truck Sales for each respective Division should be posted in the accounts shown in the Vehicle Sales Account Classification charts.

The selling price is credited to the Sales account and the inventory value, is posted to the corresponding Cost of Sales account.

Dealer installed Accessories sold by the New Vehicle Department should be recorded in [Account 457, Accessories](#).

Each vehicle sale should be recorded at actual selling price. Actual selling price means the selling price to the customer less discounts and over-allowances.

The manufacturer will designate the account number to assign to each model of vehicles through the Vehicle Sales Account Classification charts issued via Home Office Letters.

Each vehicle sale should be costed individually. The cost of a new vehicle is defined in the Asset section under Vehicle Inventories (New Vehicles).

The cost of the vehicle should be determined from the Factory Invoice or other Vehicle Inventory record. If any items have not been posted to this record, refer to underlying repair orders and invoices to determine the vehicle's cost.

Factory price reductions, which occur after the sales of vehicles, are reductions of cost and should be credited to the appropriate vehicle cost of sales account.

### Note:

New vehicles transferred to other authorized GM dealers are not sales and should **not** be recorded in these sales and cost of sales accounts. Sales and exchanges of new vehicles between GM dealerships should be recorded as inventory transfers, at the vehicle inventory value, through the applicable new vehicle inventory accounts.

## 439 New Trucks – Internet (Memo Account) – ICE & EV

Sales

New Vehicle Department

### Sales Synopsis

Account 439, New Trucks - Internet, is established as a memo account only to “break-out” sales produced by the dealership’s Internet marketing efforts.

| Debits | Credits   |
|--------|---|
|        | 1. Actual selling price of new trucks sold as a result of Internet activity recorded in Account 423 – 438 above |

---

## 639 New Trucks – Internet (Memo Account) – ICE & EV

Cost of Sales

New Vehicle Department

### Cost of Sales Synopsis

The inventory value of Trucks sold above is recorded as the Cost of Sales in this account.

| Debits  | Credits |
|---|---------|
| 1. Cost of new trucks sold resulting from Internet promotions |         |

### Comments

The Internet Sales for each respective Division should be recorded as indicated in the table below:

| TRUCKS             |                  |                 |              |             |                 |                |            |           |
|--------------------|------------------|-----------------|--------------|-------------|-----------------|----------------|------------|-----------|
| Account            | (A)              | (B)             | (D)          | (C)         | (E)             | (G)            | (F)        | (H)       |
| 423/438<br>623/638 | Chevrolet<br>ICE | Chevrolet<br>EV | Buick<br>ICE | Buick<br>EV | Cadillac<br>ICE | Cadillac<br>EV | GMC<br>ICE | GMC<br>EV |

## 423L-438L New Trucks – Fleet – ICE & EV

Sales

New Vehicle Department

### Sales Synopsis

New Trucks, which are sold to qualified Fleet customers, are recorded in this account.

| Debits | Credits   |
|--------|---|
|        | 1. Actual selling price of new trucks sold to fleet customers |

---

## 623L-638L New Trucks – Fleet – ICE & EV

Cost of Sales

New Vehicle Department

### Cost of Sales Synopsis

The inventory value of the New Trucks sold in the accounts above are recorded as the Cost of Sales in this account.

| Debits  | Credits |
|---|---------|
| 1. Cost of new trucks sold to fleet customers |         |

### Note:

Incentives from GM offered as assistance for making Fleet Sales should be credited to [Account 6xxL, New Trucks – Fleet](#) (Cost of Sales), which has the effect of reducing the cost of sale. The off-setting debit is recorded in [Account 261, Factory Receivables](#).

## 423M–438M New Trucks – Government – ICE & EV

Sales

*New Vehicle Department*

### Sales Synopsis

New Trucks, which are sold to qualified Government customers, are recorded in this account.

| Debits | Credits  |
|--------|--|
|        | 1. Actual selling price of new trucks sold to government customers |

---

## 623M-638M New Trucks – Government – ICE & EV

Cost of Sales

*New Vehicle Department*

### Cost of Sales Synopsis

The inventory value of the New Trucks sold in the accounts above are recorded as the Cost of Sales in this account.

| Debits   | Credits |
|--|---------|
| 1. Cost of new trucks sold to government customers |         |

### Note:

Incentives from GM offered as assistance for making Government Sales should be credited to [Account 6xxM, New Trucks – Government](#) (Cost of Sales), which has the effect of reducing the cost of sale. The off-setting debit is recorded in [Account 261, Factory Receivables](#).

## 423K–438K New Trucks – Small Business Commercial (MEMO) – ICE & EV

Sales

*New Vehicle Department*

### Sales Synopsis

The "K" series is established as a memo account only to "break-out" Small Business Commercial Sales of Cars & Trucks.

| Debits | Credits  |
|--------|--|
|        | 1. Actual selling price of new trucks sold to SBC entities |

---

## 623K-638K New Trucks – Small Business Commercial (MEMO) – ICE & EV

Cost of Sales

*New Vehicle Department*

### Cost of Sales Synopsis

The inventory value of the New Trucks sold in the accounts above are recorded as the Cost of Sales in this account.

| Debits                                     | Credits |
|--|---------|
| 1. Cost of new trucks sold to SBC entities |         |

### Note:

Incentives from GM offered as assistance for making SBC Sales should be credited to [Account 6xxK, New Trucks – SBC](#) (Cost of Sales), which has the effect of reducing the cost of sale. The off-setting debit is recorded in [Account 261, Factory Receivables](#).



## 441 New Trucks – Internal – ICE & EV

Sales

New Vehicle Department

### Sales Synopsis

New Trucks, which are sold to other departments within the dealership, are recorded in this account. For example, a pickup truck might be sold to the Parts Department as a delivery vehicle.

| Debits | Credits   |
|--------|---|
|        | 1. Internal selling price of new trucks sold to other departments |

---

## 641 New Trucks – Internal – ICE & EV

Cost of Sales

New Vehicle Department

### Cost of Sales Synopsis

The inventory value of the Trucks sold above are recorded as the Cost of Sale in this account.

| Debits  | Credits |
|---|---------|
| 1. Cost of new trucks sold to other departments |         |

### Comments

The Internal Sales for each respective Division should be recorded as indicated in the table below:

| TRUCKS             |                  |                 |              |             |                 |                |            |           |
|--------------------|------------------|-----------------|--------------|-------------|-----------------|----------------|------------|-----------|
| Account            | (A)              | (B)             | (D)          | (C)         | (E)             | (G)            | (F)        | (H)       |
| 423/441<br>623/641 | Chevrolet<br>ICE | Chevrolet<br>EV | Buick<br>ICE | Buick<br>EV | Cadillac<br>ICE | Cadillac<br>EV | GMC<br>ICE | GMC<br>EV |

## 445 New Other Automotive

Sales

*New Vehicle Department*

### Sales Synopsis

All New Other Automotive products, recorded in [Account 238, Other Automotive](#) (Inventory), sold at retail to end-users and other departments are recorded in this account.

| Debits | Credits   |
|--------|---|
|        | 1. Actual selling price of New Other Automotive items recorded in <a href="#">Account 238, Other Automotive</a> sold to customers and other departments |

---

## 645 New Other Automotive

Cost of Sales

*New Vehicle Department*

### Cost of Sales Synopsis

The inventory values of New Other Automotive items sold are recorded as the Cost of Sales in this account.

| Debits   | Credits |
|--|---------|
| 1. Cost of new other automotive items recorded as sales in <a href="#">Account 445, New Other Automotive</a><br>2. Write-down of new items in <a href="#">Account 238, Other Automotive</a> (Inventory) to market values |         |

**Note:**

This account is displayed on page 5j, line 46 of the monthly Operating Report.

## 457 Accessories

*Sales*

*New Vehicle Department*

### Sales Synopsis

This account is established to record the sales of dealer installed Accessories sold by the New Vehicle Department.

| Debits | Credits  |
|--------|--|
|        | 1. The sales amount of Accessories sold through the New Vehicle Department |

---

## 657 Accessories

*Cost of Sales*

*New Vehicle Department*

### Cost of Sales Synopsis

The inventory value of dealer installed Accessories sold in the account above is recorded as the Cost of Sales in this account.

| Debits   | Credits |
|--|---------|
| 1. The cost of Accessories sold in <u>Account 457, Accessories (Sales)</u> |         |

## 446A Used Cars Retail - Optimum/Used Cars from Saturn

Sales

Used Vehicle Department

### Sales Synopsis

This account is established to record the sale of GM Optimum Used Cars and/or Used Cars from Saturn sold at retail to end-users. (Optimum Used Cars and/or Used Cars from Saturn for Other manufacturers are recorded in [Account 446B, Used Cars Retail – Other](#))

| Debits | Credits   |
|--------|---|
|        | 1. Actual selling price of GM Optimum Used Cars and/or Used Cars from Saturn sold to retail customers |

---

## 646A Used Cars Retail – Optimum/Used Cars from Saturn

Cost of Sales

Used Vehicle Department

### Cost of Sales Synopsis

This account is established to record the Cost of Sales for vehicles sold in the above account ([Account 446A Used Cars Retail – Optimum/Used Cars from Saturn](#))

| Debits  | Credits |
|---|---------|
| 1. Inventory value, LESS reconditioning, of Optimum Used Cars and/or Used Cars from Saturn sold to retail customers |         |

### Comments

As Used Cars are acquired, a timely determination must be made as to whether the Used Car is eligible to be sold under the GM Optimum and/or Used Cars from Saturn program. If the vehicle is eligible, then it must be reconditioned according to program rules. When the Used Car is sold at retail, the sale and cost of sales are recorded in these accounts.

# 647A Reconditioning – Optimum/Used Cars from Saturn

*Cost of Sales*

*Used Vehicle Department*

## Cost of Sales Synopsis

This account is established to record the amount of Reconditioning performed on GM Optimum Used Cars and/or Used Cars from Saturn in order to prepare each unit for sale.

| Debits   | Credits |
|--|---------|
| 1. Reconditioning cost of GM Optimum Used Cars and/or Used Cars from Saturn sold to retail customers |         |

## Comments

At the time of appraisal, an assessment of repairs necessary to recondition the vehicle for sale should be made. After the unit is placed in inventory and recorded in [Account 240, Used Cars](#) (Inventory), the Used Vehicle Manager should immediately prepare an Internal Repair Order describing the repair work to be completed. When the repairs are completed, the Internal Sale should be added to the vehicle inventory record and debited to [Account 240, Used Cars](#).

As each Optimum Used Car and/or Used Cars from Saturn is sold at retail, the total amount of Reconditioning performed is to be debited to this account and credited to [Account 240, Used Cars](#).

## 446B Used Cars Retail - Other

Sales

Used Vehicle Department

### Sales Synopsis

This account is established to record the Retail sales of Other Used Cars, which are not eligible for the GM Optimum Used Cars and/or Used Cars from Saturn programs.

| Debits | Credits   |
|--------|---|
|        | 1. The selling price of all Other Used Cars sold to end users |

---

## 646B Used Cars Retail - Other

Cost of Sales

Used Vehicle Department

### Cost of Sales Synopsis

This account is established to record the inventory value (less Reconditioning) of Other Used Cars sold in [Account 446B, Used Cars Retail – Other](#), above.

| Debits   | Credits |
|--|---------|
| 1. The inventory value, LESS Reconditioning, of Other Used Cars sold to Retail customers |         |

### Comments

Used Cars, which do **not** qualify to be marketed as GM Optimum Used Cars and/or Used Cars from Saturn, are to be recorded in these Sales and Cost of Sales accounts. As Used Cars are acquired, they should be placed in inventory by debiting [Account 240, Used Cars](#) (Inventory) at the lower of cost or market. The Used Car manager should immediately prepare an Internal Repair Order to have the necessary Reconditioning performed. The cost of the Reconditioning work is also debited to [Account 240, Used Cars](#) (Inventory). When Used Cars are sold at retail to end users, the sale and cost of sale, less reconditioning, respectively are posted to [Account 446B, Used Cars Retail – Other](#) (Sales) and [Account 646B, Used Cars Retail – Other](#) (Cost of Sales).

## 647B Reconditioning – Other Used Cars

*Cost of Sales*

*Used Vehicle Department*

### Cost of Sales Synopsis

Account 647B, Reconditioning – Other Used Cars is established to record the cost of Reconditioning of non-GM Optimum Used Cars and/or Used Cars from Saturn.

| Debits   | Credits |
|--|---------|
| 1. The Reconditioning cost of Other, non-GM Optimum and/or Used Cars from Saturn, sold to retail customers |         |

### Comments

The Used Car manager is responsible for appraising Used Cars at the time of acquisition. The appraisal should include an estimate of necessary Reconditioning work in order to prepare the vehicle for sale. The Used Car manager should prepare the Internal Repair order to have the Reconditioning performed. The cost of Reconditioning should be charged to the vehicle by debiting Account 240, Used Cars (Inventory). When the vehicle is sold at retail to an end user, the Reconditioning cost is debited to this account.

### Note:

The amount of Reconditioning done on Used Cars is an important statistic, which serves as feedback to inform management about the accuracy of the appraisal, the decision to sell the Car as a retail unit and the effectiveness of the Mechanical Department to perform the work. A comparison between the amount of Reconditioning and the Gross Profit is an indication of the return on the unit sold.

## 450A Used Trucks Retail – Optimum/Used Trucks from Saturn

*Sales*

*Used Vehicle Department*

### Sales Synopsis

This account is established to record the sale of GM Optimum Used Trucks and/or Used Trucks from Saturn sold at retail to end-users. (Optimum Trucks and/or Used Trucks from Saturn for Other manufacturers are recorded in [Account 450B, Used Trucks Retail – Other](#))

| Debits | Credits   |
|--------|---|
|        | 1. Actual selling price of GM Optimum Used Trucks and/or Used Trucks from Saturn sold to retail customers |

---

## 650A Used Trucks Retail – Optimum Used Trucks from Saturn

*Cost of Sales*

*Used Vehicle Department*

### Cost of Sales Synopsis

This account is established to record the Cost of Sales for vehicles sold in the account above ([Account 450A Used Trucks Retail – Optimum/Used Trucks from Saturn](#))

| Debits   | Credits |
|--|---------|
| 1. Inventory value, LESS reconditioning, of GM Optimum Used Trucks and/or Used Trucks from Saturn sold to retail customers |         |

### Comments

As Used Trucks are acquired, a timely determination must be made as to whether the Used Truck is eligible to be sold under the GM Optimum and/or the Used Trucks from Saturn program. If the vehicle is eligible, then it must be reconditioned according to program rules and promptly Certified. When the Optimum Used Trucks and/or Used Truck from Saturn is sold at retail, the sale and cost of sales are recorded in these accounts.



# 651A Reconditioning – Optimum Used Trucks/Used Trucks from Saturn

*Cost of Sales*

*Used Vehicle Department*

## Cost of Sales Synopsis

This account is established to record the amount of Reconditioning performed on GM Optimum Used Trucks and/or Used Trucks from Saturn in order to prepare each unit for sale.

| Debits   | Credits |
|--|---------|
| 1. Reconditioning cost of GM Optimum Used Trucks and/or Used Trucks from Saturn sold to retail customers |         |

## Comments

At the time of appraisal, an assessment of repairs necessary to recondition the vehicle for sale should be made. After the unit is placed in inventory and recorded in [Account 241, Used Trucks](#) (Inventory), the Used Vehicle Manager should immediately prepare an Internal Repair Order describing the repair work to be completed. When the repairs are completed, the cost of the Internal Sale should be added to the vehicle inventory record and debited to [Account 241, Used Trucks](#).

As each Optimum Used Truck and/or Used Truck from Saturn is sold at retail, the total amount of Reconditioning performed is to be debited to this account and credited to [Account 241, Used Trucks](#).

## 450B Used Trucks Retail - Other

### Sales

#### Used Vehicle Department

### Sales Synopsis

This account is established to record the Retail sales of Other Used Trucks, which are not eligible for the GM Optimum Used Trucks and/or Used Trucks from Saturn program.

| Debits | Credits  |
|--------|--|
|        | 1. The selling price of Other, non-GM Optimum Used Trucks and/or Used Trucks from Saturn |

---

## 650B Used Trucks Retail - Other

### Cost of Sales

#### Used Vehicle Department

### Cost of Sales Synopsis

This account is established to record the inventory value (less Reconditioning) of Other Used Trucks sold in [Account 450B, Used Trucks Retail – Other](#), above.

| Debits   | Credits |
|--|---------|
| 1. The inventory value, LESS Reconditioning, of Other Used Trucks sold to Retail customers |         |

### Comments

Used Trucks, which do **not** qualify to be marketed as GM Optimum and/or Used Trucks from Saturn, are to be recorded in these Sales and Cost of Sales accounts. As Used Trucks are acquired, they should be placed in inventory by debiting [Account 241, Used Trucks](#) (Inventory) at the lower of cost or market. The Used Vehicle manager should immediately prepare an Internal Repair Order to have the necessary Reconditioning performed. The cost of the Reconditioning work is also debited to [Account 241, Used Trucks](#) (Inventory). When Used Trucks are sold at retail to end users, the sale and cost of sale respectively are posted to [Account 450B, Used Trucks Retail – Other](#) (Sales) and [Account 650B, Used Trucks Retail – Other](#) (Cost of Sales).

# 651B Reconditioning – Other Used Trucks

*Cost of Sales*

*Used Vehicle Department*

## Cost of Sales Synopsis

Account 651B, Reconditioning – Other Used Trucks is established to record the cost of Reconditioning of non-GM Optimum Used Trucks and/or Used Trucks from Saturn.

| Debits   | Credits |
|--|---------|
| 1. The Reconditioning cost of Other, non-GM Optimum and/or Used Trucks from Saturn, Used Trucks sold to retail customers |         |

## Comments

The Used Vehicle manager is responsible for appraising Used Trucks at the time of acquisition. The appraisal should include an estimate of necessary Reconditioning work in order to prepare the vehicle for sale. The Used Vehicle manager should prepare the Internal Repair order to have the Reconditioning performed. The cost of Reconditioning should be charged to the vehicle by debiting Account 241, Used Trucks (Inventory). When the vehicle is sold at retail to an end user, the Reconditioning cost is debited to this account.

## 448 Used Cars Wholesale

*Sales*

*Used Vehicle Department*

### Sales Synopsis

This account is established to record the sale of Used Cars to other re-sellers such as other automobile dealers, used car lots, wholesalers and salvage yards.

| Debits | Credits  |
|--------|--|
|        | <ol style="list-style-type: none"><li>1. Actual selling price of Used Cars sold to other dealers for the purpose of resale</li><li>2. Actual selling price of Used Cars sold at auctions</li><li>3. Actual selling price of Used Cars sold to wholesalers</li><li>4. Actual selling price of Used Cars sold to junk dealers</li><li>5. Revenue from the scrapping of Used Cars</li></ol> |

---

## 648 Used Cars Wholesale

*Cost of Sales*

*Used Vehicle Department*

### Cost of Sales Synopsis

This account is established to record the Cost of Sales of Used Cars sold as wholesale units recorded in [Account 448, Used Cars Wholesale](#).

| Debits   | Credits |
|--|---------|
| <ol style="list-style-type: none"><li>1. Inventory value, INCLUDING reconditioning, of Used Cars sold to customers for the purpose of resale</li></ol> |         |

## 649 Adjustment – Used Car Inventory

*Cost of Sales*

*Used Vehicle Department*

### Cost of Sales Synopsis

Account 649, Adjustment – Used Car Inventory is established to record the amount required to bring the inventory in line with current market values.

| Debits   | Credits |
|--|---------|
| 1. Monthly write down of used cars to appraised wholesale values |         |

## 452 Used Trucks - Wholesale

*Sales*

*Used Vehicle Department*

### Sales Synopsis

This account is established to record the sale of Used Trucks to other re-sellers such as other automobile dealers, used car lots, wholesalers and salvage yards.

| Debits | Credits  |
|--------|--|
|        | <ol style="list-style-type: none"><li>1. Actual selling price of Used Trucks sold to other dealers for the purpose of resale</li><li>2. Actual selling price of Used Trucks sold at auctions</li><li>3. Actual selling price of Used Trucks sold to wholesalers</li><li>4. Actual selling price of Used Trucks sold to junk dealers</li><li>5. Revenue from the scrapping of Used Trucks</li></ol> |

---

## 652 Used Trucks - Wholesale

*Cost of Sales*

*Used Vehicle Department*

### Cost of Sales Synopsis

This account is established to record the Cost of Sales of Used Trucks sold as wholesale units recorded in [Account 452, Used Trucks - Wholesale](#)

| Debits   | Credits |
|--|---------|
| <ol style="list-style-type: none"><li>1. Inventory value, INCLUDING reconditioning, of Used Trucks sold to customers for the purpose of resale</li></ol> |         |

## 653 Adjustment – Used Truck Inventory

*Cost of Sales*

*Used Vehicle Department*

### Cost of Sales Synopsis

Account 653, Adjustment – Used Truck Inventory is established to record the amount required to bring the inventory in line with current market values.

| Debits   | Credits |
|--|---------|
| 1. Monthly write down of Used Trucks to appraised wholesale values |         |

## 456 Used Other Automotive

Sales

Used Vehicle Department

### Sales Synopsis

Account 456, Used Other Automotive is established to record the sale of Used Other Automotive inventory maintained in Account 238, Other Automotive (Inventory) sold at retail to end users and other departments.

| Debits | Credits  |
|--------|--|
|        | 1. Actual selling price of Used Other Automotive items recorded in <u>Account 238, Used Other Automotive</u> sold to customers and other departments |

## 656 Used Other Automotive

Cost of Sales

Used Vehicle Department

### Cost of Sales Synopsis

The purpose of this account is to record the Cost of Sales of items sold in Account 456, Used Other Automotive, above.

| Debits   | Credits |
|--|---------|
| 1. Cost of Used Other Automotive items recorded as sales in <u>Account 456, Used Other Automotive</u><br><br>2. Monthly write down of used items in <u>Account 238, Other Automotive</u> (Inventory) to current wholesale values |         |



**460A Customer Labour – Cars & Light Duty Trucks**  
**461A Customer Labour – Medium Duty Trucks/Saab**  
*Sales*  
*Fixed Operations*

**Sales Synopsis**

Accounts 460A and 461A are established to record Mechanical Labour sales paid directly by customers for repairs performed by the Mechanical Department. Account 460A is for Cars & Light Duty Trucks and Account 461A is for Medium Duty Trucks/Saab.

| Debits | Credits  |
|--------|--|
|        | <ol style="list-style-type: none"> <li>1. Actual selling price of mechanical labour sold to customers</li> <li>2. Revenue from sources such as towing, battery-charge services and washes in connection with mechanical repairs</li> </ol> |

**660A Customer Labour – Cars & Light Duty Trucks**  
**661A Customer Labour – Medium Duty Trucks/Saab**  
*Cost of Sales*  
*Fixed Operations*

**Cost of Sales Synopsis**

Accounts 660A and 661A, respectively, are established to record the Cost of Sales, which is defined as compensation paid to technicians, for customer paid Mechanical Labour.

| Debits   | Credits |
|--|---------|
| <ol style="list-style-type: none"> <li>1. Cost of mechanical labour sold to customers</li> </ol> |         |

**Note:**

Labour sales can be costed either on an actual basis or on a percentage basis. However, it is recommended that whenever practicable labour sales be costed on actual basis because material losses of productive time may be concealed by the inaccuracies inherent in percentage costing methods. Such inaccuracies can result from failure to update costing percentages when changes occur in the compensation of technicians and in the structural of selling prices of labour, and from other reasons.

The following examples show how labour may be costed under various compensation plans:

1. Technicians are paid on a flat rate hour and customers are billed on a flat rate hour.
  - Actual costing may be accompanied by multiplying the technician’s flat rate by the flat rate hours spent on a particular job.
  - Percentage costing may be accomplished as illustrated below.
  
2. Technicians are paid an hourly rate and customers are billed on a flat rate hour.
  - Actual costing may be accomplished by multiplying the technician’s hourly rate by the hours spent on a particular job.
  - Percentage costing cannot be accomplished with any degree of accuracy.
  
3. Technicians are paid on an hourly rate and customers are billed on an hourly rate.
  - Actual costing may be accomplished by multiplying the technician’s hourly rate by the hours spent on a particular job.
  - Percentage costing may be accomplished as illustrated below.
  
4. Technicians are paid a percentage of customer labour sales.
  - Actual costing may be accomplished by multiplying each labour sale by the percentage received by the technician. Actual costing may also be accomplished by applying the percentage to the total labour sales at the month end.
  - Percentage costing does not apply under these conditions.
  
5. Technicians are paid a minimum guarantee with additional compensation based on production which cannot be determined until the end of a pay period.
  - Actual costing cannot be accomplished.
  - Percentage costing, in this instance, may be accomplished as illustrated below with the exception of Step #1, which should be revised as follows:

|  |                 |
|--|-----------------|
| • Total Productive Wages including incentives ( 8 Technicians for a 12 week test period) | \$ 54,910       |
| • Total Hours Worked   | / 3,800         |
| • Hourly Prime Cost of Labour  | <u>\$ 14.45</u> |

It is preferred that added incentive pay of technicians and compensation of technicians’ helpers be comprehended in the costing of labour sales. Therefore such pay should be debited to Acct. 247. If this is not practicable, such pay should be debited to Acct. 665 and 675, as applicable.

## EXAMPLE FOR DEVELOPING PERCENTAGES TO BE USED IN COSTING LABOUR SALES

STEP #1: Determine the weighted average hourly rate of technicians. This is the hourly prime cost of labour.

| <u>Number of<br/>Technicians</u> |   | <u>Hourly<br/>Rate</u> | =              | <u>Compensation</u> |
|----------------------------------|---|------------------------|----------------|---------------------|
| 2                                | X | 16.00                  | =              | \$ 32.00            |
| 3                                | X | 17.00                  | =              | 51.00               |
| 3                                | X | 15.00                  | =              | 45.00               |
| TOTAL                            |   | <u>8</u>               |                | <u>\$ 128.00</u>    |
|                                  |   |                        |                | / 8                 |
|                                  |   | Hourly Prime           | Cost of Labour | <u>\$ 16.00</u>     |

STEP #2: Determine the effective selling price of customer labour by sampling a consecutive number of repair orders.

- Total customer labour sales on repair orders examined \$ 21,900
- Number of labour hours sold on repair orders examined           / 500
- Effective Customer Selling Price of Labour \$ 43.80

STEP #3: Determine the percent of the effective customer selling price that represents cost.

- Hourly prime cost of labour (#1) \$ 16.00
- Effective customer selling price of labour (#2)           / 43.80
- Costing percentage of Customer Labour Sales           36.5%

STEP #4: Determine the percent of internal selling price that represents cost.

- Hourly prime cost of labour (#1) \$ 16.00
- Internal selling price of labour           / 39.42
- Costing percentage of Customer Labour Sales           40.6%

**NOTE:**

This study should be repeated whenever changes occur in either the hourly rate of technicians or the selling price of labour.

**460B Service Contracts Customer Labour –  
Cars & Light Duty Trucks**

**461B Service Contracts Customer Labour –  
Medium Duty Trucks/Saab**

*Sales*

*Fixed Operations*

**Sales Synopsis**

Accounts 460B and 461B are established to record Service Contract Labour sales paid by Service Contract Underwriters including GMPP for repairs performed under Service Contract coverage by the Mechanical Department. Account 460B is for Cars & Light Duty Trucks and Account 461B is for Medium Duty Trucks/Saab.

| Debits | Credits   |
|--------|---|
|        | <ol style="list-style-type: none"><li>1. Actual selling price of mechanical labour performed under the coverage of Service Contracts</li><li>2. Revenue from sources such as towing, battery-charge services and washes in connection with mechanical repairs</li></ol> |

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**660B Service Contract Customer Labour –  
Cars & Light Duty Trucks**

**661B Service Contract Customer Labour –  
Medium Duty Trucks/Saab**

*Cost of Sales*

*Fixed Operations*

**Cost of Sales Synopsis**

Accounts 660B and 661B, respectively, are established to record the Cost of Sales, which is defined as compensation paid to technicians, for Service Contract Mechanical Labour.

| Debits  | Credits |
|---|---------|
| <ol style="list-style-type: none"><li>1. Cost of mechanical labour related to Service Contract labour sales</li></ol> |         |

**Note:**

Labour sales can be costed either on an actual basis or on a percentage basis. However, it is recommended that whenever practicable labour sales be costed on actual basis because material losses of productive time may be concealed by the inaccuracies inherent in percentage costing methods. Such inaccuracies can result from failure to update costing percentages when changes occur in the compensation of technicians and in the structural of selling prices of labour, and from other reasons.

The following examples show how labour may be costed under various compensation plans:

1. Technicians are paid on a flat rate hour and customers are billed on a flat rate hour.
  - Actual costing may be accompanied by multiplying the technician's flat rate by the flat rate hours spent on a particular job.
  - Percentage costing may be accomplished as illustrated below.
2. Technicians are paid an hourly rate and customers are billed on a flat rate hour.
  - Actual costing may be accomplished by multiplying the technician's hourly rate by the hours spent on a particular job.
  - Percentage costing cannot be accomplished with any degree of accuracy.
3. Technicians are paid on an hourly rate and customers are billed on an hourly rate.
  - Actual costing may be accomplished by multiplying the technician's hourly rate by the hours spent on a particular job.
  - Percentage costing may be accomplished as illustrated below.
4. Technicians are paid a percentage of customer labour sales.
  - Actual costing may be accomplished by multiplying each labour sale by the percentage received by the technician. Actual costing may also be accomplished by applying the percentage to the total labour sales at the month end.
  - Percentage costing does not apply under these conditions.
5. Technicians are paid a minimum guarantee with additional compensation based on production which cannot be determined until the end of a pay period.
  - Actual costing cannot be accomplished.
  - Percentage costing, in this instance, may be accomplished as illustrated on below with the exception of Step #1, which should be revised as follows:

|  |           |
|--|-----------|
| • Total Productive Wages including incentives ( 8 Technicians for a 12 week test period) | \$ 54,910 |
| • Total Hours Worked   | / 3,800   |
| • Hourly Prime Cost of Labour  | \$ 14.45  |

It is preferred that added incentive pay of technicians and compensation of technicians' helpers be comprehended in the costing of labour sales. Therefore such pay should be debited to Acct. 247. If this is not practicable, such pay should be debited to Acct. 665 and 675, as applicable.

## EXAMPLE FOR DEVELOPING PERCENTAGES TO BE USED IN COSTING LABOUR SALES

STEP #1: Determine the weighted average hourly rate of technicians. This is the hourly prime cost of labour.

| <u>Number of<br/>Technicians</u> |   | <u>Hourly<br/>Rate</u> | =              | <u>Compensation</u> |
|----------------------------------|---|------------------------|----------------|---------------------|
| 2                                | X | 16.00                  | =              | \$ 32.00            |
| 3                                | X | 17.00                  | =              | 51.00               |
| 3                                | X | 15.00                  | =              | 45.00               |
| TOTAL                            |   | <u>8</u>               |                | <u>\$ 128.00</u>    |
|                                  |   |                        |                | / 8                 |
|                                  |   | Hourly Prime           | Cost of Labour | <u>\$ 16.00</u>     |

STEP #2: Determine the effective selling price of customer labour by sampling a consecutive number of repair orders.

- Total customer labour sales on repair orders examined \$ 21,900
- Number of labour hours sold on repair orders examined           / 500
- Effective Customer Selling Price of Labour \$ 43.80

STEP #3: Determine the percent of the effective customer selling price that represents cost.

- Hourly prime cost of labour (#1) \$ 16.00
- Effective customer selling price of labour (#2)           / 43.80
- Costing percentage of Customer Labour Sales           36.5%

STEP #4: Determine the percent of internal selling price that represents cost.

- Hourly prime cost of labour (#1) \$ 16.00
- Internal selling price of labour           / 39.42
- Costing percentage of Customer Labour Sales           40.6%

**NOTE:**

This study should be repeated whenever changes occur in either the hourly rate of technicians or the selling price of labour.

**460C Quick Service Labour – Cars & Light Duty Trucks**  
**461C Quick Service Labour –Medium Duty Trucks/Saab**  
*Sales*  
*Fixed Operations*

**Sales Synopsis**

Accounts 460C and 461C are established to record Labour sales paid by Customers for Quick Service (“while you wait”) repairs performed by the Mechanical Department. Account 460C is for Cars & Light Duty Trucks and Account 461C is for Medium Duty Trucks/Saab.

| Debits | Credits  |
|--------|--|
|        | 1. The selling price of Mechanical Labour sold to customers completed in designated Quick Service bays |

**660C Quick Service Labour – Cars & Light Duty Trucks**  
**661C Quick Service Labour –Medium Duty Trucks/Saab**  
*Cost of Sales*  
*Fixed Operations*

**Cost of Sales Synopsis**

Accounts 660C and 661C, respectively, are established to record the Cost of Sales, which is defined as compensation paid to technicians, for customer paid Quick Service Mechanical Labour.

| Debits   | Credits |
|--|---------|
| 1. Cost of mechanical labour related to Quick Service Labour sales |         |

## 462 Warranty Claim Labour - Mechanical

*Sales*

*Fixed Operations*

### Sales Synopsis

The purpose of this account is to record Warranty Claim Labour Sales performed by the Mechanical Department.

| Debits | Credits   |
|--------|---|
|        | 1. Actual selling price (at claim rate) of mechanical labour for which warranty and transportation claims are filed |

---

## 662 Warranty Claim Labour - Mechanical

*Cost of Sales*

*Fixed Operations*

### Cost of Sales Synopsis

Account 662 is established to record the Cost of Sales, which is defined as compensation paid to technicians for Warranty Claim repairs.

| Debits  | Credits |
|---|---------|
| 1. Cost of mechanical labour for which warranty and transportation claims are filed |         |



## 463 Internal Labour - Mechanical

*Sales*

*Fixed Operations*

### Sales Synopsis

Account 463 is established to record the amount of Internal Labour performed by the Mechanical Department.

| Debits | Credits  |
|--------|--|
|        | <ol style="list-style-type: none"><li>1. Internal selling price of servicing new vehicles in addition to factory specifications</li><li>2. Internal selling price of reconditioning used vehicles</li><li>3. Internal selling price of installing and removing accessories, optional equipment, tires and special bodies</li><li>4. Internal selling price of dealer policy work</li><li>5. Internal selling price of repair and maintenance of company-owned vehicles</li><li>6. Internal selling price of maintaining used vehicles in salable condition</li><li>7. Internal selling price of repairing customers' vehicles due to employee negligence, for which an employee is not charged</li></ol> |

---

## 663 Internal Labour - Mechanical

*Cost of Sales*

*Fixed Operations*

### Cost of Sales Synopsis

Account 663 is established to record the Cost of Sales, which is defined as compensation paid to technicians for Internal Labour Sales.

| Debits   | Credits |
|--|---------|
| 1. Cost of mechanical labour sold to other departments |         |

**Note:**

***Internal Sales***

Because the term “Internal Sale” may be foreign to the accountant, a brief explanation is in order. A retail selling price is generally arrived at by giving consideration to the following items:

- Prime Cost (cost of merchandise or labour)  
Plus
- Department Overhead  
Plus
- Department Profit

Internal Sales are made up of prime cost and overhead only. Through the medium of internal sales, the selling department apportions its cost of doing business to another department within the dealership.

***Internal Sales of Labour***

It is recommended that labour sold internally be priced at customer price less 10%. If preferred, a rate sufficient to cover the prime cost of labour plus a pro rata share of the service department overhead to be absorbed by labour sales may be used. To determine this rate, the steps below should be followed:

Example

Step #1: Estimate the annual total productive mechanical technician hours available.

|   |        |
|---|--------|
| • Number of weeks per year                                      | 52     |
| • Number of days per week                                       | X 5    |
|   | 260    |
| • Annual number of days   | 260    |
| • Less: Average number of days for vacation and holidays        | - 15   |
|   | 245    |
| • Estimated total annual productive days available              | 245    |
| • Productive hours available per day                            | X 8    |
|   | 1,960  |
| • Annual productive hours available                             | 1,960  |
| • Number of mechanical technicians                              | X 8    |
|   | 15,680 |
| • Annual Total Productive mechanical Technician Hours Available | 15,680 |

Step #2 Estimate the mechanical fixed overhead expense per productive hour.

|  |                       |
|--|-----------------------|
| • Estimated annual mechanical fixed overhead expense   | \$357,464             |
| • Estimated annual gross profit applicable to mechanical sales of sublet repairs and parts and accessories on custom repair orders | <u>- \$47,000</u>     |
| • Mechanical fixed overhead expense to be absorbed by labour sales   | \$ 310,464            |
| • Annual total productive mechanical technician hours available (#1)   | <u>/ 15,680</u>       |
| • Mechanical Fixed Overhead Expense per Productive hour  | <u><u>\$19.80</u></u> |

Step #3: Compute the weighted average hourly wage paid mechanical technicians. This is the hourly prime cost of labour.

|       | Number of<br>Technician |                             | Hourly<br>Rate |   | Compensation           |
|-------|-------------------------|-----------------------------|----------------|---|------------------------|
|       | 2                       | X                           | \$ 16.00       | = | \$ 32.00               |
|       | 3                       | X                           | \$ 17.00       | = | \$ 51.00               |
|       | <u>3</u>                | X                           | \$ 15.00       | = | <u>\$ 45.00</u>        |
| Total | <u><u>8</u></u>         |                             |                |   | <u>\$128.00</u>        |
|       |                         |                             |                |   | / 8                    |
|       |                         | Hourly Prime Cost of Labour |                |   | <u><u>\$ 16.00</u></u> |

Step #4: Compute the internal selling price of mechanical labour.

|  |                        |
|--|------------------------|
| • Mechanical fixed overhead expense per productive hour (#2) | \$19.80                |
| • Hourly prime cost of labour (#3)                           | <u>\$16.00</u>         |
| • Internal Selling Price of Mechanical Labour                | <u><u>\$ 35.80</u></u> |

The preceding example determines the internal selling price of mechanical labour. If the dealership has a body shop operation, separate rates should be used for the internal sales of mechanical and body shop labour. The above steps should be followed, substituting the number of body shop technicians and their hourly rates; the gross profit applicable to body shop sale of sublet repairs, parts and accessories on custom repair orders, and paint and body shop materials; and the estimated annual body shop fixed overhead expense.

## 464 New Vehicle Inspection Labour

*Sales*

*Fixed Operations*

### Sales Synopsis

Account 464 is established to record the Labour Sales required to perform new vehicle preparation by the Mechanical Department.

| Debits | Credits  |
|--------|--|
|        | 1. Actual selling price (warranty rate times the time allowed on the specific vehicle) of labour performed in conditioning new vehicles per factory specifications |

---

## 664 New Vehicle Inspection Labour

*Cost of Sales*

*Fixed Operations*

### Cost of Sales Synopsis

Account 664 is established to record the Cost of Sales, which is defined as compensation paid to technicians, for Labour related to New Vehicle preparation.

| Debits   | Credits |
|--|---------|
| 1. Cost of mechanical labour performed in conditioning new vehicles per factory specifications |         |

## 665 Adjustment – Cost of Labour Sales - Mechanical

*Cost of Sales*

*Fixed Operations*

### Cost of Sales Synopsis

Account 665 is established to record the amount of adjustment required to reconcile Work in Process to the actual amount of labour on open repair orders.

| Debits   | Credits |
|--|---------|
| 1. Monthly adjustment of <u>Account 247, Work in Process</u> , to agree with the schedule of the cost of labour sales on mechanical repair orders in process |         |

### Note:

1. This adjustment represents the cost of mechanical technicians' compensation for productive time, which was not applied on repair orders.
2. This account should not have a credit balance. If it does, it is an indication of incorrect costing procedures.

## 466 Sublet Repairs - Mechanical

*Sales*

*Fixed Operations*

### Sales Synopsis

Account 466 is established to record the selling price of repairs, which are performed by outside service suppliers.

| Debits | Credits   |
|--------|---|
|        | <ol style="list-style-type: none"><li>1. Actual selling price of mechanical sublet repairs sold</li><li>2. Actual selling price (at claim rate) of mechanical sublet repairs for which warranty, transportation and new vehicle inspection claims are filed</li></ol> |

---

## 666 Sublet Repairs - Mechanical

*Cost of Sales*

*Fixed Operations*

### Cost of Sales Synopsis

Account 666 is established to record the Cost of Sales, which is defined as the purchase price of service repairs performed by outside suppliers.

| Debits   | Credits |
|--|---------|
| <ol style="list-style-type: none"><li>1. Actual Cost of mechanical sublet repairs sold</li></ol> |         |

**467 Parts – Customer Mechanical Repair Orders –  
Cars and Light Duty Trucks**

**468 Parts – Customer Mechanical Repair Orders – Medium Duty  
Trucks/Saab**

*Sales*

*Fixed Operations*

**Sales Synopsis**

Accounts 467 and 468 are established to record the sales of Parts sold on Customer Mechanical Repair Orders.

| Debits | Credits  |
|--------|--|
|        | 1. The actual selling price of Parts sold on Customer Mechanical Repair Orders |

---

**667 Parts – Customer Mechanical Repair Orders –  
Cars and Light Duty Trucks**

**668 Parts – Customer Mechanical Repair Orders – Medium Duty  
Trucks/Saab**

*Cost of Sales*

*Fixed Operations*

**Cost of Sales Synopsis**

Accounts 667 and 668 respectively are established to record the cost of sales for the Parts sold in Accounts 467 and 468 above.

| Debits   | Credits |
|--|---------|
| 1. The cost of Parts sold on customer mechanical repair orders |         |

## 469 Shop Supplies

*Sales*

*Fixed Operations*

### Sales Synopsis

Account 469 is established to record the sale of Shop Supplies on Repair Orders such as cleaning rags, engine de-greaser, spray lubricants, and other consumable supplies.

| Debits | Credits   |
|--------|---|
|        | 1. The sales of Shop Supplies charged to customers on Repair Orders |

---

## 669 Shop Supplies

*Cost of Sales*

*Fixed Operations*

### Cost of Sales Synopsis

Account 669 is established to record the cost of Shop Supplies sold in Account 469 above.

| Debits                                 | Credits |
|--|---------|
| 1. The estimated cost of Shop Supplies |         |

### Note:

It is preferable that these sales be costed individually at actual cost, however, they may be costed on a percentage basis at month end.

If a percentage basis is used, an accurate percentage of sales should be developed to apply as cost for each classification of sales.

Using a reasonable sample, such as a three-month sales period, all sales in each classification should be costed at actual cost on each repair order and counter sales invoice. A summary should be prepared of all sales and cost of sales included in this study. Total sales in each classification should be divided into the corresponding total actual costs. The resulting percentages should then be applied to the applicable sales classifications at each subsequent month end to determine cost of sales.

This study should be repeated as frequently as necessary.



## 470 Customer Paint Labour – Cars & Trucks

*Sales*

*Fixed Operations*

### Sales Synopsis

Account 470 is established to record Body Shop Paint sales paid directly by customers for repairs performed by the Body Shop Department.

| Debits | Credits   |
|--------|---|
|        | 1. Actual selling price of Body Shop Paint Labour sold to customers |

---

## 670 Customer Paint Labour – Cars & Trucks

*Cost of Sales*

*Fixed Operations*

### Cost of Sales Synopsis

Account 670 is established to record the Cost of Sales, which is defined as compensation paid to technicians, for customer paid Body Shop Paint Labour.

| Debits  | Credits |
|---|---------|
| 1. Cost of Body Shop Paint Labour sold to customers |         |

### Note:

Labour sales can be costed either on an actual basis or on a percentage basis. However, it is recommended that whenever practicable labour sales be costed on actual basis because material losses of productive time may be concealed by the inaccuracies inherent in percentage costing methods. Such inaccuracies can result from failure to update costing percentages when changes occur in the compensation of technicians and in the structural of selling prices of labour, and from other reasons.

The following examples show how labour may be costed under various compensation plans:

1. Technicians are paid on a flat rate hour and customers are billed on a flat rate hour.
  - Actual costing may be accomplished by multiplying the technician's flat rate by the flat rate hours spent on a particular job.
  - Percentage costing may be accomplished as illustrated below.
  
2. Technicians are paid an hourly rate and customers are billed on a flat rate hour.
  - Actual costing may be accomplished by multiplying the technician's hourly rate by the hours spent on a particular job.
  - Percentage costing cannot be accomplished with any degree of accuracy.
  
3. Technicians are paid on an hourly rate and customers are billed on an hourly rate.
  - Actual costing may be accomplished by multiplying the technician's hourly rate by the hours spent on a particular job.
  - Percentage costing may be accomplished as illustrated below.
  
4. Technicians are paid a percentage of customer labour sales.
  - Actual costing may be accomplished by multiplying each labour sale by the percentage received by the technician. Actual costing may also be accomplished by applying the percentage to the total labour sales at the month end.
  - Percentage costing does not apply under these conditions.
  
5. Technicians are paid a minimum guarantee with additional compensation based on production which cannot be determined until the end of a pay period.
  - Actual costing cannot be accomplished.
  - Percentage costing, in this instance, may be accomplished as illustrated below with the exception of Step #1, which should be revised as follows:

|  |           |
|--|-----------|
| • Total Productive Wages including incentives ( 8 Technicians for a 12 week test period) | \$ 54,910 |
| • Total Hours Worked   | / 3,800   |
| • Hourly Prime Cost of Labour  | \$ 14.45  |

It is preferred that added incentive pay of technicians and compensation of technicians' helpers be comprehended in the costing of labour sales. Therefore such pay should be debited to Acct. 247. If this is not practicable, such pay should be debited to Acct. 665 and 675, as applicable.

## EXAMPLE FOR DEVELOPING PERCENTAGES TO BE USED IN COSTING LABOUR SALES

STEP #1: Determine the weighted average hourly rate of technicians. This is the hourly prime cost of labour.

| <u>Number of<br/>Technicians</u> |   | <u>Hourly<br/>Rate</u> | =              | <u>Compensation</u> |
|----------------------------------|---|------------------------|----------------|---------------------|
| 2                                | X | 16.00                  | =              | \$ 32.00            |
| 3                                | X | 17.00                  | =              | 51.00               |
| 3                                | X | 15.00                  | =              | 45.00               |
| TOTAL                            |   | <u>8</u>               |                | <u>\$ 128.00</u>    |
|                                  |   |                        |                | / 8                 |
|                                  |   | Hourly Prime           | Cost of Labour | <u>\$ 16.00</u>     |

STEP #2: Determine the effective selling price of customer labour by sampling a consecutive number of repair orders.

- Total customer labour sales on repair orders examined \$ 21,900
- Number of labour hours sold on repair orders examined           / 500
- Effective Customer Selling Price of Labour \$ 43.80

STEP #3: Determine the percent of the effective customer selling price that represents cost.

- Hourly prime cost of labour (#1) \$ 16.00
- Effective customer selling price of labour (#2)           / 43.80
- Costing percentage of Customer Labour Sales           36.5%

STEP #4: Determine the percent of internal selling price that represents cost.

- Hourly prime cost of labour (#1) \$ 16.00
- Internal selling price of labour           / 39.42
- Costing percentage of Customer Labour Sales           40.6%

**NOTE:**

This study should be repeated whenever changes occur in either the hourly rate of technicians or the selling price of labour.

## 471 Customer Body Labour – Cars & Trucks

*Sales*

*Fixed Operations*

### Sales Synopsis

Account 471 is established to record Body Shop Labour sales paid directly by customers for repairs performed by the Body Shop Department.

| Debits | Credits  |
|--------|--|
|        | <ol style="list-style-type: none"><li>1. Actual selling price of Body Shop Labour sold to customers</li><li>2. Revenue from sources such as towing and washes in connection with Body Shop repairs</li></ol> |

---

## 671 Customer Body Labour – Cars & Trucks

*Cost of Sales*

*Fixed Operations*

### Cost of Sales Synopsis

Account 671 is established to record the Cost of Sales, which is defined as compensation paid to technicians, for customer paid Body Shop Labour.

| Debits  | Credits |
|---|---------|
| <ol style="list-style-type: none"><li>1. Cost of Body Shop Labour sold to customers</li></ol> |         |

### Note:

Labour sales can be costed either on an actual basis or on a percentage basis. However, it is recommended that whenever practicable labour sales be costed on actual basis because material losses of productive time may be concealed by the inaccuracies inherent in percentage costing methods. Such inaccuracies can result from failure to update costing percentages when changes occur in the compensation of technicians and in the structural of selling prices of labour, and from other reasons.

The following examples show how labour may be costed under various compensation plans:

1. Technicians are paid on a flat rate hour and customers are billed on a flat rate hour.
  - Actual costing may be accomplished by multiplying the technician's flat rate by the flat rate hours spent on a particular job.
  - Percentage costing may be accomplished as illustrated below.
  
2. Technicians are paid an hourly rate and customers are billed on a flat rate hour.
  - Actual costing may be accomplished by multiplying the technician's hourly rate by the hours spent on a particular job.
  - Percentage costing cannot be accomplished with any degree of accuracy.
  
3. Technicians are paid on an hourly rate and customers are billed on an hourly rate.
  - Actual costing may be accomplished by multiplying the technician's hourly rate by the hours spent on a particular job.
  - Percentage costing may be accomplished as illustrated below.
  
4. Technicians are paid a percentage of customer labour sales.
  - Actual costing may be accomplished by multiplying each labour sale by the percentage received by the technician. Actual costing may also be accomplished by applying the percentage to the total labour sales at the month end.
  - Percentage costing does not apply under these conditions.
  
5. Technicians are paid a minimum guarantee with additional compensation based on production which cannot be determined until the end of a pay period.
  - Actual costing cannot be accomplished.
  - Percentage costing, in this instance, may be accomplished as illustrated below with the exception of Step #1, which should be revised as follows:

|  |           |
|--|-----------|
| • Total Productive Wages including incentives ( 8 Technicians for a 12 week test period) | \$ 54,910 |
| • Total Hours Worked   | / 3,800   |
| • Hourly Prime Cost of Labour  | \$ 14.45  |

It is preferred that added incentive pay of technicians and compensation of technicians' helpers be comprehended in the costing of labour sales. Therefore such pay should be debited to Acct. 247. If this is not practicable, such pay should be debited to Acct. 665 and 675, as applicable.

## EXAMPLE FOR DEVELOPING PERCENTAGES TO BE USED IN COSTING LABOUR SALES

STEP #1: Determine the weighted average hourly rate of technicians. This is the hourly prime cost of labour.

| <u>Number of<br/>Technicians</u> |   | <u>Hourly<br/>Rate</u> | =              | <u>Compensation</u> |
|----------------------------------|---|------------------------|----------------|---------------------|
| 2                                | X | 16.00                  | =              | \$ 32.00            |
| 3                                | X | 17.00                  | =              | 51.00               |
| 3                                | X | 15.00                  | =              | 45.00               |
| TOTAL                            |   | <u>8</u>               |                | <u>\$ 128.00</u>    |
|                                  |   |                        |                | / 8                 |
|                                  |   | Hourly Prime           | Cost of Labour | <u>\$ 16.00</u>     |

STEP #2: Determine the effective selling price of customer labour by sampling a consecutive number of repair orders.

- Total customer labour sales on repair orders examined \$ 21,900
- Number of labour hours sold on repair orders examined           / 500
- Effective Customer Selling Price of Labour \$ 43.80

STEP #3: Determine the percent of the effective customer selling price that represents cost.

- Hourly prime cost of labour (#1) \$ 16.00
- Effective customer selling price of labour (#2)           / 43.80
- Costing percentage of Customer Labour Sales           36.5%

STEP #4: Determine the percent of internal selling price that represents cost.

- Hourly prime cost of labour (#1) \$ 16.00
- Internal selling price of labour           / 39.42
- Costing percentage of Customer Labour Sales           40.6%

**NOTE:**

This study should be repeated whenever changes occur in either the hourly rate of technicians or the selling price of labour.

## 472 Warranty Claim Labour – Body Shop

*Sales*

*Fixed Operations*

### Sales Synopsis

Account 472, Warranty Claim Labour – Body Shop, is established to record the sales of Body Shop Labour covered by the manufacturer's warranty and for which a claim is submitted.

| Debits | Credits  |
|--------|--|
|        | 1. Actual selling price (at claim rate) of Body Shop Paint & Labour for which warranty and transportation claims are filed |

---

## 672 Warranty Claim Labour – Body Shop

*Cost of Sales*

*Fixed Operations*

### Cost of Sales Synopsis

Account 672 is established to record the Cost of Sales, which is defined as the compensation paid to Body Shop Technicians for Warranty Claim Labour.

| Debits   | Credits |
|--|---------|
| 1. Cost of Body Shop Paint & Labour for which Warranty and Transportation Claims are filed |         |

## 473 Internal Labour – Body Shop

*Sales*

*Fixed Operations*

### Sales Synopsis

Account 473 is established to record the amount of Internal Body Shop Paint & Labour performed and sold to other departments.

| Debits | Credits   |
|--------|---|
|        | <ol style="list-style-type: none"><li>1. Internal selling price of reconditioning used vehicles</li><li>2. Internal selling price of dealer policy work</li><li>3. Internal selling price of repairing company-owned vehicles</li><li>4. Internal selling price of maintaining used vehicles in salable condition</li><li>5. Internal selling price of repairing customers' vehicles damaged due to employee negligence, for which an employee is not charged</li></ol> |

---

## 673 Internal Labour – Body Shop

*Cost of Sales*

*Fixed Operations*

### Cost of Sales Synopsis

Account 673 is established to record the Cost of Sales of Internal Body Shop Paint & Labour sold above.

| Debits  | Credits |
|---|---------|
| <ol style="list-style-type: none"><li>1. Cost of Body Shop Paint &amp; Labour sold to customers sold to other Departments</li></ol> |         |



**Note:**

**Internal Sales**

Because the term “Internal Sale” may be foreign to the accountant, a brief explanation is in order. A retail selling price is generally arrived at by giving consideration to the following items:

- Prime Cost (cost of merchandise or labour)  
Plus
- Department Overhead  
Plus
- Department Profit

Internal Sales are made up of prime cost and overhead only. Through the medium of internal sales, the selling department apportions its cost of doing business to another department within the dealership.

**Internal Sales of Labour**

It is recommended that labour sold internally be priced at customer price less 10%. If preferred, a rate sufficient to cover the prime cost of labour plus a pro rata share of the service department overhead to be absorbed by labour sales may be used. To determine this rate, the steps below should be followed:

Example

Step #1: Estimate the annual total productive mechanical technician hours available.

|   |               |
|---|---------------|
| • Number of weeks per year                                      | 52            |
| • Number of days per week                                       | X 5           |
|   | <hr/>         |
| • Annual number of days   | 260           |
| • Less: Average number of days for vacation and holidays        | - 15          |
|   | <hr/>         |
| • Estimated total annual productive days available              | 245           |
| • Productive hours available per day                            | X 8           |
|   | <hr/>         |
| • Annual productive hours available                             | 1,960         |
| • Number of mechanical technicians                              | X 8           |
|   | <hr/>         |
| • Annual Total Productive mechanical Technician Hours Available | <u>15,680</u> |

Step #2 Estimate the mechanical fixed overhead expense per productive hour.

|  |                       |
|--|-----------------------|
| • Estimated annual mechanical fixed overhead expense   | \$357,464             |
| • Estimated annual gross profit applicable to mechanical sales of sublet repairs and parts and accessories on custom repair orders | <u>- \$47,000</u>     |
| • Mechanical fixed overhead expense to be absorbed by labour sales   | \$ 310,464            |
| • Annual total productive mechanical technician hours available (#1)   | <u>/ 15,680</u>       |
| • Mechanical Fixed Overhead Expense per Productive hour  | <u><u>\$19.80</u></u> |

Step #3: Compute the weighted average hourly wage paid mechanical technicians. This is the hourly prime cost of labour.

|       | Number of<br>Technician |                             | Hourly<br>Rate |   | Compensation           |
|-------|-------------------------|-----------------------------|----------------|---|------------------------|
|       | 2                       | X                           | \$ 16.00       | = | \$ 32.00               |
|       | 3                       | X                           | \$ 17.00       | = | \$ 51.00               |
|       | <u>3</u>                | X                           | \$ 15.00       | = | <u>\$ 45.00</u>        |
| Total | <u><u>8</u></u>         |                             |                |   | <u>\$128.00</u>        |
|       |                         |                             |                |   | / 8                    |
|       |                         | Hourly Prime Cost of Labour |                |   | <u><u>\$ 16.00</u></u> |

Step #4: Compute the internal selling price of mechanical labour.

|  |                        |
|--|------------------------|
| • Mechanical fixed overhead expense per productive hour (#2) | \$19.80                |
| • Hourly prime cost of labour (#3)                           | <u>\$16.00</u>         |
| • Internal Selling Price of Mechanical Labour                | <u><u>\$ 35.80</u></u> |

The preceding example determines the internal selling price of mechanical labour. If the dealership has a body shop operation, separate rates should be used for the internal sales of mechanical and body shop labour. The above steps should be followed, substituting the number of body shop technicians and their hourly rates; the gross profit applicable to body shop sale of sublet repairs, parts and accessories on custom repair orders, and paint and body shop materials; and the estimated annual body shop fixed overhead expense.

# 675 Adjustment – Cost of Labour Sales – Body Shop

*Cost of Sales*

*Fixed Operations*

## Cost of Sales Synopsis

Account 675 is established to record the amount of adjustment required to reconcile Work in Process to the actual amount of labour on open repair orders.

| Debits   | Credits |
|--|---------|
| 1. Monthly adjustment of <u>Acct. 247, Work in Process – Labour</u> to agree with the schedule of the cost of labour sales on Body Shop Repair Orders in process |         |

## 476 Sublet Repairs – Body Shop

*Sales*

*Fixed Operations*

### Sales Synopsis

Account 476 is established to record the amount of Body Shop repairs that are sub-contracted to outside suppliers and vendors.

| Debits | Credits   |
|--------|---|
|        | <ol style="list-style-type: none"><li>1. Actual selling price of Body Shop Sublet Repairs sold</li><li>2. Actual selling price (at claim rate) of Body Shop Sublet Repairs for which Warranty And Transportation Claims are filed</li></ol> |

---

## 676 Sublet Repairs – Body Shop

*Cost of Sales*

*Fixed Operations*

### Cost of Sales Synopsis

Account 676 is established to record the Cost of Sales for the Sublet Body Shop repairs sold above.

| Debits  | Credits |
|---|---------|
| <ol style="list-style-type: none"><li>1. Actual cost of Body Shop Sublet Repairs sold</li></ol> |         |

## 477 Parts – Body Shop Customer Repair Orders – Cars & Trucks

*Sales*

*Fixed Operations*

### Sales Synopsis

Account 477 is established to record the amount of Parts sold on Customer Paid Repair Orders for Cars and Trucks respectively.

| Debits | Credits   |
|--------|---|
|        | 1. Actual selling price of Parts sold on Customer Body Shop Repair Orders |

---

## 677 Parts – Body Shop Customer Repair Orders – Cars & Trucks

*Cost of Sales*

*Fixed Operations*

### Cost of Sales Synopsis

Account 677 is established to record the cost of sales for the Parts sold in Account 477.

| Debits  | Credits |
|---|---------|
| 1. Cost of Parts sold on customer body shop repair orders |         |

## 478 Parts – Quick Service Repair Orders

*Sales*

*Fixed Operations*

### Sales Synopsis

Account 478 is established to record the sales of Parts sold on Quick Service Repair Orders recorded in [Account 460C, Quick Service Labor – Cars & Light Duty Trucks](#) and [Account 461C, Quick Service Labor – Commercial, Fleet, & Medium Duty Trucks](#).

| Debits | Credits  |
|--------|--|
|        | 1. The actual selling price of Parts sold on Quick Service Repair Orders |

---

## 678 Parts – Quick Service – Repair Orders

*Cost of Sales*

*Fixed Operations*

### Cost of Sales Synopsis

Account 678 is established to record the cost of sales for the Parts sold in Account 478 above.

| Debits  | Credits |
|---|---------|
| 1. The cost of Parts sold on Quick Service mechanical Repair Orders |         |

## 479 Paint and Body Shop Materials

*Sales*

*Fixed Operations*

### Sales Synopsis

Account 479 is established to record the sales of Paint and Body Shop Materials used on Body Shop repairs.

| Debits | Credits  |
|--------|--|
|        | <ol style="list-style-type: none"><li>1. Actual selling price of Paint, Body Shop and similar Material sold</li><li>2. Actual selling price (at claim rate) of Paint, Body Shop and similar Materials for which Warranty and Transportation Claims are filed</li></ol> |

---

## 679 Paint and Body Shop Materials

*Cost of Sales*

*Fixed Operations*

### Cost of Sales Synopsis

Account 679 is established to record the Cost of Sales of Paint and Body Shop Materials sold in Account 479 above.

| Debits  | Credits  |
|---|--|
| <ol style="list-style-type: none"><li>1. Cost of Paint, Body Shop and similar Materials sold</li><li>2. Adjustment of the Paint and Body Shop Materials inventory</li></ol> | <ol style="list-style-type: none"><li>1. Adjustment of the Paint and Body Shop Materials inventory</li></ol> |

## 480 Parts Warranty Claims

*Sales*

*Fixed Operations*

### Sales Synopsis

Account 480 is established to record the sales of Parts sold on Warranty and Transportation Claims.

| Debits | Credits   |
|--------|---|
|        | 1. Actual selling price (at claim rate) of Parts for which Warranty and Transportation Claims are filed |

---

## 680 Parts Warranty Claims

*Cost of Sales*

*Fixed Operations*

### Cost of Sales Synopsis

Account 680 is established to record the Cost of Sales for the Parts sold in Account 480 above.

| Debits  | Credits |
|---|---------|
| 1. Cost of Parts for which Warranty and Transportation Claims are filed |         |



## 481 Parts - Internal

### Sales

### Fixed Operations

#### Sales Synopsis

Account 481 is established to record the sales of Parts sold on Internal Repair Orders for work performed for other departments.

| Debits | Credits   |
|--------|---|
|        | <ol style="list-style-type: none"><li>1. Internal selling price of Parts sold on Internal Repair Orders</li><li>2. Internal selling price of Parts for installation on New Vehicles</li><li>3. Internal selling price of Parts for reconditioning Used Vehicles</li><li>4. Internal selling price of Parts for dealer Policy work</li><li>5. Internal selling price of Parts for repair and maintenance of company-owned vehicles</li><li>6. Internal selling price of Parts for repair of customers' vehicles damaged due to employee negligence, for which an employee is not charged</li></ol> |

#### Comments

It is recommended that the Internal sales of regularly stocked parts and accessories, other than parts and accessories sold on customer repair orders, be priced at COST PLUS 25%, but not to exceed the retail selling price of the item.

If preferred, a rate sufficient to cover the prime cost of the parts and accessories plus a pro rata share of the parts and accessories department overhead may be used for all internal sales. To determine this rate, the steps below should be followed:

#### EXAMPLE

- Estimated annual fixed overhead expense of the parts and accessories department      \$48,000
- Estimated annual amount of the parts and accessories department cost of sales      / \$185,000
- Percentage Mark-up      26%

The internal selling price of parts and accessories equals cost plus 26%.

## 681 Parts - Internal

*Cost of Sales*

*Fixed Operations*

### Cost of Sales Synopsis

Account 681 is established to record the Cost of Sales for Parts sold on Internal Repairs Orders above.

| Debits                                     | Credits |
|--|---------|
| 1. Cost of Parts sold to other departments |         |

## 482 Parts – Counter-Retail

*Sales*

*Fixed Operations*

### Sales Synopsis

Account 482 is established to record the retail sales of Parts sold to Retail customers at the dealership.

| Debits   | Credits   |
|--|---|
| 1. Actual selling price of Parts returned by customers | 1. Actual selling price of Parts sold over the counter to Retail and Fleet Customers and to employees |

---

## 682 Parts – Counter Retail

*Cost of Sales*

*Fixed Operations*

### Cost of Sales Synopsis

Account 682 is established to record the Cost of Sales of Parts sold in Account 482 above.

| Debits  | Credits                                |
|---|--|
| 1. Cost of Parts sold over the counter to Retail and Fleet Customers and to employees | 1. Cost of Parts returned by customers |

## 483 Parts – Wholesale

*Sales*

*Fixed Operations*

### Sales Synopsis

Account 483 is established to record the sales of Parts sold to other businesses for the purpose of resale to end-users.

| Debits   | Credits  |
|--|--|
| 1. Actual selling price of Parts returned by Wholesale Customers | 1. Actual selling price of Parts sold to other dealers, body shops, independent garages, and other “jobbers” for the purpose of resale to retail customers |

---

## 683 Parts – Wholesale

*Cost of Sales*

*Fixed Operations*

### Cost of Sales Synopsis

Account 683 is established to record the Cost of Sales for the Parts sold in Account 483 above.

| Debits   | Credits                                |
|--|--|
| 1. Cost of Parts sold to other dealers, body shops, independent garages, and other “jobbers” for the purpose of resale | 1. Cost of Parts returned by customers |

# 484 Accessories

Sales

Fixed Operations

## Sales Synopsis

Account 484 is established to record the sales of Accessories sold by the Parts & Accessories Department.

| Debits   | Credits   |
|--|---|
| 1. The amount of Accessories returned by customers for re-stocking | 1. The selling price of Accessories sold by the Parts and Accessories Department including sales on:<br>a. Customer Repair Orders<br>b. Warranty Claim sales at the claim rate<br>c. Internal sales at the Internal rate<br>d. Counter Retail<br>e. Wholesale |

## Comments

It is recommended that the Internal sales of regularly stocked parts and accessories, other than parts and accessories sold on customer repair orders, be priced at COST PLUS 25%, but not to exceed the retail selling price of the item.

If preferred, a rate sufficient to cover the prime cost of the parts and accessories plus a pro rata share of the parts and accessories department overhead may be used for all internal sales. To determine this rate, the steps below should be followed:

### EXAMPLE

- Estimated annual fixed overhead expense of the parts and accessories department \$48,000
- Estimated annual amount of the parts and accessories department cost of sales / \$185,000
- Percentage Mark-up 26%

The internal selling price of parts and accessories equals cost plus 26%.

## 684 Accessories

*Cost of Sales*

*Fixed Operations*

### Cost of Sales Synopsis

Account 684 is established to record the Cost of Sales of Accessories sold in Account 484 above.

| Debits                          | Credits |
|---------------------------------|---------|
| 1. The cost of Accessories sold |         |

## 687 Purchase Allowances

*Cost of Sales*

*Fixed Operations*

### Cost of Sales Synopsis

Account 687 is established to record the cash or credit from the manufacturer for ordering and/or selling Parts and Accessories under regular or promotional programs.

| Debits | Credits  |
|--------|--|
|        | <ol style="list-style-type: none"><li>1. Purchase Allowances earned</li><li>2. Stock order Allowances earned</li><li>3. Purchase Discounts earned on Parts and Accessories</li></ol> |

## 688 Adjustment – Parts and Accessories Inventory

*Cost of Sales*

*Fixed Operations*

### Cost of Sales Synopsis

Account 688 is established to record the amount of adjustment required to reconcile the value of inventory on hand recorded in [Account 242, Parts & Accessories](#) (Inventory).

| Debits   | Credits  |
|--|--|
| 1. Adjustment to <b>decrease</b> the Parts and Accessories inventory<br>2. Inventory value of parts and accessories scrapped | 1. Adjustment to <b>increase</b> the Parts and Accessories inventory<br>2. Amount refunded under the Parts and Accessories Return Plan |



## 490 Tires

*Sales*

*Fixed Operations*

### Sales Synopsis

Account 490 is established to record the sales of Tires by the Parts and Accessories Department.

| Debits | Credits  |
|--------|--|
|        | <ol style="list-style-type: none"><li>1. Actual selling price of tires sold to customers other than with new vehicles</li><li>2. Actual selling price (at claim rate) of tires for which Warranty and Transportation Claims are filed</li><li>3. Internal selling price of tires sold to other departments</li></ol> |

---

## 690 Tires

*Cost of Sales*

*Fixed Operations*

### Cost of Sales Synopsis

Account 690 is established to record the Cost of Sales of Tires sold in Account 490 above.

| Debits   | Credits  |
|--|--|
| <ol style="list-style-type: none"><li>1. Cost of tires sold</li><li>2. Adjustment to decrease the value of <u>Account 243, Tires</u> (inventory)</li></ol> | <ol style="list-style-type: none"><li>1. Adjustment to increase the value of <u>Account 243, Tires</u> (inventory)</li></ol> |

### Note:

These sales may be costed individually at actual cost. However, at each month end, inventory adjustments to physical count values should be reflected in the applicable cost of sales accounts.

Internal sales of regularly stocked tires should be priced at cost plus 25%, but not to exceed the retail selling price item.

If it is determined that there is little or no additional cost involved in handling non-regularly stocked tires, such internal sales may be priced at a rate lower than cost plus 25%, if desired.

## 491 Gas, Oil and Grease

*Sales*

*Fixed Operations*

### Sales Synopsis

Account 491 is established to record the sales of Gas, other fuel, Oil, Grease and other lubricants sold by the Parts and Accessories Department.

| Debits | Credits   |
|--------|---|
|        | 1. Actual selling price of gasoline (fuel), oil, grease and similar materials (lubricants) sold |

---

## 691 Gas, Oil and Grease

*Cost of Sales*

*Fixed Operations*

### Cost of Sales Synopsis

Account 691 is established to record the Cost of Sales of the items sold in Account 491 above.

| Debits   | Credits  |
|--|--|
| 1. Cost of gasoline (fuel), oil, grease and similar materials (lubricants) sold            | 1. Adjustment to increase the value of <u>Account 244, Gas, Oil and Grease</u> (inventory) |
| 2. Adjustment to decrease the value of <u>Account 244, Gas, Oil and Grease</u> (inventory) |  |

### Note:

These sales may be costed individually at actual cost. However, at each month end, inventory adjustments to physical count values should be reflected in the applicable cost of sales accounts.

## 492 Miscellaneous

*Sales*

*Fixed Operations*

### Sales Synopsis

Account 492, Miscellaneous is established to record the sales of items, which cannot be properly classified in any other account.

| Debits | Credits  |
|--------|--|
|        | <ol style="list-style-type: none"><li>1. Actual selling price of automotive merchandise, materials and supplies sold which are not otherwise provided for</li><li>2. Actual selling price of other merchandise sold, which was recorded in <u>Account 252, Other</u> (inventory)</li></ol> |

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## 692 Miscellaneous

*Cost of Sales*

*Fixed Operations*

### Cost of Sales Synopsis

Account 692 is established to record the Cost of Sales of items sold in Account 492 above.

| Debits   | Credits  |
|--|--|
| <ol style="list-style-type: none"><li>1. Cost of items recorded as sales in <u>Account 492, Miscellaneous</u></li><li>2. Adjustment to decrease the value of <u>Account 252, Other</u> (inventory)</li></ol> | <ol style="list-style-type: none"><li>1. Adjustment to increase the value of <u>Account 252, Other</u> (inventory)</li></ol> |

**Note:**

It is preferable that these sales be costed individually at actual cost, however, they may be costed on a percentage basis at month end.

If a percentage basis is used, an accurate percentage of sales should be developed to apply as cost for each classification of sales.

Using a reasonable sample, such as a three-month sales period, all sales in each classification should be costed at actual cost on each repair order and counter sales invoice. A summary should be prepared of all sales and cost of sales included in this study. Total sales in each classification should be divided into the corresponding total actual costs. The resulting percentages should then be applied to the applicable sales classifications at each subsequent month end to determine cost of sales.

This study should be repeated as frequently as necessary.

# 511 Recurring Lease Payment (Closed End Lease) 521 Recurring Lease Payment (Open End Lease)

*Lease & Rental Activity*

## Sales Synopsis

Account 511, Recurring Lease Payment (Closed End Lease) and Account 521, Recurring Lease Payment (Open End Lease) are established to record the regular (typically on a monthly basis) Lease Payments received from customers for leased vehicles operated under arrangements for which the dealership is the owner and underwriter of the lease.

| Debits | Credits  |
|--------|--|
|        | 1. Amount of payments received and accrued from lease customers for vehicles leased directly from the dealership |

## Comments

This account is only for dealerships who operate their own leasing operations. Professional tax, accounting, and insurance advice should be obtained and strictly observed regarding the proper administration of dealership owned lease vehicles.

## Note:

Lease and Rental vehicles are recorded in Account 277, Lease and Rental (inventory).

**512 Maintenance Income (Closed End Lease)**  
**522 Maintenance Income (Open End Lease)**  
*Lease & Rental Activity*

**Sales Synopsis**

Account 512, Maintenance Income (Closed End Lease) and Account 522 (Open End Lease) are established to record the portion of the regular lease payment, which covers the vehicle maintenance of the lease vehicle.

| Debits | Credits   |
|--------|---|
|        | 1. The amount of payments received from and accrued for lease customers covering the maintenance of the lease vehicle |

**Comments**

This account only applies to lease vehicles, which are leased with maintenance coverage.

**513 Partial Month (Pro-Rata) Income (Closed End Lease)**  
**523 Partial Month (Pro-Rata) Income (Open End Lease)**  
*Lease & Rental Activity*

**Sales Synopsis**

Account 513, Partial Month (Pro-Rata) Income (Closed End Lease) and Account 523, Partial Month (Pro-Rata) Income (Open End Lease) are established to record Partial month lease payments. In some cases, leases may be written to allow for payments on a weekly basis.

| Debits | Credits   |
|--------|---|
|        | 1. The amount of Partial Month Lease payments received and accrued from lease customers |

**514 Late Payment Charge (Closed End Lease)**  
**524 Late Payment Charge (Open End Lease)**  
**534 Late Payment Charge (Rental)**

*Lease & Rental Activity*

**Sales Synopsis**

Accounts 514, 524 and 534, Late Payment Charges for Closed End Leases, Open End Leases and Rental vehicles, respectively, is established to record the amount of penalties assessed for Late Payments.

| <b>Debits</b>                                      | <b>Credits</b>   |
|--|--|
| 1. The reversal or refund of a Late Payment Charge | 1. The amount of Late Payment Charges assessed to or collected from Lease and Rental Customers |



**516 Administrative Fee (Closed End Lease)**  
**526 Administrative Fee (Open End Lease)**  
**536 Administrative Fee (Rental)**  
*Lease & Rental Activity*

**Sales Synopsis**

Accounts 516, 526, and 536, Administrative Fees for Closed End Leases, Open End Leases and Rental vehicles, respectively, are established to record the amount of Administrative Fees assessed on these vehicles.

| Debits | Credits   |
|--------|---|
|        | 1. The amount of Administrative Fees assessed to or collected from Lease and Rental Customers |

**517 Other Lease Revenue (Closed End Lease)**  
**527 Other Lease Revenue (Open End Lease)**  
*Lease & Rental Activity*

**Sales Synopsis**

Accounts 517 and 527, Other Lease Revenue from Closed End Leases and Open End Leases, respectively, is established to record Lease Revenue assessed or received from Lease Customers that cannot be properly recorded in any other account.

| Debits | Credits   |
|--------|---|
|        | 1. The amount of miscellaneous income received from Lease Customers |

## 535 Rental Income (Rental)

### *Lease & Rental Activity*

#### Sales Synopsis

Account 535, Rental Income is established to record the receipts produced from the rental of vehicles to customers.

| Debits | Credits  |
|--------|--|
|        | <ol style="list-style-type: none"><li data-bbox="857 548 1455 695">1. The amount of money collected and accrued from customers in payment of rental vehicles operated by the dealership</li><li data-bbox="857 709 1360 779">2. Amounts charged customers for insurance</li><li data-bbox="857 793 1433 863">3. Amounts charged other Departments for the use of Rental Vehicles</li></ol> |

#### Comments

Professional tax, accounting and insurance advice should be obtained regarding the establishment of a dealership owned rent a car operation. Care must be taken to make sure that adequate and proper insurance coverage is in effect on all vehicles rented to customers.

**711 Interest (Closed End Lease)**  
**721 Interest (Open End Lease)**  
**731 Interest (Rental)**

*Lease & Rental Activity*  
*Direct Cost*

**Cost of Sales Synopsis**

Accounts 711, 721, and 731, Interest for Closed End Lease, Open End Lease, and Rental vehicles, respectively, are established to record the Interest paid or payable for flooring Lease and Rental Vehicles while in service.

| <b>Debits</b>  | <b>Credits</b> |
|--|----------------|
| 1. The amount of interest paid and accrued on notes payable secured by Lease and Rental vehicles |                |

**712 Amortization (Closed End Lease)**  
**722 Amortization (Open End Lease)**  
**732 Amortization (Rental)**

*Lease & Rental Activity*  
*Direct Cost*

**Cost of Sales Synopsis**

Accounts 712, 722, and 732, Amortization for Closed End Leases, Open End Leases and Rental Vehicles are established to record the amortization applied to Lease and Rental Vehicles owned by the dealership.

| <b>Debits</b>  | <b>Credits</b>  |
|--|---|
| <ol style="list-style-type: none"><li>1. The monthly provision for amortization of Lease and Rental Vehicles</li><li>2. The adjustment for amortization to reflect the appraised wholesale value of Lease and Rental Vehicles removed from service</li></ol> | <ol style="list-style-type: none"><li>1. The adjustment for amortization to reflect the appraised wholesale value of Lease and Rental Vehicles removed from service</li></ol> |

**713 Insurance (Closed End Lease - In Service Vehicles)**  
**723 Insurance (Open End Lease - In Service Vehicles)**  
**733 Insurance (Rental - In Service Vehicles)**

*Lease & Rental Activity*  
*Direct Cost*

**Cost of Sales Synopsis**

Accounts 713, 723, and 733, Insurance for Closed End Lease, Open End Lease and Rental vehicles, respectively are established to record the cost of insurance premiums paid or payable for coverage of Lease and Rental Vehicles.

| <b>Debits</b>   | <b>Credits</b> |
|---|----------------|
| 1. The monthly provision of the insurance premiums paid or payable to cover Lease and Rental vehicles |                |

**714 License, Title & Tax (Closed End Lease)**

**724 License, Title & Tax (Open End Lease)**

**734 License, Title & Tax (Rental)**

*Lease & Rental Activity*

*Direct Cost*

**Cost of Sales Synopsis**

Accounts 714, 724, and 734, License, Title & Tax for Closed End Lease, Open End Lease and Rental vehicles, respectively are established to record the cost of registering such vehicles with the state DMV.

| <b>Debits</b>  | <b>Credits</b> |
|--|----------------|
| 1. The monthly provision for License fees, Title costs and Sales Tax for Lease and Rental Vehicles |                |

**715 Policy-Leased Vehicles (Closed End Lease)**  
**725 Policy-Leased Vehicles (Open End Lease)**  
**735 Policy-Leased Vehicles (Rental)**

*Lease & Rental Activity*

*Direct Cost*

**Cost of Sales Synopsis**

Accounts 715, 725, and 735, Policy (adjustments) for Closed End Lease, Open End Lease and Rental vehicles, respectively are established to record the cost of performing repairs to Lease and Rental vehicles for which the customer is not charged.

| <b>Debits</b>   | <b>Credits</b> |
|---|----------------|
| 1. The Internal selling price of Labour & Materials for Lease and Rental vehicles |                |



**716 Maintenance & Repairs (Closed End Lease)**  
**726 Maintenance & Repairs (Open End Lease)**  
**736 Maintenance & Repairs (Rental)**

*Lease & Rental Activity*

*Direct Cost*

**Cost of Sales Synopsis**

Accounts 716, 726, and 736, Maintenance & Repairs for Closed End Lease, Open End Lease and Rental vehicles, respectively are established to record the cost of performing routine Maintenance and Repairs on Lease and Rental Vehicles.

| <b>Debits</b>   | <b>Credits</b> |
|---|----------------|
| 1. The Internal selling price of Labour & Materials used in maintaining and repairing Lease and Rental vehicles |                |

**717 Rent-Sublet Units (Closed End Lease)**  
**727 Rent-Sublet Units (Closed End Lease)**  
**737 Rent-Sublet Units (Rental)**

*Lease & Rental Activity*  
*Direct Cost*

**Cost of Sales Synopsis**

Accounts 717, 727, and 737, Rent-Sublet Units for Closed End Lease, Open End Lease and Rental vehicles, respectively are established to record the cost of Renting or Subletting Units to provide to Lease and Rental customers.

| <b>Debits</b>  | <b>Credits</b> |
|--|----------------|
| 1. The cost of rental or sublet arrangements in order to provide vehicles for Lease and Rental customers |                |

**718 Other (Closed End Lease)**  
**728 Other (Open End Lease)**  
**738 Other (Rental)**  
*Lease & Rental Activity*  
*Direct Cost*

**Cost of Sales Synopsis**

Accounts 718, 728, and 738, Other Direct Costs for Closed End Lease, Open End Lease and Rental vehicles, respectively are established to record the cost of miscellaneous Direct Costs, which cannot be properly classified in any other account, related to operating Lease and Rental vehicles.

| <b>Debits</b>  | <b>Credits</b> |
|--|----------------|
| 1. Miscellaneous Direct Costs associated with the operation of Lease and Rental vehicles including: <ul style="list-style-type: none"><li>a. Gasoline</li><li>b. Collection fees for late payments</li></ul> |                |

**510 Selling Price of Disposed Vehicles (Closed End Lease)**  
**520 Selling Price of Disposed Vehicles (Open End Lease)**  
**530 Selling Price of Disposed Vehicles (Rental)**  
*Lease & Rental Activity*  
*Direct Cost*

**Sales Synopsis**

Accounts 510, 520, and 530, Selling Price of Disposed Vehicles for Closed End Lease, Open End Lease and Rental vehicles, respectively are established to record the Selling Price of Lease and Rental vehicles when they are retired from service.

| Debits | Credits  |
|--------|--|
|        | 1. The selling price of Lease and Rental vehicles upon removal from service that are NOT transferred back to the Used Vehicle Department |

**710 Cost of Sale of Disposed Vehicles (Closed End Lease)**  
**720 Cost of Sale of Disposed Vehicles (Open End Lease)**  
**730 Cost of Sale of Disposed Vehicles (Rental)**  
*Lease & Rental Activity*  
*Direct Cost*

**Cost of Sales Synopsis**

Accounts 710, 720, and 730, Cost of Sale of Disposed Vehicles for Closed End Lease, Open End Lease and Rental vehicles, respectively are established to record the Cost of Sales of Lease and Rental vehicles when they are retired from service.

| Debits   | Credits |
|--|---------|
| 1. The Cost of Sale of Lease and Rental vehicles when removed from service |         |

# 541 Insurance Commissions Earned

*Lease & Rental Activity*

*F & I, Protection Plan Activity*

## Sales Synopsis

Account 541, Insurance Commissions Earned is established to record the commissions earned for selling supplemental insurance coverage such as GAP, collision damage waiver to Rental customers.

| Debits | Credits  |
|--------|--|
|        | 1. The amount of commissions earned on supplemental insurance sold to customers on Lease and Rental vehicles |

# 740 F & I Manager Commissions Earned

*Lease & Rental Activity*

*F & I, Protection Plan Activity*

## Cost of Sales Synopsis

Account 740, F & I Manager Commissions Earned is established to record the amount of Commissions earned by F & I Managers on Lease and Rental vehicles.

| Debits  | Credits |
|---|---------|
| 1. The amount of commissions paid or payable to F & I Managers related to Lease and Rental vehicles |         |

# 741 Insurance Chargebacks

*Lease & Rental Activity*

*F & I, Protection Plan Activity*

## Cost of Sales Synopsis

Account 741, Insurance Chargebacks is established to record the amount of Chargebacks levied against the dealership for early termination by customers of Insurance policies on Lease and Rental vehicles.

| Debits  | Credits |
|---|---------|
| 1. The amount charged back by various insurance companies for Lease and Rental vehicles |         |

## 542 Accessories (Lease and Rental) – (Sales)

*Lease & Rental Activity*

*F & I, Protection Plan Activity*

### Sales Synopsis

Account 542 is established to record the amount of Accessories sold on Lease and Rental vehicles.

| Debits | Credits  |
|--------|--|
|        | 1. The selling price of Accessories on Lease and Rental vehicles |

---

## 742 Accessories (Lease and Rental) – (Cost of Sales)

*Lease & Rental Activity*

*F & I, Protection Plan Activity*

### Cost of Sales Synopsis

Account 742 is established to record the Cost of Sales of Accessories sold on Lease and Rental vehicles in Account 542 above.

| Debits   | Credits |
|--|---------|
| 1. The cost of Accessories sold on Lease and Rental vehicles |         |



## 543 GM Protection Plans (Sales)

*Lease & Rental Activity*

*F & I, Protection Plan Activity*

### Sales Synopsis

Account 543 is established to record the Sales of GM Protection Plans on Lease and Rental Vehicles.

| Debits | Credits   |
|--------|---|
|        | 1. The selling price of GM Protection Plans sold on Lease and Rental vehicles |

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## 743 GM Protection Plans (Cost of Sales)

*Lease & Rental Activity*

*F & I, Protection Plan Activity*

### Cost of Sales Synopsis

Account 743 is established to record the Cost of Sales of GM Protection Plans on Lease and Rental Vehicles.

| Debits  | Credits |
|---|---------|
| 1. The Cost of Sales of GM Protection Plans sold on Lease and Rental vehicles |         |

## 544 Other Protection Plans (Sales)

*Lease & Rental Activity*

*F & I, Protection Plan Activity*

### Sales Synopsis

Account 544 is established to record the Sales of non-GM protection plans on Lease and Rental vehicles.

| Debits | Credits   |
|--------|---|
|        | 1. The selling price of non-GM Protection Plans sold on Lease and Rental vehicles |

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## 744 Other Protection Plans (Cost of Sales)

*Lease & Rental Activity*

*F & I, Protection Plan Activity*

### Cost of Sales Synopsis

Account 744 is established to record the Cost of Sales of non-GM protection plans on Lease and Rental vehicles.

| Debits  | Credits |
|---|---------|
| 1. The Cost of Sales of non-GM Protection Plans sold on Lease and Rental vehicles |         |

## 806 Finance Income-New Vehicles

### Finance & Insurance Activity

#### New Vehicle

#### Sales Synopsis

Account 806 is established to record the Finance Income generated as a result of selling retail finance contracts to lending institutions on New Vehicles.

| Debits | Credits   |
|--------|---|
|        | <ol style="list-style-type: none"><li data-bbox="857 548 1406 653">1. Finance income on customer notes discounted relative to new vehicle sales</li><li data-bbox="857 674 1450 779">2. Finance charges included in customer notes receivable relative to new vehicle sales</li></ol> |

#### Note:

Finance income considered unearned on customer notes receivable may be deferred by establishing and crediting a separate general ledger account captioned Unearned Finance Income, which should be reported with [Account 210, Notes Receivable – Customers](#) on the trial balance. This account should be adjusted at month end through [Account 806, Finance Income – New](#) or [Account 808, Finance Income – Used](#), as applicable with the portion of finance income considered earned.

# 807 Insurance Commission Earned-New Vehicles

*Finance & Insurance Activity*

*New Vehicle*

## Sales Synopsis

Account 807 is established to record Commissions earned for selling supplemental insurance coverage on New Vehicles.

| Debits | Credits  |
|--------|--|
|        | <ol style="list-style-type: none"><li>1. Insurance commissions earned relative to new vehicle sales including:<ol style="list-style-type: none"><li>a. Credit Life</li><li>b. Accident &amp; Health</li><li>c. GAP Insurance</li></ol></li></ol> |

## 810 Accessories-New Vehicles (Sales)

*Finance & Insurance Activity*

*New Vehicle*

### Sales Synopsis

Account 810 is established to record the Sales of Accessories on New Vehicles by the F & I Department.

| Debits | Credits  |
|--------|--|
|        | 1. The selling price of Accessories sold on New Vehicles by the F & I Department |

### Comments

Sub-accounts 810A and 810B for Cars and Trucks respectively should be established to break out Accessory sales on Cars and Trucks.

---

## 860 Accessories-New Vehicles (Cost of Sales)

*Finance & Insurance Activity*

*New Vehicle*

### Cost of Sales Synopsis

Account 860 is established to record the Cost of Sales of Accessories on New Vehicles by the F & I Department.

| Debits   | Credits |
|--|---------|
| 1. The Cost of Sales of Accessories sold on New Vehicles by the F & I Department |         |

## 822 Other F & I Income New Vehicles (Sales)

*Finance & Insurance Activity  
New Vehicle*

### Sales Synopsis

Account 822 is established to record the Sales of Replacement Value Insurance, Excessive Wear and Tear Insurance, Chemical Income, and Other Miscellaneous F & I Income sold on New Vehicles by the F & I Department.

| Debits | Credits  |
|--------|--|
|        | 1. The selling price of Replacement Value Insurance, Excessive Wear and Tear Insurance, Chemical Income, and Other Miscellaneous F & I Income sold on New Vehicles |

## 872 Other F & I Income New Vehicles (Cost of Sales)

*Finance & Insurance Activity  
New Vehicle*

### Cost of Sales Synopsis

Account 872 is established to record the Cost of Sales of Replacement Value Insurance, Excessive Wear and Tear Insurance, Chemical Income, and Other Miscellaneous F & I Income sold on New Vehicles by the F & I Department.

| Debits   | Credits |
|--|---------|
| 1. The Cost of Sales of Replacement Value Insurance, Excessive Wear and Tear Insurance, Chemical Income, and Other Miscellaneous F & I Income sold on New Vehicles |         |

## 443 GM Protection Plans New Vehicles (Sales)

*Finance & Insurance Activity*

*New Vehicle*

### Sales Synopsis

Account 443 is established to record the Sales of GM Protection Plans by the F & I Department on New Vehicles.

| Debits                                  | Credits  |
|---|--|
| 1. Chargebacks due to early termination | 1. The selling price of GM Protection Plans sold on New Vehicles |

---

## 643 GM Protection Plans New Vehicles (Cost of Sales)

*Finance & Insurance Activity*

*New Vehicle*

### Cost of Sales Synopsis

Account 643 is established to record the Cost of Sales of GM Protection Plans by the F & I Department on New Vehicles.

| Debits                                      | Credits |
|---|---------|
| 1. The Cost of Sales of GM Protection Plans |         |

## 444 Other Protection Plans New Vehicles (Sales)

*Finance & Insurance Activity*

*New Vehicle*

### Sales Synopsis

Account 444 is established to record the Sales of non-GM protection plans or other products sold by the F & I Department.

| Debits                                  | Credits  |
|---|--|
| 1. Chargebacks due to early termination | 1. The selling price of non-GM Protection Plans sold |

---

## 644 Other Protection Plans (Cost of Sales)

*Finance & Insurance Activity*

*New Vehicle*

### Cost of Sales Synopsis

Account 644 is established to record the Cost of Sales of non-GM protection plans by the F & I Department.

| Debits   | Credits |
|--|---------|
| 1. The Cost of Sales of non-GM Protection Plans sold |         |



# 850 Finance & Insurance Chargebacks

*Finance & Insurance Activity*

*New Vehicle*

## Cost of Sales Synopsis

Account 850 is established to record Chargebacks from various financial and insurance companies for early termination, by customers, of financing arrangements and insurance coverage.

| Debits   | Credits |
|--|---------|
| <ol style="list-style-type: none"><li>1. Chargebacks from Finance institutions</li><li>2. Chargebacks from Insurance sales</li></ol> |         |

## 853 Repossession Losses – New Vehicles

*Finance & Insurance Activity*

*New Vehicle*

### Cost of Sales Synopsis

Account 853 is established to record losses due to repossession of New Vehicles.

| Debits   | Credits   |
|--|---|
| <ol style="list-style-type: none"><li>1. Excess of the amount due over the appraised wholesale value of repossessed vehicles, whether the vehicles are secured by notes held by the dealership or by notes discounted with finance institutions</li><li>2. Losses on repossessed vehicles sold by finance institutions</li><li>3. Repossession surpluses due customers</li></ol> | <ol style="list-style-type: none"><li>1. Deficiency settlements on repossessed vehicles</li></ol> |

### Comments

A debit balance represents repossession losses on previous new vehicle sales.

# 855 F & I Compensation-New Vehicles

*Finance & Insurance Activity*

*New Vehicle*

## Cost of Sales Synopsis

Account 855 is established to record commissions or other monetary compensation related to the Sales of Finance Contracts and/or Insurance Policies on New Vehicle sales.

| Debits   | Credits |
|--|---------|
| 1. The compensation paid to or accrued for employees selling Finance Contracts, Insurance Policies, and Protection Plans |         |

## 808 Finance Income-Used Vehicles

### *Finance & Insurance Activity Used Vehicle*

#### Sales Synopsis

Account 808 is established to record the Finance Income generated as a result of selling retail finance contracts to lending institutions on Used Vehicles.

| Debits | Credits   |
|--------|---|
|        | <ol style="list-style-type: none"><li data-bbox="857 548 1404 653">1. Finance income on customer notes discounted relative to used vehicle sales</li><li data-bbox="857 674 1448 779">2. Finance charges included in customer notes receivable relative to used vehicle sales</li></ol> |

#### Note:

Finance income considered unearned on customer notes receivable may be deferred by establishing and crediting a separate general ledger account captioned Unearned Finance Income, which should be reported with [Account 210, Notes Receivable – Customers](#) on the trial balance. This account should be adjusted at the month end through [Account 806, Finance Income - New](#) or [Account 808, Finance Income – Used](#), as applicable, with the portion of finance income considered earned.

# 809 Insurance Commissions Earned-Used Vehicles

*Finance & Insurance Activity*

*Used Vehicle*

## Sales Synopsis

Account 809 is established to record Commissions earned for selling supplemental insurance coverage on Used Vehicles.

| Debits | Credits   |
|--------|---|
|        | <ol style="list-style-type: none"><li>1. Insurance commissions earned relative to Used vehicle sales including:<ol style="list-style-type: none"><li>a. Credit Life</li><li>b. Accident &amp; Health</li><li>c. GAP Insurance</li></ol></li></ol> |

## 811 Accessories – Used Vehicles (Sales)

*Finance & Insurance Activity*

*Used Vehicle*

### Sales Synopsis

Account 811 is established to record the Sales of Accessories on Used Vehicles by the F & I Department.

| Debits | Credits   |
|--------|---|
|        | 1. The selling price of Accessories sold with Used Vehicles by the F & I Department |

### Comments

Sub-accounts 811A and 811B for Used Cars and Used Trucks respectively should be established to break out Accessory sales.

---

## 861 Accessories-Used Vehicles (Cost of Sales)

*Finance & Insurance Activity*

*Used Vehicle*

### Cost of Sales Synopsis

Account 861 is established to record the Cost of Sales of Accessories on Used Vehicles by the F & I Department.

| Debits  | Credits |
|---|---------|
| 1. The Cost of Sales of Accessories sold with Used Vehicles by the F & I Department |         |

## 823 Other F & I Income Used Vehicles (Sales)

*Finance & Insurance Activity  
Used Vehicle*

### Sales Synopsis

Account 823 is established to record the Sales of Replacement Value Insurance, Excessive Wear and Tear Insurance, Chemical Income, and Other Miscellaneous F & I Income sold on Used Vehicles by the F & I Department.

| Debits | Credits   |
|--------|---|
|        | 1. The selling price of Replacement Value Insurance, Excessive Wear and Tear Insurance, Chemical Income, and Other Miscellaneous F & I Income sold on Used Vehicles |

## 873 Other F & I Income Used Vehicles (Cost of Sales)

*Finance & Insurance Activity  
Used Vehicle*

### Cost of Sales Synopsis

Account 873 is established to record the Cost of Sales of Replacement Value Insurance, Excessive Wear and Tear Insurance, Chemical Income, and Other Miscellaneous F & I Income sold on Used Vehicles by the F & I Department.

| Debits  | Credits |
|---|---------|
| 1. The Cost of Sales of Replacement Value Insurance, Excessive Wear and Tear Insurance, Chemical Income, and Other Miscellaneous F & I Income sold on Used Vehicles |         |

## 454 GM Protection Plans – Used Vehicles (Sales)

*Finance & Insurance Activity*

*Used Vehicle*

### Sales Synopsis

Account 454 is established to record the Sales of GM Protection Plans on Used Vehicles, by the F & I Department.

| Debits                                  | Credits   |
|---|---|
| 1. Chargebacks due to early termination | 1. The selling price of GM Protection Plans sold with Used Vehicles |

---

## 654 GM Protection Plans – Used Vehicles (Cost of Sales)

*Finance & Insurance Activity*

*Used Vehicle*

### Cost of Sales Synopsis

Account 643 is established to record the Cost of Sales of GM Protection Plans sold on Used Vehicles.

| Debits  | Credits |
|---|---------|
| 1. The Cost of Sales of GM Protection Plans sold with Used Vehicles |         |



## 455 Other Protection Plans (Sales)

*Finance & Insurance Activity*

*Used Vehicle*

### Sales Synopsis

Account 455 is established to record the Sales of non-GM protection plans on Used Vehicles.

| Debits                                  | Credits   |
|---|---|
| 1. Chargebacks due to early termination | 1. The selling price of non-GM Protection Plans sold with Used Vehicles |

---

## 655 Other Protection Plans (Cost of Sales)

*Finance & Insurance Activity*

*Used Vehicle*

### Cost of Sales Synopsis

Account 655 is established to record the Cost of Sales of non-GM protection plans on Used Vehicles.

| Debits  | Credits |
|---|---------|
| 1. The Cost of Sales of non-GM Protection Plans sold with Used Vehicles |         |

# 851 Finance & Insurance Chargebacks

*Finance & Insurance Activity*

*Used Vehicle*

## Cost of Sales Synopsis

Account 851 is established to record the Chargebacks from various financial and insurance companies for early termination by, customers, of financing arrangements and insurance coverage. This typically occur when customers trade or sell financed vehicles before the loan is fully paid.

| Debits   | Credits |
|--|---------|
| <ol style="list-style-type: none"><li>1. Chargebacks from Finance Institutions</li><li>2. Chargebacks from Insurance sales</li></ol> |         |

## 854 Repossession Losses-Used

*Finance & Insurance Activity*

*Used Vehicle*

### Cost of Sales Synopsis

Account 854 is established to record losses due to repossession of Used Vehicles.

| Debits   | Credits   |
|--|---|
| <ol style="list-style-type: none"><li>1. Excess of the amount due over the appraised wholesale value of repossessed vehicles, whether the vehicles are secured by notes held by the dealership or by notes discounted with finance institutions</li><li>2. Losses on repossessed vehicles sold by finance institutions</li><li>3. Repossession surpluses due customers</li></ol> | <ol style="list-style-type: none"><li>1. Deficiency settlements on repossessed vehicles</li></ol> |

### Comments

A debit balance represents repossession losses on previous used vehicle sales

# 856 F & I Compensation-Used Vehicles

*Finance & Insurance Activity*

*Used Vehicle*

## Cost of Sales Synopsis

Account 856 is established to record commissions or other monetary compensation related to the Sales of Finance Contracts and/or Insurance Policies on Used Vehicles.

| Debits   | Credits |
|--|---------|
| 1. The compensation paid to or accrued for employees selling Finance Contracts, Insurance Policies, and Protection Plans |         |

## 902 Bad Debts Recovered

*Additions/Deductions*

*Addition to Income*

### Synopsis

Account 902 is established to record late payments from over-aged accounts receivable, which have been written off as a "Bad Debt".

| Debits | Credits  |
|--------|--|
|        | 1. Payment received on notes and accounts receivable previously charged off as uncollectible |

# 903 Cash Discounts Earned

*Additions/Deductions*

*Addition to Income*

## Synopsis

Account 903 is established to record the reduction in price as a result of timely payment to Trade Creditors.

| Debits | Credits  |
|--------|--|
|        | 1. The amount of discount allowed by creditors for paying in full by an agreed upon deadline |

## 905 Other Income

### *Additions/Deductions*

### *Addition to Income*

#### Synopsis

Account 905 is established to record the amount of miscellaneous income received by the dealership. Only the monies, which cannot properly be recorded in any other account, are to be posted here.

| Debits  | Credits  |
|---|--|
| <ol style="list-style-type: none"><li>1. Expense, including interest and depreciation, related to other investments and miscellaneous assets</li><li>2. Amounts paid in excess of factory costs for new vehicles transferred from other dealers</li><li>3. Expense of handling tags and titles</li><li>4. Expense in connection with purchasing cooperatives</li><li>5. Expense in connection with vending machines</li></ol> | <ol style="list-style-type: none"><li>1. Revenue from other investments and miscellaneous assets</li><li>2. Amounts received in excess of factory costs for new vehicles transferred to other dealers</li><li>3. Revenue from handling tags and titles</li><li>4. Revenue in connection with purchasing cooperatives</li><li>5. Revenue in connection with vending machines</li><li>6. Dividends from securities</li><li>7. Revenue from storage charges to customers</li><li>8. Gains on sales of fixed assets, securities, miscellaneous assets received in trade and other investments and miscellaneous assets</li><li>9. Interest earned on deposits in financial institutions</li><li>10. Finance charges on customer accounts receivable</li><li>11. Revenue from sales of scrap other than Used Vehicles</li><li>12. Reimbursement of expenses incurred for affiliates and subsidiaries, if it cannot be applied to specific expense accounts</li><li>13. Revenue for collecting sales tax</li><li>14. Excess of the increase in the cash surrender value over the premium</li></ol> |

|  |   |
|--|---|
|  | <p>paid on life insurance policies owned by the dealership</p> <p>15. Revenue for collecting waste management fees (Federal and State)</p> <p>16. Other non-operating income for which no provision has been made</p> |
|--|---|



# 953 Cash Discounts Allowed

*Additions/Deductions*

*Deductions from Income*

## Synopsis

Account 953 is established to record Cash Discounts granted to customers as an incentive to pay promptly.

| Debits  | Credits |
|---|---------|
| 1. Cash discounts allowed to customers for prompt payment |         |

## 955 Other Deductions

### *Additions/Deductions*

### *Deductions from Income*

#### Synopsis

Account 955 is established to record miscellaneous losses, expenses or deductions, which cannot properly be recorded in any other account.

| Debits   | Credits |
|--|---------|
| <ol style="list-style-type: none"><li>1. Life insurance premiums paid on the lives of owners</li><li>2. Excess of the premium paid over the increase in the cash surrender value of life insurance policies owned by the dealership</li><li>3. Losses on sales of fixed assets, securities, miscellaneous assets received in trade and other investments and miscellaneous assets</li><li>4. Write – off of organization expense</li><li>5. Moving expense</li><li>6. Fees and commissions paid brokers and others for arranging capital loans, mortgages, etc.</li><li>7. Casualty losses</li><li>8. Writedown of securities to market value</li><li>9. Notes and accounts in <a href="#">Account 294, Notes &amp; Accounts Receivable-Other</a> considered uncollectible</li><li>10. Other non – operating deductions for which no provision has been made</li></ol> |         |

## **DISTRIBUTION OF EXPENSES**

Managing an automobile dealership is an inherently difficult task. Since dealerships are made up of New & Used Vehicle Sales Departments, Service, Parts & Body Shop Departments and more recently separate F & I and Lease & Rental Departments, running a dealership is equivalent to operating six (6) or seven (7) companies under one roof. In order to keep track of performance in each Department, it is necessary to adopt a "Profit Center" approach. Under a Profit Center structure, each Department is responsible for generating its own Sales & Gross Profit, controlling Expenses and producing an Operating Profit. Each Department manager must be held accountable for producing results and contributing to the overall "Bottom Line" of the entire Dealership.

The General Motors Dealer Operating Report is designed to show Sales & Gross Profit results for each Department. However, this alone is not enough. It is important to allocate Expenses to each Department in a fair and consistent manner. Each Department Manager should be given the responsibility and the authority to control Departmental Expenses by reasonable budgeting & forecasting and monitoring the Daily Operating Control (DOC) report.

One difficulty with this concept is the proper allocation of Expenses. Some Expenses such as the New Vehicle Floorplan Interest are clearly identified with the operation of the New Vehicle Department. On the other hand, Expenses such as Rent must be charged to each Department on a "Fair Share" basis. The methods to develop a fair share basis for the Dealership follow below.

The cardinal rule for handling Expenses is that whenever an Expense can be identified and associated with a specific Department, the entire Expense should be charged to the Department. When more than one Department share an Expense, the amount of the Expense should be pro-rated between Departments. The procedures to distribute Expenses follow.

Expenses should be distributed, on any one or any combination of the following basis, to Departments which:

1. are DIRECTLY RESPONSIBLE FOR incurring the expense.
2. receive the DIRECT BENEFIT OF the expense.
3. SHARE IN THE BENEFIT of the expense.

Each department should be viewed as a separate entity. There are expenses, which each Department must incur in order to continue operations. Using Rent as an example, the monthly Rent should be allocated on a reasonable basis to ALL DEPARTMENTS of a dealership. Department Mangers are NOT DIRECTLY RESPONSIBLE FOR THE INCURRING OF RENT EXPENSE, BUT ALL RECEIVE THE BENEFIT OF THE DEALERSHIP'S REAL ESTATE.

No Expense item should be arbitrarily prorated to operating Departments. An item of Expense should not be haphazardly classified as General and Administrative because it is not directly incurred by or for a specific Department. It is ESPECIALLY IMPORTANT that no Expense should be classified as General and Administrative simply because it appears to be too difficult to allocate on a reasonable basis.

Most Expenses have a clear, definable nature and can be reasonably and accurately distributed to specific Departments. Expenses which cannot be so easily defined MUST BE ANALYZED, and reasonable decisions must be made as to their proper distribution. THIS IS THE RESONSIBILITY of the Accountant.

The GM Dealer's Standard Accounting System provides for Expense Distribution designations through the use of a numbering system to identify each Department: It is shown in the table below.

| <b>Operating Departments:</b>         | <b>Numeric Designation</b> |
|---------------------------------------|----------------------------|
| New Vehicle Department                | 01                         |
| Used Vehicle Department               | 02                         |
| Lease and Rental Department           | 03                         |
| Mechanical (Service) Department:      | 05                         |
| Body Shop Department                  | 06                         |
| Parts and Accessories Department      | 07                         |
| General and Administrative Department | 09                         |

\*The use of G & A Department is not encouraged.

Expense account numbers classify the expense and the two-digit code (above) identifies the Department to which the expense is to be distributed.

### **Distribution Examples**

No attempt is made to cover all possible Expenses, which a dealership may incur. The examples are provided merely to show typical items to be charged to each expense account, and to serve as an aid to correctly distribute Expenses that are common to all GM dealerships. Therefore, a dealership may incur an Expense that is not shown; but the examples should provide assistance in correctly distributing that Expense.

We are suggesting only one reasonable method to determine the manner in which a particular Expense item should be distributed. There may be other methods, which a dealer feels are more reasonable and accurate for particular Expense items; if so, they should be used.

## Glossary

In order to make the distribution examples concise, phrases are used to describe the basis for distribution; they are self-explanatory. In some instances, certain key words are used in many Expense accounts. These are defined below.

- **AREA**

Measure the square footage of each Department. Then add up all the Departments for the Total Dealership as shown in the table below: Calculate each Department's percentage to the Total Dealership.

| Area (Square Feet) |        | New Veh. | Used Veh. | Lease & Rental | Mech.  | Body Shop | Parts & Access. | Gen. & Admin. |
|--------------------|--------|----------|-----------|----------------|--------|-----------|-----------------|---------------|
|                    | Total  | 01       | 02        | 03             | 05     | 06        | 07              | 09            |
| Square ft.         | 80,000 | 3,600    | 1,600     | 800            | 46,000 | 20,000    | 8,000           |               |
| % of Total         |        | 5%       | 2%        | 1%             | 57%    | 25%       | 10%             |               |

Multiply the total Expense by the respective percentage to determine the specific Department's expense.

- **EMPLOYEES**

Tabulate the number of employees in each Department. Add up all the employees for the Total Dealership. Calculate the percentage of each Department's employees to the total number of employees as shown in the table below.

| Employees           |       | New Veh. | Used Veh. | Lease & Rental | Mech. | Body Shop | Parts & Access. | Gen. & Admin. |
|---------------------|-------|----------|-----------|----------------|-------|-----------|-----------------|---------------|
|                     | Total | 01       | 02        | 03             | 05    | 06        | 07              | 09            |
| Number of Employees | 60    | 12       | 6         | 4              | 24    | 8         | 6               |               |
| % of Total          |       | 20%      | 10%       | 7%             | 40%   | 13%       | 10%             |               |

Multiply the total expense by the respective Department's percentage to determine the specific Department's expense.

- **EMPLOYEES PARTICIPATING**

When NOT all employees are involved, "Employees Participating" refers to only the employees that incur an Expense such as Health Insurance coverage or Pension Plan eligibility. Calculate the percentage of the Participating Employees in a Department to the total number of Participating Employees for the entire dealership.

| Participating Employees           |       | New Veh. | Used Veh. | Lease & Rental | Mech. | Body Shop | Parts & Access. | Gen. & Admin. |
|-----------------------------------|-------|----------|-----------|----------------|-------|-----------|-----------------|---------------|
|                                   | Total | 01       | 02        | 03             | 05    | 06        | 07              | 09            |
| Number of Participating Employees | 40    | 5        | 1         | 1              | 21    | 8         | 4               |               |
| % of Total                        |       | 13%      | 3%        | 3%             | 51%   | 20%       | 10%             |               |

Multiply the total expense by the respective Department's percentage to determine the specific Department's expense.

- **Relative Value Factor**

The value assigned by the dealer to each department based on importance, location, etc. Multiply the total expense by the percentage of a specific department's relative square foot value to determine that department's expense.

**EXAMPLE**

| Relative Value Factor |               | New Veh.  | Used Veh. | Lease & Rental | Mech      | Paint & Body Shop | Parts & Access. | Gen & Admin. |
|-----------------------|---------------|-----------|-----------|----------------|-----------|-------------------|-----------------|--------------|
|                       | <b>Total</b>  | <b>01</b> | <b>02</b> | <b>03</b>      | <b>05</b> | <b>06</b>         | <b>07</b>       | <b>09</b>    |
| Square Ft.            | <b>11,000</b> | 2,800     | 1,000     | 200            | 3,200     | 2,600             | 800             | 400          |
| Relative Value Factor |               | X 2       | X 1.5     | X 1            | X 1       | X 1               | X 1             | X 1          |
| Relative Square Ft.   |               | = 5,600   | = 1,500   | = 200          | = 3,200   | = 2,600           | = 800           | = 400        |
| % of Total            | <b>100%</b>   | 39.1 %    | 10.5%     | 1.4%           | 22.4%     | 18.2%             | 5.6%            | 2.8%         |

- **TIME**

An estimate of the reasonable amount of time devoted to a task by each Department should be used to calculate the respective Department's percentage of the Expense. An example is shown below.

| Time            |              | New Veh.  | Used Veh. | Lease & Rental | Mech      | Paint & Body Shop | Parts & Access. | Gen & Admin. |
|-----------------|--------------|-----------|-----------|----------------|-----------|-------------------|-----------------|--------------|
|                 | <b>Total</b> | <b>01</b> | <b>02</b> | <b>03</b>      | <b>05</b> | <b>06</b>         | <b>07</b>       | <b>09</b>    |
| Number of Hours | <b>40</b>    | 8         | 9         | 2              | 12        | 2                 | 6               | 1            |
| % of Total      | <b>100%</b>  | 20%       | 22%       | 5%             | 30%       | 5%                | 15%             | 3%           |

Multiply the total Expense by the respective Department's percentage to determine the specific Department's expense.

- **USAGE**

A reasonable estimate of the percentage of expense items (supplies, services, equipment, etc.) that a Department is projected to use should be calculated. Tables similar to the ones above can be applied to this task. Multiply the total Expense by the calculated percentage to determine a specific Department's expense.

Note: 1. Only expenses applicable to the operation of the business should be charged to the expense accounts.

Note: 2. All expenses applicable to the sales of new and used other automotive merchandise and non-automotive-oriented merchandise should be classified in the regular expense accounts and distributed to the new or used vehicle department, as applicable, and the parts and accessories department, respectively.

## 011 Vehicle Salespeople – Compensation and Other

### Expenses

#### Variable Selling

### Synopsis

All compensation including commissions, “spiffs”, prizes, and other payments paid to sales personnel are properly recorded in [Account 011, Vehicle Salespeople – Compensation and Other](#). **Not included** is absentee pay for vacation nor compensation for attending training classes. Absentee wages are recorded in [Account 024, Absentee Compensation](#).

| Debits   | Credits   |
|--|---|
| <ol style="list-style-type: none"><li>1. Salaries, Commissions, Spiffs, other compensation and Incentives based on department performance (except absentee compensation) paid or payable to salespeople for selling vehicles, protection plans, items recorded in <a href="#">Account 238, Other Automotive</a>, and for vehicle leases</li><li>2. Excess of guarantee over commissions earned</li><li>3. Cost of prizes and premiums</li><li>4. Fees and commissions paid to outsiders (e.g. “Bird-dog fees”)</li><li>5. Vehicle sales commissions earned by a supervisor who also functions as a salesperson</li><li>6. Salesperson Career Builder Program Fees</li><li>7. The cost of various factory programs benefiting sales personnel such as</li><li>8. The month-end accrual of amounts earned during the current month, but payable in a subsequent period (i. e. next pay period)</li></ol> | <ol style="list-style-type: none"><li>1. The reversal of the previous month’s accrual</li></ol> |

## Distribution of Expenses

| 011 Vehicle Salespeople - Compensation & Other                               | Departmental Distribution      |                                 |                        |               |              |                    |                 |
|--|--------------------------------|---------------------------------|------------------------|---------------|--------------|--------------------|-----------------|
|  | New Veh. 01                    | Used Veh. 02                    | Lease & Rental 03      | Mechanical 05 | Body Shop 06 | Parts & Access. 07 | Gen & Admin. 09 |
| Salespeople's commissions  | For new Vehicle sales          | For used Vehicle sales          | For leases and rentals |               |              |                    |                 |
| Commissions and fees to outsiders  | For new Vehicle sales          | For used Vehicle sales          | For leases and rentals |               |              |                    |                 |
| Salaries and guarantees  | Time                           | Time                            | Time                   |               |              |                    |                 |
| Prized and premiums  | For new Vehicle sales          | For used Vehicle sales          | For leases and rentals |               |              |                    |                 |
| Commission earned by a supervisor for selling a vehicle                      | Total Commission               | Total Commission                |                        |               |              |                    |                 |
| Commission for selling other automotive items not installed on vehicles sold | For new other automotive sales | For used other automotive sales |                        |               |              |                    |                 |

## Comments

The "Pay Plan" for salespeople should be simple and provide built in incentives for generating higher levels of gross profit and volume. It should be competitive with respect to other dealerships in the area in order to attract talented personnel. Once a successful Pay Plan is developed, it should not be changed unless there are compelling reasons. Frequent changes to the Pay Plan have a demoralizing effect on the sales staff.

At the end of each month, the balance of this account should be analyzed by calculating the Compensation paid per vehicle and the balance should be compared to the total gross profit of the New and Used Vehicle Departments. Total Sales Compensation should not exceed 30% of the department's gross profit otherwise an operating loss is a likely result.



## 013 Delivery Expense

### Expenses

### Variable Selling

#### Synopsis

When preparing a vehicle for delivery to a customer, all expenses related to this effort are recorded in [Account 013, Delivery Expense](#). This includes mechanical labour to service the vehicle, the cost of gasoline provided at delivery and any additional costs related to preparing the vehicle. **Not included** are reconditioning costs for used vehicles – reconditioning is recorded in [Account 647A, Reconditioning – Optimum/Saturn Used Cars](#); [Account 647B, Reconditioning – Other Used Cars](#); [Account 651A, Reconditioning – Optimum/Saturn Used Trucks](#); or [Account 651B, Reconditioning – Other Used Trucks](#).

| Debits   | Credits   |
|--|---|
| <ol style="list-style-type: none"><li>1. The expense at Internal selling rates of preparing vehicles for delivery</li><li>2. The cost of cleaning and detailing vehicles just prior to delivery</li><li>3. The cost of safety inspections required by law prior to delivery</li><li>4. Internal selling price of the labour for removing accessories and optional equipment</li><li>5. Internal selling price or cost of gasoline supplied with individual New &amp; Used vehicles sold</li><li>6. Cost of direct purchases of gasoline for individual New &amp; Used vehicles sold</li><li>7. The cost of supplies to maintain vehicles while in inventory such as car wash, polish, towels, cleaning rags, etc.</li><li>8. Expense (such as tolls, parking, overtime meals and other expenses in addition to wages) of employees delivering vehicles to customers</li><li>9. The cost of minor damage to vehicles while in transit and for which a claim is not be filed against the carrier</li></ol> | <ol style="list-style-type: none"><li>1. Courtesy or distant delivery fees received from the factory or other dealers</li></ol> |

|   |  |
|---|--|
| <p>10. The cost of incidental items purchased solely for the delivery of use vehicles such as missing cigarette lighters, missing gearshift knobs and other removable items</p> <p>11. The internal selling price of the labour and materials for maintaining used vehicles in salable condition after the vehicles have been reconditioned</p> |  |
|---|--|

### Distribution of Expenses

| 013 Delivery Expense   | Departmental Distribution |                 |                         |                  |                 |                          |                       |
|--|---------------------------|-----------------|-------------------------|------------------|-----------------|--------------------------|-----------------------|
|  | New Veh.<br>01            | Used Veh.<br>02 | Lease &<br>Rental<br>03 | Mechanical<br>05 | Body Shop<br>06 | Parts &<br>Access.<br>07 | Gen &<br>Admin.<br>09 |
| Remove accessories from a new vehicle                                  | Total expense             |                 |                         |                  |                 |                          |                       |
| Gasoline furnished with a used vehicle sold                            |                           | Total expense   |                         |                  |                 |                          |                       |
| Expense of an employee delivering a lease unit                         |                           |                 | Total expense           |                  |                 |                          |                       |
| Additional pre-delivery work over factory specifications               | Total expense             |                 |                         |                  |                 |                          |                       |
| Washing cleaning and polishing used vehicles while in dealer inventory |                           | Total Expense   |                         |                  |                 |                          |                       |

### Comments

On a per unit basis, Delivery Expense should be sufficient to cover the cost of pre-delivery mechanical labour (depending on the dealership labour rate and internal charges), gasoline (fuel), necessary vehicle clean up and car washes. When the average expense exceeds these levels, the account should be analyzed to make sure that repairs, “goodwill”, or reconditioning costs are NOT charged to this account. Repairs should be posted to the inventory value of the vehicle using the corresponding inventory account below:

- [Account 230, Demonstrators](#)
- [Account 231, New Cars](#)
- [Account 235, Medium Duty Trucks](#)
- [Account 237, New Trucks](#)
- [Account 238, Other Automotive](#)
- [Account 240, Used Cars](#)
- [Account 241, Used Trucks](#)

### Note:

Failure to account for repairs properly will result in over-stated vehicle gross profits and inflated sales commissions paid to sales personnel.

# 015 Policy Work – Vehicles

## Expenses

### Variable Selling

#### Synopsis

When a customer returns to the dealership for “free” service not covered by the vehicle warranty, then the value of the “free” service absorbed by the dealership is debited to [Account 015, Policy Work - Vehicles](#). Also, if the amount of warranty paid is different from the amount of the claim submitted, the difference is recorded as a debit if the amount represents an underpayment; or a credit if the warranty payment is greater than the claim.

| Debits   | Credits   |
|--|---|
| <ol style="list-style-type: none"> <li>Internal selling price of the labour and materials used in preparing and adjusting vehicles previously sold and leased (except under a lease maintenance agreement) for which neither the customer nor the manufacturer will be charged</li> <li>Adjustment for the difference between the month-end schedule of unpaid warranty and transportation claims and the balance in <a href="#">Account 263, Warranty Claims</a> when the amount of claim payment is <b>less than</b> the warranty register amount</li> </ol> | <ol style="list-style-type: none"> <li>Adjustment for the difference between the month-end schedule of unpaid warranty and transportation claims and the balance in <a href="#">Account 263, Warranty Claims</a> when the amount of the claims payment is <b>greater than</b> the warranty register amount</li> </ol> |

#### Distribution of Expenses

| 015 Policy Work - Vehicles   | Departmental Distribution |                      |                         |                  |                 |                          |                       |
|--|---------------------------|----------------------|-------------------------|------------------|-----------------|--------------------------|-----------------------|
|  | New Veh.<br>01            | Used Veh.<br>02      | Lease &<br>Rental<br>03 | Mechanical<br>05 | Body Shop<br>06 | Parts &<br>Access.<br>07 | Gen &<br>Admin.<br>09 |
| Repairs and adjustments to a used vehicle previously sold  | Shade                     | <b>Total expense</b> |                         |                  |                 |                          |                       |
| Adjustments to Acct. 263, Warranty Claims  | <b>Total adjustment</b>   |                      |                         |                  |                 |                          |                       |
| Repairs and adjustments to a lease unit not covered by warranty and not subject to a maintenance agreement |                           |                      | <b>Total expense</b>    |                  |                 |                          |                       |

## Comments

In order to achieve or maintain a high level of customer satisfaction, it is necessary to provide occasional "Policy Work" adjustments to customers when the situation calls for it. "Policy Work", "Policy Adjustment", or "Goodwill" is defined as service work or parts given to a customer when it is understood that neither the customer nor the manufacturer will be charged. Examples of typical Policy Work are buffing out minor scratches, fixing minor rattles, and replacing worn parts on a used vehicle after the customer has taken delivery. It is important that employees are fully trained regarding the coverage of the manufacturer's warranty and the dealership Policy Work so that all customers are treated consistently.

## 020 Salaries – Owners / Executive Managers

*Expenses  
Personnel*

### Synopsis

The compensation paid or accrued to Owners (Dealer Principal) and Executive Managers is recorded in [Account 020, Salaries – Owners / Executive Managers](#). Bonuses are **not included**, in this account. Bonus payments should be recorded in [Account 098, Bonuses-Owners/Executive Managers](#).

| Debits  | Credits |
|---|---------|
| <p>1. Compensation paid to or accrued for (including absentee compensation) active and inactive Owners, Partners, Proprietors or Executive Managers</p> |         |

### Distribution of Expenses

| 020 Salaries-<br>Owners/Executive Managers                             | Departmental Distribution |                 |                         |                  |                 |                          |                       |
|--|---------------------------|-----------------|-------------------------|------------------|-----------------|--------------------------|-----------------------|
|  | New Veh.<br>01            | Used Veh.<br>02 | Lease &<br>Rental<br>03 | Mechanical<br>05 | Body Shop<br>06 | Parts &<br>Access.<br>07 | Gen &<br>Admin.<br>09 |
| Compensation (including absentee compensation) of a sole Owner         | Time                      | Time            | Time                    | Time             | Time            | Time                     |                       |
| Compensation of inactive Owners  | Time                      | Time            | Time                    | Time             | Time            | Time                     |                       |
| Compensation of an additional Owner functioning as the service manager |                           |                 |                         | Time             | Time            |                          |                       |
| Compensation of Executive Managers                                     | Time                      | Time            | Time                    | Time             | Time            | Time                     |                       |

### Comments

Only compensation paid or accrued to the Owners and Executive Managers are recorded in this account. Employees who own shares should have their salaries recorded in their respective categories.

An Executive Manager is recognized by GMCL as the individual who operates the business on behalf of the Dealer Operator.

### Note:

Professional tax and accounting advice should be obtained regarding compensation paid to Proprietors and Partners in order to minimize tax obligations for both individuals and the dealership.

## 021 Salaries – Supervision

*Expenses  
Personnel*

### Synopsis

The compensation paid to managers and other supervisory personnel is recorded in [Account 021, Salaries – Supervision](#). **Not included** are incentives, spiffs and commissions, which are properly posted to [Account 026, Incentives – Supervision](#).

| Debits  | Credits |
|---|---------|
| <ol style="list-style-type: none"><li>1. Compensation (except absentee compensation) of employees functioning as Supervisors of operating departments and of the general office staff, such as a Business Manager, General Manager, New Vehicle Sales Manager, Service Manager, Body Shop Manager, Parts Manager and other supervisory personnel</li><li>2. Compensation of an individual Employed on a salary basis who functions as a Supervisor and as a Salesperson such as a Used Vehicle Manager</li><li>3. Compensation of an individual functioning as a Service Manager or Shop Foreman and as a productive Technician</li></ol> |         |

## Distribution of Expenses

| 021 Salaries Supervision   | Departmental Distribution |                 |                         |                  |                 |                          |                       |
|--|---------------------------|-----------------|-------------------------|------------------|-----------------|--------------------------|-----------------------|
|  | New Veh.<br>01            | Used Veh.<br>02 | Lease &<br>Rental<br>03 | Mechanical<br>05 | Body Shop<br>06 | Parts &<br>Access.<br>07 | Gen &<br>Admin.<br>09 |
| Compensation of the General Manager  | Time                      | Time            | Time                    | Time             | Time            | Time                     |                       |
| Compensation of the Business Manager   | Time                      | Time            | Time                    | Time             | Time            | Time                     |                       |
| Compensation of the Lease and Rental Department Manager                            |                           |                 | Total compensation      |                  |                 |                          |                       |
| Compensation of the Parts and Accessories Department Manager                       |                           |                 |                         |                  |                 | Total compensation       |                       |
| Compensation of the combination General Manager and New Vehicle Department Manager | Time                      | Time            | Time                    | Time             | Time            | Time                     |                       |
| Compensation of the Service Department Manager or Body Shop Manager                |                           |                 |                         | Time             | Time            |                          |                       |

## Comments

As indicated in the Expense Distribution chart above, each Supervisor's compensation should be debited to the respective Department. In the case where a Manager oversees two (2) or more Departments, then the compensation should be pro rated and proportionately charged to each respective Department. Compensation plans for Supervisors should contain incentives for controlling expenses and producing profit (see [Account 026, Incentives-Supervision](#)).

## Note:

Job Descriptions should be prepared for each position. Periodic reviews should be conducted to discuss job performance and to set goals for the future.



## 022 Salaries – Clerical

*Expenses  
Personnel*

### Synopsis

The compensation paid to non-managerial, office personnel is recorded in [Account 022, Salaries – Clerical](#).

| Debits  | Credits |
|---|---------|
| <ul style="list-style-type: none"><li>1. Compensation (except absentee compensation) of clerical Employees such as:<ul style="list-style-type: none"><li>a. Bookkeepers</li><li>b. DMV Clerks (billers)</li><li>c. Customer Relations Coordinators</li><li>d. Secretaries</li><li>e. Cashiers</li><li>f. Telephone Operators</li><li>g. Inventory Clerks</li><li>h. Warranty Clerks</li><li>i. Other Clerical Employees</li></ul></li></ul> |         |

## Distribution of Expenses

| 022 Salaries-Clerical  | Departmental Distribution |                 |                         |   |   |   |                       |
|--|---------------------------|-----------------|-------------------------|---|---|---|-----------------------|
|  | New Veh.<br>01            | Used Veh.<br>02 | Lease &<br>Rental<br>03 | Mechanical<br>05                          | Body Shop<br>06                           | Parts &<br>Access.<br>07                  | Gen &<br>Admin.<br>09 |
| Compensation of dealership central Telephone Operators   | Time                      | Time            | Time                    | Time                                      | Time                                      | Time                                      |                       |
| Compensation of the Vehicle Title Clerk  | Time                      | Time            | Time                    |   |   |   |                       |
| Compensation of the Parts and Accessories and Service Cashier                                      |                           |                 |                         | Time                                      | Time                                      | Time                                      |                       |
| Compensation of the Lease and Rental Department Clerk  |                           |                 | Total Compensation      |   |   |   |                       |
| Compensation of the Warranty Clerk   |                           |                 |                         | Department's percentage of warranty sales | Department's percentage of warranty sales | Department's percentage of warranty sales |                       |
| Compensation of the Parts and Accessories Inventory Clerk  |                           |                 |                         |   |   | Total Compensation                        |                       |
| Compensation of General Clerks, Bookkeepers and Secretaries  | Time                      | Time            | Time                    | Time                                      | Time                                      | Time                                      |                       |
| Compensation of the Clerk responsible for the records of service & parts & accessories departments |                           |                 |                         | Time                                      | Time                                      | Time                                      |                       |

## Comments

Compensation for each employee should be charged to the department to which the employee is assigned as indicated in the table above. In the case where an employee produces work for more than one department, the compensation expense should be pro-rated between each respective department.

## Note:

Job Descriptions should be prepared for each position. Periodic reviews should be conducted to discuss job performance and to set goals for the future.

## 023 Other Salaries and Wages

### Expenses

### Personnel

#### Synopsis

The compensation paid to Employees not classified in any other account is recorded in [Account 023, Other Salaries and Wages](#).

| Debits   | Credits   |
|--|---|
| <ol style="list-style-type: none"><li>1. Compensation (except absentee compensation) of other employees such as:<ol style="list-style-type: none"><li>a. Service Advisors/Salespeople</li><li>b. Janitors</li><li>c. Porters and Lot Attendants</li><li>d. Parts Helpers, Counter People, and Truck Drivers</li></ol></li><li>2. Other employees (other than Supervisors) who:<ol style="list-style-type: none"><li>a. deliver new vehicles and lease rental units</li><li>b. purchase and deliver used vehicles</li><li>c. repair buildings and equipment</li></ol></li><li>3. Commissions to non-supervisory personnel on sales of service labour and of parts and accessories other than those sold with vehicles</li><li>4. Amount of compensation of a Technician for any time that is devoted to non-productive work</li><li>5. Compensation of other Employees not otherwise provided for</li></ol> | <ol style="list-style-type: none"><li>1. Amount of compensation of such Employees for any time that is devoted to productive service work</li></ol> |

## Distribution of Expenses

| 023 Other Salaries & Wages  | Departmental Distribution |                    |                         |                              |                              |                              |                       |
|---|---------------------------|--------------------|-------------------------|------------------------------|------------------------------|------------------------------|-----------------------|
|   | New Veh.<br>01            | Used Veh.<br>02    | Lease &<br>Rental<br>03 | Mechanical<br>05             | Body Shop<br>06              | Parts &<br>Access.<br>07     | Gen &<br>Admin.<br>09 |
| Compensation of the Mechanical Service Advisor/Salesperson                                      |                           |                    |                         | Total Compensation           |                              |                              |                       |
| Compensation of the General Porter or Janitor   | Time                      | Time               | Time                    | Time                         | Time                         | Time                         |                       |
| Compensation of the Used Car Lot Attendant  |                           | Total Compensation |                         |                              |                              |                              |                       |
| Compensation of the Body Shop Porter  |                           |                    |                         |                              | Total Compensation           |                              |                       |
| Compensation of Parts Counter People, Drivers, and Helpers                                      |                           |                    |                         |                              |                              | Total Compensation           |                       |
| Compensation of the employee who delivers vehicles  | Time                      | Time               | Time                    |                              |                              |                              |                       |
| Commissions on labour and parts and accessories sales   |                           |                    |                         | Same as regular compensation | Same as regular compensation | Same as regular compensation |                       |
| Compensation of a Technician for doing maintenance work in the new and used vehicle departments | Time                      | Time               |                         |                              |                              |                              |                       |
| Compensation of the protection guard  | Time                      | Time               | Time                    | Time                         | Time                         | Time                         |                       |
| Compensation of the Service Courtesy Car Driver   |                           |                    |                         | Time                         | Time                         |                              |                       |

## Comments

The compensation of employees in this category should be charged to the department to which the employee is assigned. In the case where work is done for more than one department, the compensation should be pro-rated and proportionately charged to each respective department.

## Note:

Job Descriptions should be prepared for each position. Periodic reviews should be conducted to discuss job performance and to set goals for the future.

# 024 Absentee Compensation

*Expenses  
Personnel*

## Synopsis

The amount of compensation paid or payable to employees (excluding owners) while away from the dealership on authorized leave is recorded in [Account 024, Absentee Compensation](#). This includes Holiday pay, vacation pay, training school pay, jury duty pay and sick leave.

| Debits   | Credits |
|--|---------|
| <ol style="list-style-type: none"> <li>The amount of compensation paid or accrued to employees for Holiday and vacation pay (not including Owners/Executive Managers)</li> <li>The amount of Sick leave compensation paid or accrued to employees (not including Owners/Executive Managers)</li> <li>The compensation paid or payable to employees (not including Owners/Executive Managers) while attending training schools, classes or seminars</li> <li>The compensation paid to employees while serving on jury duty</li> </ol> |         |

## Distribution of Expenses

| 024 Absentee Compensation  | Departmental Distribution    |                              |                              |                                     |                                     |                              |                       |
|--|------------------------------|------------------------------|------------------------------|-------------------------------------|-------------------------------------|------------------------------|-----------------------|
|  | New Veh.<br>01               | Used Veh.<br>02              | Lease &<br>Rental<br>03      | Mechanical<br>05                    | Body Shop<br>06                     | Parts &<br>Access.<br>07     | Gen &<br>Admin.<br>09 |
| Holiday vacation and sick leave pay of all employees             | Same as regular compensation | Same as regular compensation | Same as regular compensation | Same as regular compensation        | Same as regular compensation        | Same as regular compensation |                       |
| Compensation while attending training sessions for all employees | Same as regular compensation | Same as regular compensation | Same as regular compensation | Same as regular compensation        | Same as regular compensation        | Same as regular compensation |                       |
| All absentee compensation of technicians                         |                              |                              |                              | Mechanical technicians compensation | Mechanical technicians compensation |                              |                       |

## **Comments**

Vacation and sick pay should be accrued during the year by setting up a monthly provision for compensation earned by each employee. The monthly provision should be debited to this account and the offsetting credit should be applied to [Account 321 Salaries, Wages, & Commissions Payable](#) (Accrued Liabilities). The reason for accruing vacation and sick pay is to pro-rate this expense throughout the entire year. Otherwise, during popular vacation months in the summer, the dealership's operating profit is unduly impacted by payment of compensation while employees are away from work.

The Absentee Compensation should be distributed to each respective department based on job assignment. When an employee serves two or more departments, the Absentee Compensation should be pro-rated and charged to the respective departments.

## **Note:**

For related travel expenses when attending training sessions, refer to [Account 075, Training Expense](#).

## 025 Taxes - Payroll

Expenses  
Personnel

### Synopsis

Account 025, Taxes – Payroll is established to record the monthly provision of the dealership's obligation for employee taxes such as the employer's share of the F.I.C.A. tax and/or unemployment taxes.

| Debits   | Credits |
|--|---------|
| <ol style="list-style-type: none"><li>1. Monthly provision for employer's share of payroll taxes which include:<ol style="list-style-type: none"><li>a. CPP</li><li>b. Federal Unemployment</li><li>c. Provincial Unemployment</li><li>d. Local municipal taxes, if applicable</li></ol></li></ol> |         |

### Distribution of Expenses

| 025 Taxes-Payroll                         | Departmental Distribution |                 |                         |                  |                 |                          |                       |
|---|---------------------------|-----------------|-------------------------|------------------|-----------------|--------------------------|-----------------------|
|   | New Veh.<br>01            | Used Veh.<br>02 | Lease &<br>Rental<br>03 | Mechanical<br>05 | Body Shop<br>06 | Parts &<br>Access.<br>07 | Gen &<br>Admin.<br>09 |
| CPP.                                      | Employees                 | Employees       | Employees               | Employees        | Employees       | Employees                |                       |
| Provincial and Federal unemployment taxes | Employees                 | Employees       | Employees               | Employees        | Employees       | Employees                |                       |

### Comments

Only the employer's share of Payroll Tax is posted to this account. Since most tax remittances are due on a quarterly basis, a monthly provision should be established and debited to this account. The offsetting credit is posted to Account 323, Payroll Taxes Payable (Accrued Liabilities).

## 026 Incentives - Supervision

### Expenses

### Personnel

### Synopsis

The Incentives, spiffs and commissions paid to Supervisors in addition to regular salaries are recorded in [Account 026, Incentives – Supervision](#). Ordinary compensation such as salaries and wages are properly recorded in [Account 021, Salaries – Supervision](#).

| Debits  | Credits |
|---|---------|
| <ol style="list-style-type: none"> <li>1. Amounts paid and accrued for incentives, spiffs and commissions for supervisors</li> <li>2. Special payment of additional incentives to supervisors</li> <li>3. The cost of factory programs benefiting supervisors such as:</li> </ol> |         |

### Distribution of Expenses

| 026 Incentives Supervision   | Departmental Distribution |                 |                           |                  |                 |                           |                       |
|--|---------------------------|-----------------|---------------------------|------------------|-----------------|---------------------------|-----------------------|
|  | New Veh.<br>01            | Used Veh.<br>02 | Lease &<br>Rental<br>03   | Mechanical<br>05 | Body Shop<br>06 | Parts &<br>Access.<br>07  | Gen &<br>Admin.<br>09 |
| Incentives paid or payable to the general manager  | Time                      | Time            | Time                      | Time             | Time            | Time                      |                       |
| Incentives paid or payable to the business manager   | Time                      | Time            | Time                      | Time             | Time            | Time                      |                       |
| Incentives paid or payable to the lease and rental department manager                            |                           |                 | <b>Total compensation</b> |                  |                 |                           |                       |
| Incentives paid or payable to the parts and accessories department manager                       |                           |                 |                           |                  |                 | <b>Total compensation</b> |                       |
| Incentives paid or payable to the combination general manager and new vehicle department manager | Time                      | Time            | Time                      | Time             | Time            | Time                      |                       |
| Incentives paid or payable to the service department manager                                     |                           |                 |                           | Time             | Time            |                           |                       |



## Comments

Extra compensation, paid to Managers and Supervisors, in addition to regular compensation recorded in [Account 021, Salaries – Supervision](#), is debited to this Account. Guidelines for paying incentives should be established and clearly communicated to the Managers and Supervisors. Generally, incentive should be performance based using criteria such as sales production, expense control, and training of subordinates to improve productivity. Most successful incentive plans reward Supervisors for producing increases in departmental operating profit.

## 027 Employee Benefits

Expenses  
Personnel

### Synopsis

The cost of Employee Benefits such as life, health, dental and other insurance is recorded in [Account 027, Employee Benefits](#).

| Debits   | Credits  |
|--|--|
| 1. The cost of insurance premiums paid or accrued for Employee Benefit plans such as: <ul style="list-style-type: none"> <li>a. Health insurance</li> <li>b. Life insurance</li> <li>c. Dental insurance</li> <li>d. Long Term Care Insurance</li> </ul> | 1. The amount of employee contribution to various benefits |

### Distribution of Expenses

| 027 Employee Benefits  | Departmental Distribution |                         |                         |                         |                         |                          |                       |
|--|---------------------------|-------------------------|-------------------------|-------------------------|-------------------------|--------------------------|-----------------------|
|  | New Veh.<br>01            | Used Veh.<br>02         | Lease &<br>Rental<br>03 | Mechanical<br>05        | Body Shop<br>06         | Parts &<br>Access.<br>07 | Gen &<br>Admin.<br>09 |
| Group life insurance   | Employees participating   | Employees participating | Employees participating | Employees participating | Employees participating | Employees participating  |                       |
| Hospitalization, health, accident and long term care insurance | Employees participating   | Employees participating | Employees participating | Employees participating | Employees participating | Employees participating  |                       |
| Laundry coverall and uniform service                           | Usage                     | Usage                   | Usage                   | Usage                   | Usage                   | Usage                    |                       |
| Workers' compensation insurance                                | Employees                 | Employees               | Employees               | Employees               | Employees               | Employees                |                       |

### Comments

In the area of insurance, there is a wide range of costs and coverage between policies. Comparisons should be made to determine which provider and which plan best suits the needs of the dealership and its employees. In addition to low cost, finding the best value should be a main criterion for selecting the coverage.

The cost of Employee Benefits should be charged to each Department in proportion to the employees assigned to the Department.

**Note:**

One secret to attracting and retaining good employees is to provide Employee Benefits that satisfy employee needs. For this reason, the insurance plans that offer employee choices have become popular. The same is true for other fringe benefits. The cost of Employee Benefits must be weighed against the cost of recruiting, hiring and training new employees and riding out the “learning curve” until productivity becomes acceptable.

## 029 Retirement Benefits

Expenses  
Personnel

### Synopsis

The amounts set aside for employee retirement plans are recorded in [Account 029, Retirement Benefits](#). This includes pensions, RRSP, annuities, and other retirement benefits.

| Debits  | Credits |
|---|---------|
| <ol style="list-style-type: none"><li>1. The monthly amounts paid or the monthly accrual for employee pension plans</li><li>2. Compensation paid retired employees</li><li>3. In lieu of a formal retirement benefits, the lump sum payments to employees upon retirement</li></ol> |         |

### Distribution of Expenses

| 029 Retirement Benefits           | Departmental Distribution |                         |                         |                         |                         |                          |                       |
|-----------------------------------|---------------------------|-------------------------|-------------------------|-------------------------|-------------------------|--------------------------|-----------------------|
|                                   | New Veh.<br>01            | Used Veh.<br>02         | Lease &<br>Rental<br>03 | Mechanical<br>05        | Body Shop<br>06         | Parts &<br>Access.<br>07 | Gen &<br>Admin.<br>09 |
| Formal pension or retirement fund | Employees participating   | Employees participating | Employees participating | Employees participating | Employees participating | Employees participating  |                       |

### Comments

Similar to employee benefit insurance plans, wide ranges of retirement plans are available. A careful study of several retirement plans is advisable. It is important to select the best overall plan that meets employee needs and offers the best value. The monthly provision is debited to this account and the offsetting credit is applied to [Account 330, Retirement Benefits Payable](#).

The cost of the Retirement Benefits should be pro-rated to each department based on the employees in the Department.

## 033 Postage / Freight

### Expenses

#### Semi-Fixed

### Synopsis

Expenses incurred for shipping and receiving goods are recorded in [Account 033, Postage / Freight](#). In addition to parts shipments, costs for overnight express deliveries such as Federal Express, UPS and other carriers are recorded in this account.

| Debits   | Credits   |
|--|---|
| <ol style="list-style-type: none"> <li>1. The cost of postage other than postage for direct mail advertising</li> <li>2. The Cost of Freight and shipping expenses for goods dispatched or received at the dealership including:               <ol style="list-style-type: none"> <li>a. Postage</li> <li>b. Trucking Freight bills</li> <li>c. Canada Post</li> <li>d. Federal Express</li> <li>e. UPS</li> <li>f. Courier charges</li> </ol> </li> </ol> | <ol style="list-style-type: none"> <li>1. Freight and shipping fees charged to the customer (i.e.) special ordered parts or direct parts shipments</li> </ol> |

### Distribution of Expenses

| 033 Postage / Freight   | Departmental Distribution |                 |                         |                  |                 |                          |                       |
|---|---------------------------|-----------------|-------------------------|------------------|-----------------|--------------------------|-----------------------|
|   | New Veh.<br>01            | Used Veh.<br>02 | Lease &<br>Rental<br>03 | Mechanical<br>05 | Body Shop<br>06 | Parts &<br>Access.<br>07 | Gen &<br>Admin.<br>09 |
| Postage   | Usage                     | Usage           | Usage                   | Usage            | Usage           | Usage                    |                       |
| The amount of trucking freight bills for shipping parts                     |                           |                 |                         |                  |                 | Total expense            |                       |
| The cost of shipping goods by Canada Post Parcel Post, Federal Express, UPS | Usage                     | Usage           | Usage                   | Usage            | Usage           | Usage                    |                       |

### Comments

As indicated in the Distribution of Expenses table above, the cost of shipping should be charged to the Department that benefits. Even though some fees are regulated, comparisons should be made to obtain the most favorable rates. Often, discounts are available for volume.

A record of shipments should be kept and when invoices are received from Freight and express companies, the billing should be reconciled with the shipments. Discrepancies should be resolved immediately.

## 051 Company Vehicle Expense

*Expenses*

*Semi-Fixed*

### Synopsis

The cost of routine maintenance for vehicles recorded in [Account 230, Demonstrators](#) and [Account 285, Company Vehicles](#) is posted to [Account 051, Company Vehicle Expense](#). This includes the internal labour and parts cost for performing regularly scheduled maintenance according to the manufacturer's recommendations.

| Debits  | Credits   |
|---|---|
| <ol style="list-style-type: none"><li>1. The Internal selling price of the labour and materials for maintaining company-owned vehicles according to manufacturer recommend service intervals (other than lease and rental units)</li><li>2. The cost of car washes, gasoline and other consumable items related to the operation of Company Vehicles</li><li>3. The cost of license &amp; registration fees and safety inspections for Company Vehicles</li><li>4. Expense allowances to employees for using personal vehicles for company business</li></ol> | <ol style="list-style-type: none"><li>1. Amount charged to employees for using company-owned vehicles other than lease and rental units</li><li>2. Occasional rental fees received from service customers using courtesy cars</li></ol> |

## Distribution of Expenses

| 051 Company Vehicle Expense  | Departmental Distribution                           |   |   |   |   |   |                 |
|--|---|---|---|---|---|---|-----------------|
|  | New Veh. 01   | Used Veh. 02  | Lease & Rental 03                                   | Mechanical 05                                       | Body Shop 06  | Parts & Access. 07                                  | Gen & Admin. 09 |
| Expense and maintenance of new vehicle department demonstrators  | Total expense                                       |   |   |   |   |   |                 |
| Expense and maintenance of company-owned vehicles (other than lease and rental units) assigned to specific departments | Vehicles assigned                                   | Vehicles assigned                                   | Vehicles assigned                                   | Vehicles assigned                                   | Vehicles assigned                                   | Vehicles assigned                                   |                 |
| Rental income from employees using company –owned vehicles (other than lease and rental units)                         | (Credit) Department charged with expense of vehicle | (Credit) Department charged with expense of vehicle | (Credit) Department charged with expense of vehicle | (Credit) Department charged with expense of vehicle | (Credit) Department charged with expense of vehicle | (Credit) Department charged with expense of vehicle |                 |
| Occasional courtesy car rental income from service customers   |   |   |   | (Credit) Department making sale                     | (Credit) Department making sale                     |   |                 |
| Allowance to the office manager using personal vehicle to make bank deposits, credit collections, etc.                 | Time  | Time  | Time  | Time  | Time  | Time  |                 |

## Comments

Company Vehicles should be used for company business only such as errands, deliveries, providing transportation to customers, etc. When only one department benefits from a Company Vehicle, then the full amount of the expense should be charged to the respective department. For example, expenses related to maintaining a tow truck should be charged to the Mechanical Department (05) or the Body Shop Department (06). If more than one department benefits, then the expense should be pro-rated between departments. For example, the cost to maintain a dealership snowplow should be pro-rated and charged to all departments.

# 056 Insurance – Inventory

Expenses

Semi-Fixed

## Synopsis

Account 056, Insurance – Inventory is created to record the amount of monthly insurance premium paid or payable for damage or theft coverage on New and/or Used Vehicles while financed on the dealership's Floorplan line of credit.

| Debits   | Credits |
|--|---------|
| <ol style="list-style-type: none"><li>1. The amount of Insurance expense paid or payable for coverage of New and Used Vehicles on Floorplan</li><li>2. Other monthly vehicle Insurance expense</li></ol> |         |

## Distribution of Expenses

| 056 Insurance Inventory  | Departmental Distribution |                  |                         |                  |                 |                          |                       |
|--|---------------------------|------------------|-------------------------|------------------|-----------------|--------------------------|-----------------------|
|  | New Veh.<br>01            | Used Veh.<br>02  | Lease &<br>Rental<br>03 | Mechanical<br>05 | Body Shop<br>06 | Parts &<br>Access.<br>07 | Gen &<br>Admin.<br>09 |
| Insurance premiums paid or payable to cover damage to New and Used Vehicles in inventory | Vehicles covered          | Vehicles covered |                         |                  |                 |                          |                       |
| Other vehicle insurance expense  | Vehicles covered          | Vehicles covered |                         |                  |                 |                          |                       |

## Comments

The monthly provision for payment of premiums for Insurance coverage of vehicles in inventory is debited to this account.



# 057 Bad Debt Expense

Expenses  
Semi-Fixed

## Synopsis

The monthly adjustment for receivable accounts, which are past due and considered a “Bad Debt”, is recorded in [Account 057, Bad Debt Expense](#). Professional tax and accounting advice should be obtained regarding the proper handling of past due accounts and the related write-offs.

| Debits   | Credits  |
|--|--|
| <ol style="list-style-type: none"><li>1. Monthly adjustments to <b>increase</b> the balance of <a href="#">Account 340, Allowance For Doubtful Accounts</a> to equal past due customer Receivables over 90 days past due</li><li>2. Direct write-offs of accounts determined to be uncollectible</li></ol> | <ol style="list-style-type: none"><li>1. Monthly adjustments to <b>decrease</b> the balance of <a href="#">Account 340, Allowance For Doubtful Accounts</a> to equal past due customer Receivables</li></ol> |

## Distribution of Expenses

| 057 Bad Debt Expense | Departmental Distribution |                         |                         |                         |                         |                          |                       |
|----------------------|---------------------------|-------------------------|-------------------------|-------------------------|-------------------------|--------------------------|-----------------------|
|                      | New Veh.<br>01            | Used Veh.<br>02         | Lease &<br>Rental<br>03 | Mechanical<br>05        | Body Shop<br>06         | Parts &<br>Access.<br>07 | Gen &<br>Admin.<br>09 |
| Monthly Adjustment   | Amount of<br>adjustment   | Amount of<br>adjustment | Amount of<br>adjustment | Amount of<br>adjustment | Amount of<br>adjustment | Amount of<br>adjustment  |                       |

## Comments

As some receivables go unpaid and become past due, the likelihood of some customers paying the amount owed decreases. After a certain time, some accounts can be deemed uncollectible. Professional tax and accounting advice should be obtained about how aged receivables can be classified as “Bad Debts” and “written off” as an expense. [Account 340, Allowance For Doubtful Accounts](#) is a reserve account for the “Bad Debts”. As accounts become over-aged, or as accounts are deemed uncollectible, [Account 340, Allowance For Doubtful Accounts](#) is credited (thereby increasing the amount of the reserve balance) and [Account 057, Bad Debt Expense](#) is debited.

**Note:**

In spite of the fact that a Past Due Receivable is “written off” as a Bad Debt, collection efforts should continue. In some cases, turning Bad Debts over to a collection agency may be the best choice. As a further note, the fees paid to a collection agency should be debited to [Account 069, Outside Services \(Other\)](#).

# 060 Office Supplies and Expenses

*Expenses*

*Semi-Fixed*

## Synopsis

Account 060, Office Supplies and Expenses is established to record the cost of various office supplies such as stationery, copy paper, pens, toner, etc. It also includes the cost of daily postage.

| Debits  | Credits |
|---|---------|
| <ul style="list-style-type: none"><li>1. Cost of Office Supplies and Expenses including:<ul style="list-style-type: none"><li>a. Letterhead &amp; Stationery</li><li>b. Copy Paper</li><li>c. Repair Orders</li><li>d. Buyer's Orders</li><li>e. Appraisal Forms</li><li>f. Odometer Affidavits</li><li>g. Invoices</li><li>h. Toner</li><li>i. Pens &amp; Pencils</li><li>j. Notepads</li><li>k. General Office Supplies</li></ul></li></ul> |         |

## Distribution of Expenses

| 060 Office Supplies & Expenses   | Departmental Distribution |                 |                      |                  |                 |                       |                    |
|--|---------------------------|-----------------|----------------------|------------------|-----------------|-----------------------|--------------------|
|  | New Veh.<br>01            | Used Veh.<br>02 | Lease & Rental<br>03 | Mechanical<br>05 | Body Shop<br>06 | Parts & Access.<br>07 | Gen & Admin.<br>09 |
| Vehicle sales invoice  | Usage                     | Usage           |                      |                  |                 |                       |                    |
| Repair orders  |                           |                 |                      | Usage            | Usage           |                       |                    |
| Parts counter sales invoices   |                           |                 |                      |                  |                 | Total Expense         |                    |
| Lease vehicle forms  |                           |                 | Total Expense        |                  |                 |                       |                    |
| Bookkeeping and computer supplies  | Usage                     | Usage           | Usage                | Usage            | Usage           | Usage                 |                    |
| Letterheads and envelopes for other than direct mail advertising materials | Usage                     | Usage           | Usage                | Usage            | Usage           | Usage                 |                    |

## Comments

Office Supplies should be competitively sourced to obtain the best quality at the best price. There is often a substantial savings for purchasing in bulk quantities. When a large supply is acquired, it should be inventoried. As supplies are used, the remaining inventory should be noted before placing a re-order. Disbursement of supplies should be convenient, but monitored to reduce waste.

As indicated in the Expense Distribution table above, Office Supplies should be charged to each Department based on usage.

# 061 Other Supplies

Expenses

Semi-Fixed

## Synopsis

The cost of miscellaneous supplies and related shipping charges are properly recorded in [Account 061, Other Supplies](#).

| Debits   | Credits |
|--|---------|
| <ol style="list-style-type: none"><li>1. Cost of solvents, cleaning materials, rags, etc.</li><li>2. Cost of small tools</li><li>3. Cost of janitorial supplies</li><li>4. Cost of supplies not otherwise provided for</li></ol> |         |

## Distribution of Expenses

| 061 Other Supplies  | Departmental Distribution |                 |                         |                  |                 |                          |                       |
|---|---------------------------|-----------------|-------------------------|------------------|-----------------|--------------------------|-----------------------|
|   | New Veh.<br>01            | Used Veh.<br>02 | Lease &<br>Rental<br>03 | Mechanical<br>05 | Body Shop<br>06 | Parts &<br>Access.<br>07 | Gen &<br>Admin.<br>09 |
| Small tools and expendable materials for the service department |                           |                 |                         | Usage            | Usage           |                          |                       |
| Janitor supplies, light bulbs, etc.                             | Usage                     | Usage           | Usage                   | Usage            | Usage           | Usage                    |                       |

## Comments

The distribution of Other Supplies expenses should be according to the Expense Distribution Table above. The Department which incurs the expense or benefits from the expenditure should be charged directly whenever possible. Otherwise, Other Supplies expenses should be pro-rated among the Departments involved.

## 063 E-Commerce Advertising / Fees

*Expenses*

*Semi-Fixed*

### Synopsis

[Account 063, E-Commerce Advertising / Fees](#) is established to record the cost of developing and maintaining the dealership's Web-Site(s). Other miscellaneous Internet expenses are also posted to this account.

| Debits  | Credits |
|---|---------|
| <ol style="list-style-type: none"> <li>1. Cost to develop Dealer Web-sites</li> <li>2. Cost to maintain Dealer Web-sites</li> <li>3. Cost to advertise the dealership's Web-sites on other Internet sites and search engines</li> <li>4. Other miscellaneous Expenses related to Internet and E-Commerce support</li> </ol> |         |

### Distribution of Expenses

| 063 E-Commerce Advertising/Fees    | Departmental Distribution |                 |                      |                  |                 |                       |                    |
|------------------------------------|---------------------------|-----------------|----------------------|------------------|-----------------|-----------------------|--------------------|
|                                    | New Veh.<br>01            | Used Veh.<br>02 | Lease & Rental<br>03 | Mechanical<br>05 | Body Shop<br>06 | Parts & Access.<br>07 | Gen & Admin.<br>09 |
| Web-site development & maintenance | Usage                     | Usage           | Usage                | Usage            | Usage           | Usage                 |                    |
| Advertising of Web-site            | Usage                     | Usage           | Usage                | Usage            | Usage           | Usage                 |                    |

### Comments

It is not sufficient to develop a Web-site and expect customers to find it by chance. For this reason, [Account 063, E-Commerce Advertising / Fees](#) has been created to record the various initial and on-going costs to maintain the dealership's Web-sites. The expenses should be pro-rated to each Department as indicated in the Expense Distribution chart above.

# 064 Advertising Rebates

Expenses  
Semi-Fixed

## Synopsis

Account 064, Advertising Rebates is established to record monies and credits given to the dealership by manufactures, suppliers and agencies for advertising purchased.

| Debits | Credits   |
|--------|---|
|        | <ol style="list-style-type: none"><li>1. GM Match Payments per the GM Dealer Co-Op Advertising Program</li><li>2. Advertising Credits</li></ol> |

## Distribution of Expenses

| 064 Advertising Rebates            | Departmental Distribution     |                               |                               |                               |                               |                               |                       |
|------------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-----------------------|
|                                    | New Veh.<br>01                | Used Veh.<br>02               | Lease &<br>Rental<br>03       | Mechanical<br>05              | Body Shop<br>06               | Parts &<br>Access.<br>07      | Gen &<br>Admin.<br>09 |
| Rebates Received from Manufacturer | (Credit)<br>based on<br>Usage |                               | (Credit)<br>based on<br>Usage | (Credit)<br>based on<br>Usage |                               | (Credit)<br>based on<br>Usage |                       |
| Advertising Credits Received       | (Credit)<br>based on<br>Usage | (Credit)<br>based on<br>Usage | (Credit)<br>based on<br>Usage | (Credit)<br>based on<br>Usage | (Credit)<br>based on<br>Usage | (Credit)<br>based on<br>Usage |                       |

## Comments

As part of special marketing and promotional plans, the manufacturer will reimburse the dealership for a portion of the local advertising costs. These payments are credited to this account. Some TV, radio and newspaper advertising departments offer Advertising discounts by means of credits against future advertising costs. When this is the case, such credits are posted to this account.

The Rebates should be pro-rated to each respective department based on the amount of the expenditure that generated the credits.

# 065 Advertising

Expenses

Semi-Fixed

## Synopsis

The cost of advertising purchased directly by the dealership is recorded in [Account 065, Advertising](#).

| Debits   | Credits |
|--|---------|
| <ol style="list-style-type: none"><li>1. The cost of all Advertising, including various media such as Newspaper, TV, Radio, Direct Mail, etc. directly related to the sales promotion of:<ol style="list-style-type: none"><li>a. New Vehicles</li><li>b. Used Vehicles</li><li>c. Fleet Sales</li><li>d. Service</li><li>e. Parts</li><li>f. Body Shop repairs</li></ol></li><li>2. Local Advertising &amp; Marketing (LAM) charges as designated on factory vehicle invoices</li><li>3. The monthly provision for long term ads such as:<ol style="list-style-type: none"><li>a. Yellow Pages</li><li>b. Billboards</li><li>c. Other permanent advertising</li></ol></li><li>4. The cost of sponsorships of:<ol style="list-style-type: none"><li>a. Local clubs &amp; civic organizations</li><li>b. School, community or Youth activities such as:<ol style="list-style-type: none"><li>i. Little league teams</li><li>ii. Soccer teams</li><li>iii. Bowling leagues</li></ol></li></ol></li></ol> |         |





## Comments

Advertising is one the dealership's biggest controllable expenses. A budget should be prepared for each month's expenditures. Periodic reviews of overall Advertising should be conducted in order to maximize the effectiveness of the money spent. Also, some of the least expensive advertising can produce the best long-term results. Sponsorship of local organizations in surrounding communities often brings in the best customers – community leaders.

# 066 Contributions

Expenses  
Semi-Fixed

## Synopsis

Contributions given to various non-profit organizations are recorded in [Account 066, Contributions](#). Professional tax and accounting advice should be obtained regarding the proper identification of non-profit organizations and their eligibility to receive tax-exempt Contributions.

| Debits  | Credits |
|---|---------|
| 1. Donations and Contributions to religious, charitable, education groups, etc. |         |

## Distribution of Expenses

| 066 Contributions                               | Departmental Distribution            |                                      |                                      |                                      |                                      |                                      |                       |
|---|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|-----------------------|
|   | New Veh.<br>01                       | Used Veh.<br>02                      | Lease &<br>Rental<br>03              | Mechanical<br>05                     | Body Shop<br>06                      | Parts &<br>Access.<br>07             | Gen &<br>Admin.<br>09 |
| Contributions initiated by specific departments | When initiated by department manager | When initiated by department manager | When initiated by department manager | When initiated by department manager | When initiated by department manager | When initiated by department manager |                       |

## Comments

In order to control this expense, decisions should be made in advance as to which organizations will receive Contributions from the dealership. It is beyond the scope of this manual to discuss charitable organizations except to recommend professional tax and accounting advice in this area. Background checks should be made to determine if an organization is a legitimate non-profit entity.

# 067 Policy Work - Parts and Service

## Expenses

### Semi-Fixed

### Synopsis

From time to time, a service (or parts) customer may return to the dealership with a complaint (“comeback”). [Account 067, Policy Work – Parts and Service](#) is established to record follow-up repairs performed at no charge to the customer.

| Debits  | Credits |
|---|---------|
| <ol style="list-style-type: none"> <li>Internal selling price of the labour and materials for repairing and adjusting defective service work and for replacing defective parts and accessories sold for which neither the customer nor the manufacturer will be charged</li> <li>Reductions in or adjustments to total charges on customer repair orders as a result of customer dissatisfaction with the work done or the amount of total charges</li> </ol> |         |

### Distribution of Expenses

| 067 Policy Work-<br>Parts & Service   | Departmental Distribution |                 |                         |                    |                   |                          |                       |
|---|---------------------------|-----------------|-------------------------|--------------------|-------------------|--------------------------|-----------------------|
|   | New Veh.<br>01            | Used Veh.<br>02 | Lease &<br>Rental<br>03 | Mechanical<br>05   | Body Shop<br>06   | Parts &<br>Access.<br>07 | Gen &<br>Admin.<br>09 |
| Replace defective parts installed by dealership   |                           |                 |                         |                    |                   | Total<br>expense         |                       |
| Re-do defective service work performed by a technician no longer employed   |                           |                 |                         | Mechanical<br>work | Body shop<br>work |                          |                       |
| Reductions in or adjustments to total charges on customer repair orders as a result of customer dissatisfaction with the work done or the amount of total charges |                           |                 |                         | Mechanical<br>work | Body shop<br>work |                          |                       |

## Comments

For the sake of good customer relations, it may be necessary to provide service “free of charge” to complaining customers. There are occasional instances of poor service work or defective parts that give a customer a valid reason to ask for a policy adjustment. Each incident should be handled on a case-by-case basis.

An analysis of Policy Work may show patterns that might be correctable. For example, if one technician has more than an average number of “comebacks”, the technician might need more training, the appropriate tools or cautioned “not to rush” on each repair. Recognizing patterns is the first step toward correcting the underlying problems and controlling Policy Work Expense.

# 068 Information Technology Services

## Expenses

### Semi-Fixed

#### Synopsis

The cost of computer services is recorded in [Account 068, Information Technology Services](#). Primarily, this includes the cost of hardware leases, software licensing and service fees from the dealership's computer service provider. Professional tax and accounting advice should be obtained regarding which Information Technology Services can be expensed to this account and which should be capitalized as Fixed Assets (and depreciated accordingly to [Account 091, Depreciation - Equipment](#)).

| Debits   | Credits |
|--|---------|
| <ol style="list-style-type: none"><li>1. Cost of outside data processing services including:<ol style="list-style-type: none"><li>a. Hardware leases</li><li>b. Software licenses</li><li>c. Service contract fees</li></ol></li><li>2. The cost of computer services, provided by software help desks and outside computer companies (service bureaus), such as off-site data storage, specialized computer programming and other computer related services</li></ol> |         |

## Distribution of Expenses

| 068 Information Technology Services    | Departmental Distribution |                       |                       |                       |                       |                       |                 |
|--|---------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------|
|  | New Veh. 01               | Used Veh. 02          | Lease & Rental 03     | Mechanical 05         | Body Shop 06          | Parts & Access. 07    | Gen & Admin. 09 |
| General accounting system              | Relative value factor     | Relative value factor | Relative value factor | Relative value factor | Relative value factor | Relative value factor |                 |
| Lease and rental accounting system     |                           |                       | Total expense         |                       |                       |                       |                 |
| Parts and accessories inventory system |                           |                       |                       |                       |                       | Total expense         |                 |
| Payroll system                         | Employees                 | Employees             | Employees             | Employees             | Employees             | Employees             |                 |
| Parts ordering system                  |                           |                       |                       |                       |                       | Total expense         |                 |
| Warranty claim system                  |                           |                       |                       | Usage                 | Usage                 | Usage                 |                 |
| Accounts receivable system             | Relative value factor     | Relative value factor | Relative value factor | Relative value factor | Relative value factor | Relative value factor |                 |

## Comments

Computer costs should be distributed to each Department as indicated in the table above. The reason for recommending professional tax and accounting advice in this area is due to the fact that some computer hardware and software must be capitalized and depreciated. A professional advisor is in the best position to counsel the dealership about these matters.

## 069 Outside Services - Other

### Expenses

### Semi-Fixed

### Synopsis

Sometimes, it is necessary to hire specialists to perform various services for the dealership. Often due to the need for specialized equipment or because of insurance restrictions, it is cost effective to hire out various tasks such as Janitorial Services, Annual Parts Department Inventory, tree trimming and other such jobs. Work performed by service vendors are considered Outside Services and are posted in [Account 069, Outside Services – Other](#). **Not included** are Data Processing expenses, which are recorded in [Account 068, Information Technology Services](#) and professional accounting and tax consulting fees that are posted to [Account 072, Legal & Auditing Expense](#).

| Debits  | Credits |
|---|---------|
| <ol style="list-style-type: none"><li>1. Cost of all Outside Services other than data processing and legal &amp; auditing</li><li>2. Outside services include the following:<ol style="list-style-type: none"><li>a. janitorial or custodian services</li><li>b. landscaping &amp; gardening services</li><li>c. trash &amp; rubbish removal</li><li>d. snow removal</li><li>e. security &amp; burglar alarm services</li><li>f. credit bureau services</li><li>g. Parts Department annual physical inventory</li><li>h. collection agencies</li><li>i. bank credit card service charges</li><li>j. temporary employees</li><li>k. armored car service</li><li>l. shopper's surveys</li><li>m. messenger services</li><li>n. warranty claims preparation services</li></ol></li><li>3. All other services not listed above performed by outside vendors</li></ol> |         |



## Distribution of Expenses

| 069 Outside Services - Other                | Departmental Distribution |                       |                         |                                     |                                     |                                     |                       |
|---|---------------------------|-----------------------|-------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-----------------------|
|   | New Veh.<br>01            | Used Veh.<br>02       | Lease &<br>Rental<br>03 | Mechanical<br>05                    | Body Shop<br>06                     | Parts &<br>Access.<br>07            | Gen &<br>Admin.<br>09 |
| Protection of entire premises               | Relative value factor     | Relative value factor | Relative value factor   | Relative value factor               | Relative value factor               | Relative value factor               |                       |
| Protection of new car storage lot           | Total expense             |                       |                         |                                     |                                     |                                     |                       |
| Physical inventory of parts and accessories |                           |                       |                         |                                     |                                     | Total expense                       |                       |
| Bank service charges                        | Relative value factor     | Relative value factor | Relative value factor   | Relative value factor               | Relative value factor               | Relative value factor               |                       |
| New car showroom window washing             | Total expense             |                       |                         |                                     |                                     |                                     |                       |
| Refuse and snow removal                     | Usage                     | Usage                 | Usage                   | Usage                               | Usage                               | Usage                               |                       |
| Credit card service fees                    | Dept. making sale         | Dept. making sale     | Dept. making sale       | Dept. making sale                   | Dept. making sale                   | Dept. making sale                   |                       |
| Collection agency fees                      | Dept. making sale         | Dept. making sale     | Dept. making sale       | Dept. making sale                   | Dept. making sale                   | Dept. making sale                   |                       |
| Credit reports                              | Usage                     | Usage                 | Usage                   | Usage                               | Usage                               | Usage                               |                       |
| Management fees                             | Total Expense             | Total Expense         | Total Expense           | Total Expense                       | Total Expense                       | Total Expense                       |                       |
| Shopper's service fees                      | Usage                     | Usage                 | Usage                   | Usage                               | Usage                               | Usage                               |                       |
| Janitorial service                          | Usage                     | Usage                 | Usage                   | Usage                               | Usage                               | Usage                               |                       |
| Warranty claims preparation service         |                           |                       |                         | Dept's percentage of warranty sales | Dept's percentage of warranty sales | Dept's percentage of warranty sales |                       |

## **Comments**

Competitive bids should be requested or price comparisons should be made whenever Outside Services are contracted. It is important to search for the best value at the lowest price. A Purchase Order should be issued for each vendor and for each service. The invoices received from the vendor must be compared to the original Purchase Order and discrepancies should be resolved immediately. The manager of the department benefiting from the Outside Service should be responsible for inspecting quality and controlling costs.

## **Note:**

When employees are assigned work tasks typically performed by an outside vendor, it is advisable to make sure that the employee has reasonable experience, training and skills. For the protection of the dealership, sufficient insurance coverage must be in effect.

# 070 Travel and Entertainment

*Expenses  
Semi-Fixed*

## Synopsis

Account 070, Travel and Entertainment is established to record the expenses related to conducting business away from the dealership. This includes transportation, hotel and meal expense while attending meetings and contacting business associates.

| Debits   | Credits |
|--|---------|
| <ol style="list-style-type: none"> <li>1. Cost of entertainment for business purposes</li> <li>2. Cost of travel (transportation, lodging and meals) for business purposes, other than when acquiring vehicles and attending training schools</li> </ol> |         |

## Distribution of Expenses

| 070 Travel and Entertainment            | Departmental Distribution |                       |                         |                       |                       |                          |                       |
|---|---------------------------|-----------------------|-------------------------|-----------------------|-----------------------|--------------------------|-----------------------|
|   | New Veh.<br>01            | Used Veh.<br>02       | Lease &<br>Rental<br>03 | Mechanical<br>05      | Body Shop<br>06       | Parts &<br>Access.<br>07 | Gen &<br>Admin.<br>09 |
| Travel for general business purposes    | Relative value factor     | Relative value factor | Relative value factor   | Relative value factor | Relative value factor | Relative value factor    |                       |
| Travel to take used vehicles to auction |                           |                       |                         |                       |                       |                          |                       |
| Entertainment for business purposes     | Department benefited      | Department benefited  | Department benefited    | Department benefited  | Department benefited  | Department benefited     |                       |
| Travel for auto show                    | Total expense             |                       |                         |                       |                       |                          |                       |

## Comments

With the following exceptions, all business related Travel and Entertainment expenses should be debited to this account and charged to the department incurring the expense or benefiting from the expenditure. A policy for business travel and entertainment and guidelines for limiting expenses should be prepared in writing for employees. Travel and Entertainment expenses should be charged directly to the department incurring or benefiting from the expense. The exceptions are:

The travel expenses incurred to acquire vehicles either for “new vehicle dealer swaps” or to buy used vehicles from a used car auction (“sale”), should be recorded in [Account 013, Delivery Expense](#).

The Travel expenses for employees to attend training classes should be recorded in [Account 075, Training Expense](#).

**Note:**

Professional tax and accounting advice should be obtained regarding the proper documentation of travel or entertainment expenses.

# 071 Memberships, Dues and Publications

## Expenses

### Semi-Fixed

#### Synopsis

Account 071, Memberships, Dues and Publications is established to record the cost of belonging to trade organizations and subscribing to various trade journals.

| Debits   | Credits |
|--|---------|
| <ol style="list-style-type: none"> <li>1. Cost of Memberships in and Dues of organizations for business purposes</li> <li>2. Cost of dealer associations dues</li> <li>3. Cost of Used Vehicle Guidebooks</li> <li>4. Cost of subscriptions to magazines, newspapers, etc.</li> <li>5. Cost of parts price catalogs</li> </ol> |         |

#### Distribution of Expenses

| 071 Membership Dues & Publications               | Departmental Distribution |                         |                         |                         |                         |                         |                    |
|--|---------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|--------------------|
|  | New Veh.<br>01            | Used Veh.<br>02         | Lease & Rental<br>03    | Mechanical<br>05        | Body Shop<br>06         | Parts & Access.<br>07   | Gen & Admin.<br>09 |
| Dealer association dues                          | Relative value factor     | Relative value factor   | Relative value factor   | Relative value factor   | Relative value factor   | Relative value factor   |                    |
| Publications for service department waiting room |                           |                         |                         | Usage                   | Usage                   |                         |                    |
| Parts merchandising publications                 |                           |                         |                         |                         |                         | Total expense           |                    |
| Publications for general use                     | Relative value factor     | Relative value factor   | Relative value factor   | Relative value factor   | Relative value factor   | Relative value factor   |                    |
| Membership dues                                  | Employees participating   | Employees participating | Employees participating | Employees participating | Employees participating | Employees participating |                    |
| Parts price catalogs                             |                           |                         |                         |                         |                         | Total expense           |                    |

## Comments

Publications such as parts price catalogs, and technical shop manuals are requirements for maintaining a highly efficient dealership. Belonging to local civic organizations such as the chamber of commerce or various state and national dealer organizations has intangible benefits for the dealership. All Membership Dues and fees should be recorded in this account. Similarly, trade journals and other automotive magazines may be essential sources of information to supplement on-the-job training for key employees.

Expenses for Memberships, Dues and various Publications should be charged to the Department, which incurs the expense as indicated in the Expense Distribution table above. In the case where more than one Department benefits, then the expenditure should be pro-rated between Departments.

Whenever Memberships, Dues and Publications are paid in advance, the expenditure should be recorded in [Account 274, Prepaid Other](#). The monthly provision to expense the Prepaid amount is debited to this account and credited to [Account 274, Prepaid Other](#).

### Note:

Professional tax and accounting advice should be obtained regarding the income tax deductibility of certain professional and social memberships.

# 072 Legal and Auditing Expense

*Expenses  
Semi-Fixed*

## Synopsis

The cost of lawyer's fees and accounting and auditing expenses are recorded in [Account 072, Legal and Auditing Expense](#). This includes retainers and professional fees.

| Debits  | Credits |
|---|---------|
| <ol style="list-style-type: none"> <li>1. Fees paid and/or accrued for Legal and Auditing services</li> <li>2. Court Costs and Filing Fees</li> </ol> |         |

## Distribution of Expenses

| 072 Legal & Auditing Expense                             | Departmental Distribution |                       |                         |                       |                       |                          |                       |
|--|---------------------------|-----------------------|-------------------------|-----------------------|-----------------------|--------------------------|-----------------------|
|  | New Veh.<br>01            | Used Veh.<br>02       | Lease &<br>Rental<br>03 | Mechanical<br>05      | Body Shop<br>06       | Parts &<br>Access.<br>07 | Gen &<br>Admin.<br>09 |
| Attorney retainer fees                                   | Relative value factor     | Relative value factor | Relative value factor   | Relative value factor | Relative value factor | Relative value factor    |                       |
| Public accountant's fees                                 | Relative value factor     | Relative value factor | Relative value factor   | Relative value factor | Relative value factor | Relative value factor    |                       |
| Attorney's fees for new vehicle department legal work    | <b>Total expense</b>      |                       |                         |                       |                       |                          |                       |
| Attorney's fees for general legal work of the dealership | Relative value factor     | Relative value factor | Relative value factor   | Relative value factor | Relative value factor | Relative value factor    |                       |
| Fees for filing in small claims courts                   | Relative value factor     | Relative value factor | Relative value factor   | Relative value factor | Relative value factor | Relative value factor    |                       |

## Comments

Legal and Auditing Expenses should be charged to the Department benefiting from the service. If more than one Department benefits, then the expense should be pro-rated to the Departments in question. Please refer to the Expense Distribution table above.

# 074 Telephone

*Expenses  
Semi-Fixed*

## Synopsis

Cost related to Telephone lines and fax service are recorded in [Account 074, Telephone](#).

| Debits   | Credits   |
|--|---|
| <ol style="list-style-type: none"> <li>1. Cost of Telephone and fax services</li> <li>2. Cost of Intercom systems</li> <li>3. The monthly cost of phone and fax equipment leases</li> <li>4. The monthly cost of service contracts for phone and fax equipment and services</li> </ol> | <ol style="list-style-type: none"> <li>1. The reimbursement from employees for personal, long distance calls</li> </ol> |

## Distribution of Expenses

| 074 Telephone                      | Departmental Distribution |                        |                         |                        |                        |                          |                       |
|------------------------------------|---------------------------|------------------------|-------------------------|------------------------|------------------------|--------------------------|-----------------------|
|                                    | New Veh.<br>01            | Used Veh.<br>02        | Lease &<br>Rental<br>03 | Mechanical<br>05       | Body Shop<br>06        | Parts &<br>Access.<br>07 | Gen &<br>Admin.<br>09 |
| Basic Telephone service charge     | Outlets                   | Outlets                | Outlets                 | Outlets                | Outlets                | Outlets                  |                       |
| Toll calls and long distance calls | Department responsible    | Department responsible | Department responsible  | Department responsible | Department responsible | Department responsible   |                       |
| 800 line or lease line             | Usage                     | Usage                  | Usage                   | Usage                  | Usage                  | Usage                    |                       |
| Separate used car office billing   |                           | Total expense          |                         |                        |                        |                          |                       |
| FAX charges                        | Usage                     | Usage                  | Usage                   | Usage                  | Usage                  | Usage                    |                       |

## Comments

The cost of Telephone and fax service should be pro-rated to each department based on usage as indicated in the Expense Distribution table above. Long distance calls should be charged to the respective Department. When control of Long Distance calls becomes an issue, an authorization system should be adopted so that permission must be granted to make all such calls.



# 075 Training Expense

*Expenses  
Semi-Fixed*

## Synopsis

Account 075, Training Expense is established to record the cost of training for dealership employees. Tuition, books, texts, training materials as well as travel expenses to attend training are posted to this account.

| Debits  | Credits |
|---|---------|
| <ol style="list-style-type: none"> <li>1. Cost of tuition and training materials</li> <li>2. Cost of meals, lodging and transportation while attending training schools</li> <li>3. Cost of videotapes, books, and other training material for use at the dealership</li> </ol> |         |

## Distribution of Expenses

| 075 Training Expense                      | Departmental Distribution |                      |                         |                      |                      |                          |                       |
|---|---------------------------|----------------------|-------------------------|----------------------|----------------------|--------------------------|-----------------------|
|   | New Veh.<br>01            | Used Veh.<br>02      | Lease &<br>Rental<br>03 | Mechanical<br>05     | Body Shop<br>06      | Parts &<br>Access.<br>07 | Gen &<br>Admin.<br>09 |
| Tuition for Employees                     | Department benefited      | Department benefited | Department benefited    | Department benefited | Department benefited | Department benefited     |                       |
| Salespeople's kits                        | Department benefited      | Department benefited | Department benefited    |                      |                      |                          |                       |
| Lodging and travel while attending school | Department benefited      | Department benefited | Department benefited    | Department benefited | Department benefited | Department benefited     |                       |

## Comments

As indicated in the Expense Distribution chart above, Training Expenses should be charged to the employee's Department. If an employee is assigned to more than one Department, the expense should be pro-rated to the respective Departments.

**Note:**

As a result of training, an improvement in employee effectiveness should be the intended result. Measuring improvement is often difficult and sometimes the improvement is noticeable only after time has been allowed to apply the training to new situations.

# 076 Interest Floorplan

Expenses  
Semi-Fixed

## Synopsis

Account 076, Interest Floorplan is established to record the interest charges on vehicles in inventory, financed under the dealership's Floorplan line of credit.

| Debits   | Credits |
|--|---------|
| 1. Interest expense paid or accrued for new and used vehicles on Floorplan |         |

## Distribution of Expenses

| 076 Interest Floorplan                     | Departmental Distribution |                    |                         |                  |                 |                          |                       |
|--|---------------------------|--------------------|-------------------------|------------------|-----------------|--------------------------|-----------------------|
|  | New Veh.<br>01            | Used Veh.<br>02    | Lease &<br>Rental<br>03 | Mechanical<br>05 | Body Shop<br>06 | Parts &<br>Access.<br>07 | Gen &<br>Admin.<br>09 |
| Interest on new vehicles and demonstrators | Floorplan Interest        |                    |                         |                  |                 |                          |                       |
| Interest on used vehicles                  |                           | Floorplan Interest |                         |                  |                 |                          |                       |

## Comments

Monthly statements from the lending institution itemizing interest charges should be reconciled and any discrepancies should be resolved immediately. Floorplan Interest on new vehicles and demonstrators should be charged to the New Vehicle Department. Used vehicle Floorplan Interest should be handled similarly.

## Note:

When vehicles are financed on a wholesale line of credit, the loan is considered to be short term. This means that vehicles on Floorplan should be paid off as they are sold.

# 077 Miscellaneous Expense

*Expenses  
Semi-Fixed*

## Synopsis

Account 077, Miscellaneous Expense is established to record expense that cannot properly be classified and applied to any other expense account.

| Debits   | Credits |
|--|---------|
| 1. Cost of operating expenses not otherwise provided for |         |

## Distribution of Expenses

| 077 Miscellaneous Expense   | Departmental Distribution |                        |                         |                        |                        |                          |                       |
|---|---------------------------|------------------------|-------------------------|------------------------|------------------------|--------------------------|-----------------------|
|   | New Veh.<br>01            | Used Veh.<br>02        | Lease &<br>Rental<br>03 | Mechanical<br>05       | Body Shop<br>06        | Parts &<br>Access.<br>07 | Gen &<br>Admin.<br>09 |
| Departmental meetings   | Department benefited      | Department benefited   | Department benefited    | Department benefited   | Department benefited   | Department benefited     |                       |
| Dealership meeting  | Relative value factor     | Relative value factor  | Relative value factor   | Relative value factor  | Relative value factor  | Relative value factor    |                       |
| Gifts not attributed to specific departments                          | Relative value factor     | Relative value factor  | Relative value factor   | Relative value factor  | Relative value factor  | Relative value factor    |                       |
| Auction registration fees   |                           | Total expense          |                         |                        |                        |                          |                       |
| Advertising for employees   | Department advertising    | Department advertising | Department advertising  | Department advertising | Department advertising | Department advertising   |                       |
| Vehicles damaged by Employee negligence                               | Employees responsible     | Employees responsible  | Employees responsible   | Employees responsible  | Employees responsible  | Employees responsible    |                       |
| Charges to the dealership under the Parts and Accessories Return Plan |                           |                        |                         |                        |                        | Total expense            |                       |

## Comments

Very few items should be charged to this account. However, expenses such as the cost of temporary help, flowers for special occasions, gifts, and employee meals are properly recorded in this account.

## 078 Interest – Floorplan Credit

*Expenses*

*Semi-Fixed*

### Synopsis

Credits received from the manufacturer to offset Floorplan Interest charges are posted to [Account 078, Interest – Floorplan Credit](#).

| Debits | Credits  |
|--------|--|
|        | 1. Interest credits received from the factory on new vehicles on Floorplan |

### Distribution of Expenses

| 078 Interest – Floorplan Credit                              | Departmental Distribution |                 |                         |                  |                 |                          |                       |
|--|---------------------------|-----------------|-------------------------|------------------|-----------------|--------------------------|-----------------------|
|  | New Veh.<br>01            | Used Veh.<br>02 | Lease &<br>Rental<br>03 | Mechanical<br>05 | Body Shop<br>06 | Parts &<br>Access.<br>07 | Gen &<br>Admin.<br>09 |
| Credit Received to Offset Floorplan Interest on New Vehicles | (Credit)<br>from Factory  |                 |                         |                  |                 |                          |                       |

### Comments

If the manufacturer reimburses the dealership for Floorplan Interest, the amount is recorded in this account. Careful attention should be paid to the program rules.

## 079 Interest – Notes Payable Other

### Expenses

### Semi-Fixed

### Synopsis

Account 079, Interest – Notes Payable Other is established to record the interest that is paid or payable on various bank or private loans granted to the dealership. **Not included** are interest charges for New or Used Vehicles financed on the dealership's Floorplan line of credit, mortgages secured by dealership property, nor lease/rental vehicles.

| Debits  | Credits |
|---|---------|
| 1. Interest expense paid or accrued on obligations not secured by real estate mortgages, lease and rental units nor vehicle inventories |         |

### Distribution of Expenses

| 079 Interest-<br>Notes Payable Other | Departmental Distribution |                       |                         |                       |                       |                          |                       |
|--------------------------------------|---------------------------|-----------------------|-------------------------|-----------------------|-----------------------|--------------------------|-----------------------|
|                                      | New Veh.<br>01            | Used Veh.<br>02       | Lease &<br>Rental<br>03 | Mechanical<br>05      | Body Shop<br>06       | Parts &<br>Access.<br>07 | Gen &<br>Admin.<br>09 |
| Interest on other notes payable      | Relative Value Factor     | Relative Value Factor | Relative Value Factor   | Relative Value Factor | Relative Value Factor | Relative Value Factor    |                       |
| Interest on tax delinquencies        | Relative Value Factor     | Relative Value Factor | Relative Value Factor   | Relative Value Factor | Relative Value Factor | Relative Value Factor    |                       |
| Interest on Driver Training Vehicles | Relative Value Factor     | Relative Value Factor | Relative Value Factor   | Relative Value Factor | Relative Value Factor | Relative Value Factor    |                       |
| Interest on Company Vehicles         | Department benefited      | Department benefited  | Department benefited    | Department benefited  | Department benefited  | Department benefited     |                       |

### Comments

Only the interest paid or payable on capital loans, or private loans is posted to this account. As monthly statements are received from lenders, an inspection should be done to make sure that the previous payment has been posted properly and that the correct amount of principal and interest has been credited. Discrepancies should be reconciled immediately.

**080 Rent**  
**Expenses**  
**Fixed**

**Synopsis**

Account 080, Rent is established to record the monthly amount paid or payable to the landlord as rent and other expenses related by agreement to the rental and leasing of property used in the automobile business.

| Debits                  | Credits |
|-------------------------|---------|
| 1. Rent for real estate |         |

**Distribution of Expenses**

| 080 Rent   | Departmental Distribution     |                               |                               |                               |                               |                               |                       |
|--|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-----------------------|
|  | New Veh.<br>01                | Used Veh.<br>02               | Lease &<br>Rental<br>03       | Mechanical<br>05              | Body Shop<br>06               | Parts &<br>Access.<br>07      | Gen &<br>Admin.<br>09 |
| Individual Rental agreement including taxes and insurance for specific locations | Department occupying location | Department occupying location | Department occupying location | Department occupying location | Department occupying location | Department occupying location |                       |
| New vehicle storage lot Rental   | Total expense                 |                               |                               |                               |                               |                               |                       |
| Separate used car lot Rental agreement including taxes and insurance             |                               | Total expense                 |                               |                               |                               |                               |                       |

**Comments**

The distribution of Rent expense to each Department should be done by a RELATIVE VALUE FACTOR basis as indicated in the table above. Each Department should be charged with a “fair share” of the total dealership Rent expense.

**Note:**

At the beginning of a lease, if a security deposit representing the final month's rent is required, the security deposit should be recorded in [Account 296, Other Investments And Miscellaneous Assets](#).



# 081 Amortization - Leaseholds

Expenses

Fixed

## Synopsis

The monthly provision to Amortize Leaseholds and leasehold improvements is recorded in [Account 081, Amortization – Leaseholds](#). Professional tax and accounting advice should be obtained regarding the proper handling of leaseholds and leasehold improvements and the related amortization schedules.

| Debits   | Credits |
|--|---------|
| 1. Monthly provision for Amortization of Leaseholds and leasehold improvements |         |

## Distribution of Expenses

| 081 Amortization Leaseholds                                | Departmental Distribution |                       |                         |                       |                       |                          |                       |
|--|---------------------------|-----------------------|-------------------------|-----------------------|-----------------------|--------------------------|-----------------------|
|  | New Veh.<br>01            | Used Veh.<br>02       | Lease &<br>Rental<br>03 | Mechanical<br>05      | Body Shop<br>06       | Parts &<br>Access.<br>07 | Gen &<br>Admin.<br>09 |
| Leaseholds and improvements for separate used car lot      |                           | Total expense         |                         |                       |                       |                          |                       |
| Leaseholds and improvements for several or all departments | Relative value factor     | Relative value factor | Relative value factor   | Relative value factor | Relative value factor | Relative value factor    |                       |

## Comments

When a leasehold improvement is done for the benefit of a single Department, such as an overhead cover for the service write-up driveway, then the benefiting Department should be charged with the monthly provision of the Leasehold Amortization. If more than one department benefits, then the monthly provision should be pro-rated to each respective Department, by using the relative value factor.

# 082 Repairs – Real Estate

## Expenses

### Fixed

### Synopsis

The cost of making repairs (as opposed to making improvements) is recorded in [Account 082, Repairs – Real Estate](#). Professional tax and accounting advice should be obtained regarding the classification of repairs versus improvements.

| Debits   | Credits |
|--|---------|
| 1. Cost of maintaining and Repairing Real Estate whether owned or leased |         |

### Distribution of Expenses

| 082 Repairs – Real Estate   | Departmental Distribution |                       |                       |                       |                       |                       |                    |
|---|---------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|--------------------|
|   | New Veh.<br>01            | Used Veh.<br>02       | Lease & Rental<br>03  | Mechanical<br>05      | Body Shop<br>06       | Parts & Access.<br>07 | Gen & Admin.<br>09 |
| General repairs, painting, etc., to the main building (not capitalized) | Relative value factor     | Relative value factor | Relative value factor | Relative value factor | Relative value factor | Relative value factor |                    |
| Plumbing repairs in the body shop                                       |                           |                       |                       |                       | Total expense         |                       |                    |
| Replace broken window in the showroom                                   | Total expense             |                       |                       |                       |                       |                       |                    |
| Minor repairs to the used car lot blacktop                              |                           | Total expense         |                       |                       |                       |                       |                    |
| Painting of the general office area                                     | Relative value factor     | Relative value factor | Relative value factor | Relative value factor | Relative value factor | Relative value factor |                    |

### Comments

When repairs to the dealership facility (real estate) are performed for a single Department, then the expense should be charged to the department. When more than one Department benefits from a repair, then the expense should be pro-rated according the Expense Distribution table above.

#### Note:

Not included in this account are costs related to Improvements to real estate owned by the dealership, which are properly recorded in [Account 083, Depreciation – Buildings and Improvements](#).

# 083 Depreciation – Buildings and Improvements

*Expenses*

*Fixed*

## Synopsis

Account 083, Depreciation – Buildings and Improvements is established to record the monthly provision to Depreciate Building and Improvements used in the dealership’s auto business.

| Debits  | Credits |
|---|---------|
| 1. Monthly provision for Depreciation of Buildings and Improvements |         |

## Distribution of Expenses

| 083 Depreciation – Buildings and Improvements | Departmental Distribution |                       |                       |                       |                       |                       |                    |
|---|---------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|--------------------|
|   | New Veh.<br>01            | Used Veh.<br>02       | Lease & Rental<br>03  | Mechanical<br>05      | Body Shop<br>06       | Parts & Access.<br>07 | Gen & Admin.<br>09 |
| Main building which all departments occupy    | Relative value factor     | Relative value factor | Relative value factor | Relative value factor | Relative value factor | Relative value factor |                    |
| Separate body shop                            |                           |                       |                       |                       | Total expense         |                       |                    |
| Separate used car office building             |                           | Total expense         |                       |                       |                       |                       |                    |

## Comments

The monthly provision to Depreciate Buildings and Improvements should be pro-rated to each Department using the relative value factor method. The exception is when a Department occupies a completely separate facility such as an off-site used vehicle lot. For these exceptions, the entire monthly depreciation is charged to the benefiting Department.

## 084 Taxes – Real Estate

### Expenses

#### Fixed

### Synopsis

Account 084, Taxes – Real Estate is established to record the monthly provision for Taxes due on Real Estate owned by the dealership and used for the auto business only.

| Debits   | Credits |
|--|---------|
| <ol style="list-style-type: none"> <li>1. Monthly provision for Taxes on Real Estate and improvements owned by the dealership (owned or leased)</li> <li>2. Monthly provision for taxes on a building built by the dealership situated on leased land</li> </ol> |         |

### Distribution of Expenses

| 084 Taxes – Real Estate                        | Departmental Distribution |                       |                         |                       |                       |                          |                       |
|--|---------------------------|-----------------------|-------------------------|-----------------------|-----------------------|--------------------------|-----------------------|
|  | New Veh.<br>01            | Used Veh.<br>02       | Lease &<br>Rental<br>03 | Mechanical<br>05      | Body Shop<br>06       | Parts &<br>Access.<br>07 | Gen &<br>Admin.<br>09 |
| Taxes applicable to all or several departments | Relative value factor     | Relative value factor | Relative value factor   | Relative value factor | Relative value factor | Relative value factor    |                       |
| Taxes on a separate body shop                  |                           |                       |                         |                       | Total expense         |                          |                       |
| Taxes on a separate new car storage shop       | Total expense             |                       |                         |                       |                       |                          |                       |

### Comments

The monthly provision for Real Estate Taxes should be pro-rated to each Department using the relative value factor method. The exception is when a Department occupies a completely separate facility such as an off-site service department. For these exceptions, the entire monthly provision is charged to the benefiting Department.

# 085 Insurance – Buildings and Improvements

*Expenses*

*Fixed*

## Synopsis

Account 085, Insurance – Buildings and Improvements is established to record the monthly provision for the policy premium covering Buildings and Improvements owned by the dealership and used for the auto business.

| Debits   | Credits |
|--|---------|
| <ol style="list-style-type: none"> <li>1. Monthly provision for insurance on real estate and improvements owned by the dealership</li> <li>2. Monthly provision for insurance on a building built by the dealership situated on leased land</li> </ol> |         |

## Distribution of Expenses

| 085 Insurance –<br>Building and Improvements     | Departmental Distribution |                       |                         |                       |                       |                          |                       |
|--|---------------------------|-----------------------|-------------------------|-----------------------|-----------------------|--------------------------|-----------------------|
|  | New Veh.<br>01            | Used Veh.<br>02       | Lease &<br>Rental<br>03 | Mechanical<br>05      | Body Shop<br>06       | Parts &<br>Access.<br>07 | Gen &<br>Admin.<br>09 |
| Billing applicable to several or all departments | Relative value factor     | Relative value factor | Relative value factor   | Relative value factor | Relative value factor | Relative value factor    |                       |
| Billing for separate lease and rental building   |                           |                       | Total expense           |                       |                       |                          |                       |
| Billing for separate used car building           |                           | Total expense         |                         |                       |                       |                          |                       |

## Comments

The monthly provision for Insurance covering Buildings and Improvements should be pro-rated to each Department using the relative value factor method. The exception is when a Department occupies a completely separate facility such as an off-site used vehicle lot. For these exceptions, the entire monthly provision is charged to the benefiting Department.

**Note:**

In most cases, insurance premiums are paid in advance for annual, semi-annual or quarterly periods. When this is the case, the amount of the premium is recorded in [Account 271, Prepaid Insurance](#). A monthly provision to “expense” the premium is applied to this account, [Account 085, Insurance – Buildings and Improvements](#).

# 086 Interest - Mortgages

## Expenses

### Fixed

### Synopsis

The monthly provision for Interest paid or payable on Mortgage loans secured by real estate owned by the dealership and used in the auto business is recorded in [Account 086, Interest – Mortgages](#).

| Debits   | Credits |
|--|---------|
| 1. Interest paid or accrued on mortgages payable |         |

### Distribution of Expenses

| 086 Interest - Mortgages                                   | Departmental Distribution |                       |                       |                       |                       |                       |                    |
|--|---------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|--------------------|
|  | New Veh.<br>01            | Used Veh.<br>02       | Lease & Rental<br>03  | Mechanical<br>05      | Body Shop<br>06       | Parts & Access.<br>07 | Gen & Admin.<br>09 |
| Mortgage interest applicable to several or all departments | Relative value factor     | Relative value factor | Relative value factor | Relative value factor | Relative value factor | Relative value factor |                    |
| Mortgage interest for separate lease and rental building   |                           |                       | Total expense         |                       |                       |                       |                    |
| Mortgage interest for separate used car building           |                           | Total expense         |                       |                       |                       |                       |                    |

### Comments

The monthly provision for Interest paid on Real Estate Mortgages should be pro-rated to each Department using the relative value factor method. The exception is when a Department occupies a completely separate facility such as an off-site body shop. For these exceptions, the entire monthly provision is charged to the benefiting Department.

As monthly statements are received from the lender, it should be inspected to make sure that the previous payment has been properly credited. Discrepancies should be recorded immediately.

# 087 Utilities

## Expenses

### Fixed

### Synopsis

Account 087, Utilities is established to record the monthly amount paid or payable for water, electricity, and heating fuel consumed by the dealership other than Telephone expense, which is recorded in Account 074, Telephone.

| Debits                                    | Credits |
|---|---------|
| 1. Cost of fuel, electricity, water, etc. |         |

### Distribution of Expenses

| 087 Utilities  | Departmental Distribution |                 |                         |                  |                 |                          |                       |
|--|---------------------------|-----------------|-------------------------|------------------|-----------------|--------------------------|-----------------------|
|  | New Veh.<br>01            | Used Veh.<br>02 | Lease &<br>Rental<br>03 | Mechanical<br>05 | Body Shop<br>06 | Parts &<br>Access.<br>07 | Gen &<br>Admin.<br>09 |
| Utility charges for separate new truck showroom                      | Total expense             |                 |                         |                  |                 |                          |                       |
| Electricity for separate used car lot                                |                           | Total expense   |                         |                  |                 |                          |                       |
| Electricity or heating fuel applicable to several or all departments | Area or usage             | Area or usage   | Area or usage           | Area or usage    | Area or usage   | Area or usage            |                       |
| Water applicable to several or all departments                       | Usage                     | Usage           | Usage                   | Usage            | Usage           | Usage                    |                       |

### Comments

Unless a Department operates from a separate, off-site facility, the Utilities expense should be pro-rated to each Department based on usage as indicated in the Expense Distribution table above.





## Comments

Premiums for policies such as the general garagekeepers policy, business interruption insurance, umbrella coverage, general contents & fire insurance, automobile coverage for company owned vehicles and other various policies are properly recorded in this account. In most cases, the premiums are paid in advance for annual, semi-annual, or quarterly terms. When this is the case, the premiums are recorded in [Account 271, Prepaid Insurance](#) and the monthly provision is posted to Account 088, Insurance - Other.

## 089 Taxes - Other

*Expenses*

*Fixed*

### Synopsis

Account 089, Taxes – Other is established to record the monthly provision for taxes and licenses that cannot properly be recorded in any other account. Professional tax and accounting advice should be obtained regarding the proper classification and accounting for other taxes.

| Debits   | Credits |
|--|---------|
| <ol style="list-style-type: none"><li>1. Monthly provision for taxes and licenses not otherwise provided for in any other account:<ol style="list-style-type: none"><li>a. Personal property taxes</li><li>b. Business Licenses</li><li>c. Permits</li></ol></li></ol> |         |

## Distribution of Expenses

| 089 Taxes - Other   | Departmental Distribution                |  |  |  |  |  |  |
|---|--|--|--|--|--|--|--|
|   | New Veh.<br>01                           | Used Veh.<br>02                          | Lease &<br>Rental<br>03                  | Mechanical<br>05                         | Body Shop<br>06                          | Parts &<br>Access.<br>07                 | Gen &<br>Admin.<br>09                    |
| Personal property taxes   | Department's percentage of taxable items | Department's percentage of taxable items | Department's percentage of taxable items | Department's percentage of taxable items | Department's percentage of taxable items | Department's percentage of taxable items | Department's percentage of taxable items |
| Tags for company owned vehicles other than lease and rental units | Vehicles assigned                        | Vehicles assigned                        | Vehicles assigned                        | Vehicles assigned                        | Vehicles assigned                        | Vehicles assigned                        |  |
| Use taxes (not capitalized)                                       | Equipment and supplies usage             | Equipment and supplies usage             | Equipment and supplies usage             | Equipment and supplies usage             | Equipment and supplies usage             | Equipment and supplies usage             |  |
| General business licenses   | Relative value factor                    | Relative value factor                    | Relative value factor                    | Relative value factor                    | Relative value factor                    | Relative value factor                    |  |
| Specific business licenses  | Operation licensed                       | Operation licensed                       | Operation licensed                       | Operation licensed                       | Operation licensed                       | Operation licensed                       |  |
| Gross receipt taxes   | Year-to-date sales                       | Year-to-date sales                       | Year-to-date sales                       | Year-to-date sales                       | Year-to-date sales                       | Year-to-date sales                       |  |
| Taxes on specific signs   | Department advertised                    | Department advertised                    | Department advertised                    | Department advertised                    | Department advertised                    | Department advertised                    |  |
| Taxes on general signs  | Relative value factor                    | Relative value factor                    | Relative value factor                    | Relative value factor                    | Relative value factor                    | Relative value factor                    |  |
| Certification fees for technicians                                |  |  |  | Mechanical technicians certified         | Mechanical technicians certified         |  |  |
| Capital stock and franchise taxes not based on income             | Relative value factor                    | Relative value factor                    | Relative value factor                    | Relative value factor                    | Relative value factor                    | Relative value factor                    |  |
| Salespeople's licenses  | For new vehicle sales                    | For used vehicle sales                   | For leases                               |  |  |  |  |

## Comments

Whenever possible, Taxes – Other should be charged to the Department, which incurs the tax. If more than one Department is involved, the expense should be pro-rated based on usage. Please refer to the Expense Distribution table above.

# 090 Repairs - Equipment

## Expenses

### Fixed

## Synopsis

Account 090, Repairs – Equipment is established to record the cost of performing repairs on equipment owned by the dealership and used in the auto business. The monthly provision for equipment service contracts is also posted to this account.

| Debits   | Credits |
|--|---------|
| 1. Cost of maintaining and Repairing Equipment other than company owned vehicles |         |

## Distribution of Expenses

| 090 Repairs - Equipment   | Departmental Distribution |                          |                          |                          |                          |                          |                       |
|---|---------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|-----------------------|
|   | New Veh.<br>01            | Used Veh.<br>02          | Lease &<br>Rental<br>03  | Mechanical<br>05         | Body Shop<br>06          | Parts &<br>Access.<br>07 | Gen &<br>Admin.<br>09 |
| Repairs to body shop equipment  |                           |                          |                          |                          | Total<br>expense         |                          |                       |
| Repairs to parts bins   |                           |                          |                          |                          |                          | Total<br>expense         |                       |
| Maintenance contract on equipment   | Equipment<br>covered      | Equipment<br>covered     | Equipment<br>covered     | Equipment<br>covered     | Equipment<br>covered     | Equipment<br>covered     |                       |
| Maintenance contract on service department lifts                                  |                           |                          |                          | Equipment<br>covered     | Equipment<br>covered     |                          |                       |
| Repair copying machine used in the general office                                 | Relative<br>value factor  | Relative<br>value factor | Relative<br>value factor | Relative<br>value factor | Relative<br>value factor | Relative<br>value factor |                       |
| Repairs to general office equipment   | Relative<br>value factor  | Relative<br>value factor | Relative<br>value factor | Relative<br>value factor | Relative<br>value factor | Relative<br>value factor |                       |
| Repairs to rented vehicles in company service (other than lease and rental units) | Vehicles<br>assigned      | Vehicles<br>assigned     | Vehicles<br>assigned     | Vehicles<br>assigned     | Vehicles<br>assigned     | Vehicles<br>assigned     |                       |

## Comments

The cost of repairs and maintenance contracts are debited to this account. When a repair is done for the benefit a single Department, the entire cost of the repair should be charged to the Department. When two (2) or more Departments are involved, the expense should be pro-rated to each respective Department based on usage as indicated in the Expense Distribution table above.

# 091 Depreciation - Equipment

## Expenses

### Fixed

## Synopsis

The monthly provision to Depreciate Equipment owned by the dealership and used for the auto business is recorded in [Account 091, Depreciation – Equipment](#). Professional tax and accounting advice should be obtained regarding the proper capitalization of equipment and the related depreciation schedule.

| Debits  | Credits   |
|---|---|
| <ol style="list-style-type: none"> <li>1. Monthly provision for Depreciation of Equipment</li> <li>2. Excess of book value over appraised wholesale value of vehicles recorded in <a href="#">Account 285, Company Vehicles</a> taken out of service and transferred to used vehicle inventories</li> </ol> | <ol style="list-style-type: none"> <li>1. Excess of appraised wholesale value over book value of vehicles recorded in <a href="#">Account 285, Company Vehicles</a> taken out of service and transferred to used vehicle inventories</li> </ol> |

## Distribution of Expenses

| 091 Depreciation - Equipment  | Departmental Distribution |                    |                         |                    |                    |                          |                       |
|---|---------------------------|--------------------|-------------------------|--------------------|--------------------|--------------------------|-----------------------|
|   | New Veh.<br>01            | Used Veh.<br>02    | Lease &<br>Rental<br>03 | Mechanical<br>05   | Body Shop<br>06    | Parts &<br>Access.<br>07 | Gen &<br>Admin.<br>09 |
| Machinery and shop equipment  |                           |                    |                         | Equipment assigned | Equipment assigned |                          |                       |
| Parts and accessories equipment   |                           |                    |                         |                    |                    | Total expense            |                       |
| Company vehicles in Account 285, Company Vehicles   | Vehicles assigned         | Vehicles assigned  | Vehicles assigned       | Vehicles assigned  | Vehicles assigned  | Vehicles assigned        |                       |
| Furniture and fixtures  | Equipment assigned        | Equipment assigned | Equipment assigned      | Equipment assigned | Equipment assigned | Equipment assigned       |                       |
| Excess of book value over appraised wholesale value of a parts truck transferred to the used truck inventory for sale |                           |                    |                         |                    |                    | Total expense            |                       |

## Comments

When only one Department has equipment subject to depreciation such as the air compressor, then the monthly provision to depreciate the air compressor should be charged to the Service Department. If two (2) or more departments share equipment such as the phone system, then the monthly provision should be pro-rated to each department based on usage.

# 092 Equipment Rental

## Expenses

### Fixed

### Synopsis

[Account 092, Equipment Rental](#) is established to record the cost of Renting Equipment for the dealership other than Telephone expenses, which are recorded in [Account 074, Telephone](#). The monthly rent or monthly provision is posted to this account.

| Debits   | Credits |
|--|---------|
| <ol style="list-style-type: none"> <li>Cost of Renting Equipment other than lease and rental units</li> <li>Amounts charged other departments by the lease and rental department for the use of daily rental units, including those furnished to customers at no charge</li> </ol> |         |

### Distribution of Expenses

| 092 Equipment Rental   | Departmental Distribution |                       |                         |                       |                       |                          |                       |
|--|---------------------------|-----------------------|-------------------------|-----------------------|-----------------------|--------------------------|-----------------------|
|  | New Veh.<br>01            | Used Veh.<br>02       | Lease &<br>Rental<br>03 | Mechanical<br>05      | Body Shop<br>06       | Parts &<br>Access.<br>07 | Gen &<br>Admin.<br>09 |
| General office furniture and equipment   | Relative value factor     | Relative value factor | Relative value factor   | Relative value factor | Relative value factor | Relative value factor    |                       |
| Parts bins   |                           |                       |                         |                       |                       | Total expense            |                       |
| Postage meters   | Relative value factor     | Relative value factor | Relative value factor   | Relative value factor | Relative value factor | Relative value factor    |                       |
| Used car lot signs   |                           | Total expense         |                         |                       |                       |                          |                       |
| Furniture and equipment used in new vehicle department   | Total expense             |                       |                         |                       |                       |                          |                       |
| Rental of vehicles for company use other than as lease and rental units  | Vehicles assigned         | Vehicles assigned     | Vehicles assigned       | Vehicles assigned     | Vehicles assigned     | Vehicles assigned        |                       |
| Dealership identification sign   | Relative value factor     | Relative value factor | Relative value factor   | Relative value factor | Relative value factor | Relative value factor    |                       |
| Charges by the lease and rental department for use of a daily rental unit furnished to a service customer at no charge |                           |                       |                         | Department benefited  | Department benefited  |                          |                       |

## **Comments**

When the need arises to Rent specialized Equipment the rental cost is charged to the Department that benefits from the usage of the equipment. If two (2) or more Departments share the equipment, then the rental cost should be pro-rated to each respective Department based on usage.



# 097 Bonuses-Employees

## Adjustments

### Synopsis

[Account 097, Bonuses-Employees](#), is established to record the bonuses paid to employees over the normal salary, wage or pay plan arrangements. The purpose of the bonus is to reward exceptional performance or productivity and to share in the success of the dealership. Bonuses should be used to provide incentives for doing a job well and remaining loyal to the dealership.

| Debits  | Credits  |
|---|--|
| <ol style="list-style-type: none"><li>1. The amount of Bonuses paid to employees</li><li>2. The amount of the monthly provision for Bonuses to be paid to employees at a later date</li></ol> | <ol style="list-style-type: none"><li>1. The amount of the monthly provision for Bonuses to be paid to employees at a later date</li></ol> |

### Comments

Employees who are eligible to receive a bonus should be given the terms of the bonus plan in writing. The criteria for earning the bonus should also be discussed with each employee to make sure that there are no misunderstandings about the requirements for earning the bonus.

Bonus payments are subject withholding taxes and must be processed through the payroll system. When bonuses are paid each month, the amount of the bonus payment is debited to this account.

If the bonus is to be paid at a later date, such as the end of the year, the monthly portion of the earned bonus should be accrued by crediting [Account 328, Employee's Incentives/Bonuses Payable](#) and debiting Account 097, Bonuses - Employees.

**Note:**

Since the prospect of earning a Bonus serves as an incentive for good work performance and receiving a Bonus is a reward for a job well done, the motivational benefits of paying bonuses is an important part of successful personnel management. It goes without saying that Bonuses should be paid promptly along with a word of recognition. When employees fail to earn available bonuses, a review of the employee's performance is warranted.

## 098 Bonuses-Owners

### Adjustments

#### Synopsis

[Account 098, Bonuses-Owners](#), is established to record the amount of Bonuses paid or payable to Owners of the dealership. Professional tax and accounting advice should be obtained regarding the tax implications to both the dealership and the Owners due to Bonuses paid.

| Debits  | Credits   |
|---|---|
| <ol style="list-style-type: none"><li>1. The amount of Bonuses paid to owners</li><li>2. The amount of the monthly provision for Bonuses to be paid to owners at a later date</li></ol> | <ol style="list-style-type: none"><li>1. The amount of the monthly provision for Bonuses to be paid to owners at a later date</li></ol> |

#### Comments

When Bonuses are paid to Owners during the month, the amounts of the Bonus payments are debited to this account.

When Bonuses are paid at a later date, such as the end of the year, the monthly provision for the Bonuses should be credited to [Account 329, Owner's Bonuses Payable](#) and debited to [Account 098, Bonuses-Owners](#).

# 099 Income Taxes – Current Year

## Adjustments

### Synopsis

[Account 099, Income Taxes – Current Year](#), is established to record the amount of Income Tax or estimated Income Tax due for Federal, State and/or Local Income Taxes. Professional tax and accounting advice should be obtained regarding the proper handling of Income Taxes due.

| Debits   | Credits   |
|--|---|
| <ol style="list-style-type: none"><li>1. The monthly estimate of federal, State, and/or Local Income Tax</li><li>2. The amount to <b>increase</b> the income tax liability based on the final adjusted taxable income for the year</li></ol> | <ol style="list-style-type: none"><li>1. The amount to <b>decrease</b> the income tax liability based on the final adjusted taxable income for the year</li></ol> |

### Comments

An accrual should be set up by crediting [Account 327, Income Taxes Payable](#) with the estimated Income Taxes due. The offsetting credit is posted to [Account 099, Income Taxes – Current Year](#).

### Note:

Quarterly payment and filing dates should be observed to avoid penalties and interest.

# RECOMMENDED REPOSSESSION ACCOUNTING PROCEDURES

## Suggested Procedures for Determining And Refunding Repossession Surpluses And For Collecting Repossession Deficiencies

### **INTRODUCTION**

Dealerships are legally required to refund the surplus remaining upon disposition of a repossessed vehicle and are limited in the circumstances and amounts of deficiencies they may collect from a defaulting debtor. Each dealer should consult with its attorney regarding the exact legal requirements applicable in the Province where the dealership operates.

The following are procedures, which General Motors recommends that dealers follow in determining surplus amounts to be paid to customers, and deficiencies, which dealers may collect, in connection with the disposition of repossessed vehicles financed through a recourse financing plan with any financing institution. These recommended procedures are designed to help assure dealership compliance with legal requirements. Since the law may change and may vary among the Provinces, the dealership's attorney should periodically review these procedures to determine whether additional or different procedures should be followed.

We suggest that all documents used for determining the surplus or deficiency be placed in vehicle record folders and retained there for at least two years from the date of disposition. Such folders should be clearly identified as repossession files and segregated in the dealership's records.

### **RECOMMENDED DISPOSITION PROCEDURES**

All aspects of the sale or lease of a repossessed vehicle should be commercially reasonable.

The dealership should make the same efforts (consistent with legal requirements) to obtain the best possible price for a repossessed vehicle as the dealership would make for a comparable used vehicle. This means the same standard should be applied in determining appropriate reconditioning and disposition measures, except that a warranty for repossessed vehicle need not be offered as part of the vehicle sale price even if the dealership provides such warranties on non-repossessed used vehicles. Where laws applicable in your area require specified treatment of repossessed vehicles, such as disposition by public sale or disposition within a specified period after repossession, such laws must be observed. You should still attempt to obtain the best possible net return consistent with those laws.

### **DEALER REPOSSESSION ACCOUNTING FORM**

The dealership should maintain a list of its repossessions. The list may be kept by the dealership on a form modeled after the Schedule of Repossessed Vehicles (Exhibit 3). The Dealer Repossession Accounting Form, a copy of which is attached to these instructions, should be completed for each repossessed vehicle. The following instructions explain how to complete the form.

## COMPUTATION OF SURPLUS OR DEFICIENCY

The amount of any surplus or deficiency should be calculated as follows:

- A. Net Selling Price (Adjusted by underallowance or overallowance as described on Page R3.
- B. Add: Insurance and Service Contract Rebates Received, Insurance Claim Payments, and other amounts received (describe).
- C. Deduct: Insured Damage Repairs, where such repairs have been effected, and Dealer Payoff.
- D. Equals: Subtotal.
- E. Deduct: Allowable Expenses (as defined in this procedure) incurred by the dealership.
- F. Equals: Subtotal.
- G. Deduct: Allowable Expenses of the financing institution and any adjustments made by the financing institution to the contract balance in computing the Dealer's Payoff to the extent they are to be reimbursed to the financing institution by the dealership, perfected subordinate security interests in the vehicle that are allowed by Provincial law and satisfied by the dealership out of the proceeds of sale, and other obligations owed to the dealership by the financing customer relating to the contract balance.
- H. Equals: Surplus to be refunded to the financing customer or Deficiency on the repossession.

Items A, B, C, E, and G should be derived from the appropriate vehicle record files. Place in these files all records used in preparing the Dealer Repossession Accounting Form.

### Lines 1 through 6 (left side)

Record the name and address of the financing customer(s) on Lines 1, 2 and 3. Record the name and address of the new purchaser on Lines 4, 5 and 6. Information on Lines 4, 5 and 6 will not appear on the copy, which, as explained on page R9, should be sent to the financing customer(s) if there is a surplus or if a deficiency is sought. The name and address of the new purchaser should not be provided to the financing customer(s).

### Lines 1 through 6 (right side)

Describe the vehicle on Lines 1, 2, and 3. The date of disposition to be recorded on Line 4 is:

- (1) the date of the execution of a binding retail installment contract, if a credit transaction;
- (2) the date of the final settlement, if a cash transaction; or
- (3) the date of execution of a binding lease, if a lease transaction.

The type of disposition should be entered on Line 5, using one of the following descriptions: private party, dealer, junk, lease, leasing company, auction, or other as applicable.

## **Lines 7 through 11**

The name and location of the financing institution should be recorded here. The amount of the dealer payoff and the related cheque number should also be recorded.

## **Line 14: Net Selling Price**

The Net Selling Price to be entered on Line 14 is the price at which the vehicle was disposed of to an independent third party. In determining the Net Selling Price, the dealership should not use dispositions in which the purchaser is the dealership, the financing institution or a representative of either or use an estimated "actual cash value". In determining the Net Selling Price, amounts charged the buyer of the repossessed vehicle for any finance charges, insurance premiums, service contract charges, sales taxes, document and official fees, and other charges customarily imposed on the sale of used vehicles should be excluded. Also any separately priced services or accessories itemized in the vehicle sale or lease agreement or invoice, such as a separately priced warranty, or equipment added by or on behalf of the dealer (e.g., custom sound system, DVD entertainment system) should be excluded from the Net Selling Price, and the cost of such items should not be included in the allowable expenses, Lines 25 through 36.

If the disposition is by lease rather than sale, the Net Selling Price is the cash value of the lease at the time it is executed. The cash value equals the sum of the principal payments called for in the lease plus the residual value at the expiration of the lease, discounted by the discount rate offered by the financing institution primarily used by dealer for the retail financing of that type vehicle at the time the lease is executed. A copy of the sales or lease invoice for the repossessed vehicle should be placed in the vehicle record file.

An overallowance on a vehicle received in trade is a subtraction from the selling price; an underallowance on a vehicle received in trade is an addition to the selling price. An adjustment for overallowance or underallowance should be made only if that is the normal practice of the dealership and if it is not prohibited by law. Any underallowance realized on the disposition may be added in determining the Net Selling Price if overallowances are deducted on the disposition of other repossessed vehicles. The amount of any overallowance given on such a disposition may be deducted in determining the Net Selling Price if:

- (1) the amount so deducted was determined at the time of disposition and is no greater than the excess of the trade-in allowance over the wholesale value of the vehicle taken in trade on the repossessed vehicle as that value is shown in a currently recognized guidebook used in the area, including condition adjustments where applicable;
- (2) overallowances are given and contemporaneously recorded in the normal course of the dealership's handling of non-repossessed vehicles; and
- (3) underallowances are included by the dealer in the proceeds of other repossessed vehicle dispositions wherever applicable. The relevant portion of the guidebook used in determining the value of the trade-in should be photocopied and placed in the vehicle record file.

## **Lines 15 through 18**

The following items should be added to the Net Selling Price:

- A. The unearned portion of the gross insurance premium and service contract charges (including portions identified as dealer commission) with respect to any coverage for which the dealer was the agent or which is received by the dealer from the carrier;
- B. All insurance claim payments received; and
- C. All other amounts received in connection with the repossessed vehicle (describe).

*NOTE: If warranty or service contract work has been performed for which reimbursement has been or is to be received, such reimbursement should not be added on Line 18, and no deduction should be made on Lines 25 through 36 for the corresponding repair work. If payment on a service contract has been made and the corresponding work will not be done, include the amount received on Line 18.*

Where appropriate, the dealer should promptly apply to insurance carrier for rebates with respect to any financed insurance or other coverage and promptly submit appropriate claims for covered collision or other damage. Copies of cheques, receipts or other evidence of such payments should be placed in the vehicle record file.

### **Lines 20 through 22**

The following items should be deducted from Line 19

- A. The amount of insured damage paid by insurance carrier, plus the deductible portions not paid by the carrier. The amount of insured damage may be deducted only if the related repairs have been completed.

*NOTE: If the repairs are completed, the cost of such repairs should not be included under Allowable Expenses (Lines 25-36 below). In the event of uninsured damage the cost of repairs should be included as Allowable Expenses (See NOTE, Page R6).*

- B. The dealer payoff (this is the amount paid to the financing institution by the dealer under its recourse obligations after deduction of the finance charge rebate and other appropriate adjustments, if any).

Copies of cheques, receipts or other evidence of such payments (or insurance estimates) should be placed in the vehicle record file.

### **Line 23 – Subtotal**

If negative, no further calculation is required unless a deficiency is sought.

### **Line 24 through 36 – Allowance Expenses**

No itemization of deductions in Lines 25-36 should be made beyond those, which exceed the positive amount on Line 23, unless a deficiency is sought.

The expenses of reconditioning and repairs at a dealership's facilities should be charged at the dealership's direct cost. (See below.) Reconditioning and repairs performed by others should be charged at the dealership's direct cost. (See below.) Post-disposition reconditioning and repairs should be charged only when specifically required in writing in the vehicle sale or lease



agreement and performed within 45 days of the date of sale. Parts and labor provided under a warranty or service contract should not be charged to the vehicle.

Only commercially reasonable expenses should be deducted, such as the expenses listed below. Fixed costs, overhead, profit on the disposition of the vehicle, and financing and insurance income lost as a result of the repossession should not be deducted. In addition, the dealership should consult its attorney to determine whether any items of expense listed in these procedures are not permissible deductions under the law in which the dealership operates.

Each expense should be entered under the appropriate heading (Lines 25 through 36) and should be supported by a repair order, invoice, receipt, cancelled cheque or other business record which demonstrates that the expense was incurred in relation to the particular vehicle. Copies of all supporting documents should be placed in the vehicle record file.

### **Line 25 - Dealer Reconditioning**

Labour and associated parts and supplies furnished by the dealership for the repair, reconditioning, or maintenance of the vehicle in preparation for disposition, including legally required inspections, should be computed at cost rate.

1. The cost rate for mechanical or body work should be based upon the average hourly rate for mechanical technicians employed in the retail repair shop (for mechanical work) or for body/paint technicians employed in the retail body shop (for body work).

*NOTE: If the dealer charges its customers on the basis of flat rate time but pays its technicians based on actual time, then actual time should be used in the technicians' labor calculation.*

Copies of payroll or other records used in this calculation should be placed in the vehicle record file.

11. The time factor of the cost for labour for other reconditioning clean up and preparation work should be based on actual time spent on the vehicle.

111. The cost rate for parts utilized from dealership inventory should be based on the dealership's cost for those parts as listed in the current manufacturer's catalog. All other parts should be deducted at actual cost.

### **Line 26 – Reconditioning by Others**

Amounts paid to others for labour and associated parts and supplies purchased for the repair, reconditioning or maintenance (including legally required inspection) of the vehicle in preparation for resale. Copies of cheques, receipts or other evidence of such payments should be placed in the vehicle record file.

### **Line 27 – Sales Commissions**

Commissions paid for actual participation in the disposition of the particular vehicle, computed so that the total amount is no higher than that applicable for the sale or lease, as applicable, of a similar, non-repossessed vehicle in similar circumstances and excluding portions of commissions attributable to the selling of service contracts, separately priced warranties, financing or insurance.

**Line 28 – Title and Registration Fees**

Fees paid to others to obtain title to the vehicle, to obtain legally required inspection of the vehicle, or to register the vehicle. Copies of cheques, receipts or other evidence of such payments should be placed in the vehicle record file.

**Line 29 – Legal Costs**

Filing fees, court costs, cost of bonds, fees and expenses paid to a sheriff or similar officer, and fees and expenses paid to an attorney who is not an employee of the dealer or the financing institution for obtaining possession of or title to the vehicle. Copies of cheques, receipts or other evidence of such payments should be placed in the vehicle record file.

**Line 30 – Auction Fees**

Fees and expenses paid to others for auctioning the vehicle, including no-sale fees. Copies of cheques, receipts or other evidence of such payments should be placed in the vehicle record file.

**Line 31 – Advertising**

A proportional share of expenditures for advertisements that specifically mention the particular vehicle. Copies of cheques, receipts or other evidence of such payments and, of the extent available, of the advertising tear sheet or the printed advertisement should be placed in the vehicle record file.

**Line 32 – Storage**

Expenses paid to others for storage (excluding a charge for storage at facilities operated by the dealership). Copies of cheques, receipts or other evidence of such payments should be placed in the vehicle record file.

**Line 33 – Dealer Repossession Expense**

Expenses paid to others, not employees of the dealership or the financing institution that financed the vehicle, for repossessing, towing or transporting the vehicle. This includes payment of any amounts necessary to obtain possession of the vehicle. Copies of cheques, receipts or other evidence of such payment should be placed in the vehicle record file.

**Line 34 – Postage, Telephone and Copying**

Expenses paid to others for telephone calls, postage, other communications expense and photocopying necessary in arranging for the repossession, holding, transportation, reconditioning and disposition of the vehicle. Copies of cheques, receipts or other evidence of such payment should be placed in the vehicle record file.

**Line 35 – Insurance**

*NOTE: The dealer may ignore this possible deduction because of the complexity of calculation and the small amount involved.*

Premiums paid specifically for insurance on the repossessed vehicle while in the dealer's possession. Where the insurance invoice does not separately identify the portion of the premium attributable to that vehicle, the dealer should ascertain the amount (if any) by which the premium was increased because the particular vehicle was in inventory. For example, under some insurance agreements the premium is based on actual inventory data at specified intervals. For example, assume the dealer pays for such insurance at the rate for \$2 per month per \$1,000 of inventory value with the inventory reported at each month's end and the repossessed vehicle has an inventory of \$2,000 and is in the dealer's inventory at the month's end. The dealer's out-of-pocket cost of such insurance which may be deducted as an allowable expense would be \$4 ( $\$2,000$  [inventory value]  $\times$  1 [number of months]  $\times$   $\$2/\$1,000$  [monthly premium per dollar inventory value] = \$4). If the repossession were involved in two such premium-determining inventories, the amount allowable would be twice as much. If the dealer makes such calculation, the vehicle record file should include copies of the relevant premium invoice(s) and of the insurance company or agent's letter or other statement indicating the cost basis upon which the calculation was made.

**Line 36 – Other Expenses Allowable Under Provincial Law**

Other expenses paid (describe) that are allowable under Provincial law and that are not included on Lines 25-35. Copies of cheques, receipts or other evidence of such payments should be placed in the vehicle record file.

**Line 37 – Subtotal**

If negative, no further calculation is required unless a deficiency is sought.

**Line 38**

No itemization of deductions on lines 39-40 is required beyond those, which exceed the positive amount on Line 37, unless a deficiency is sought.

**Line 39 – Financing Institution Expenses and Allowances**

Indicate financing institution expenses and allowances that were not paid by the dealership in the payoff amount but which, under terms of the financing plan, the dealership is to reimburse the financing institution contingent upon the availability of customer funds to cover such reimbursement.

- a. If the amount on Line 37 is positive, payment of the amount on Line 39 or Line 37, whichever is lower, should be made to the financing institution within a reasonable time after disposition. A copy of the cheque or other evidence of payment should be placed in the vehicle record file.
- b. If the amount on Line 37 is negative, no entry is required on Line 39 unless a Deficiency is to be sought. If a deficiency is to be sought, the amount of financing institution expenses and allowances to be paid will be entered on Line 39 for purposes of developing the total Deficiency amount. Evidence of the amount of these expenses and allowances should be placed in the vehicle record file. Payment should be made to the financing institution upon collection of the Deficiency. Copies of cheques, or other evidence of such payment(s) should be placed in the vehicle record file.

#### **Line 40 – Other Liens and Adjustments**

Indicate any perfected subordinate security interest (liens) provided for by state law and satisfied by the dealership out of the proceeds of disposition, including where the dealer made payment to the financing institution in connection with the retail installment contract and received with respect thereto a perfected subordinate security interest.

Also include any amount owed to the dealer by the financing customer where the financing customer failed to make promised downpayments or where the financing customer's obligation on a trade-in used in the purchase of the repossessed vehicle was greater than the amount represented at the time retail installment contract was executed. However, the dealer should consult with its attorney to determine whether these items are considered under state law to be part of the secured indebtedness owing on the contract.

Copies of cheques, receipts or other evidence of such payment or obligations should be placed in the vehicle record file.

#### **Line 41 – Surplus to be Refunded or (Deficiency)**

A positive balance remaining on Line 41 should be forwarded to the customer. The cheque should be accompanied by a copy of the Dealer Repossession Accounting Form and should be sent within a reasonable time of the date of disposition.

#### **CERTIFICATION**

The Dealer Repossession Accounting Form should be reviewed and signed by a dealership official authorized to sign retail installment contracts on behalf of the dealership.

#### **LATE REBATES, CREDITS AND OTHER PAYMENTS**

In the event of a rebate, credit, or other payment is received after the surplus has been paid, a second cheque for this amount should be sent in the same manner; if such a rebate, credit or payment is received after a prior computation indicated that there was no surplus, a revised computation should be made, and if a surplus results, it should be paid. In either event, payment should be made within a reasonable time of disposition or within a reasonable time of receiving the rebate, credit or payment, whichever is later.

#### **DEFICIENCIES**

If at any point in completing the Dealer Repossession Accounting form a negative balance is shown, the form need not be completed beyond that point unless the dealership wishes to seek a Deficiency from the financing customer. If the dealership wishes to seek a Deficiency, a Dealer Repossession Accounting Form completed in accordance with these instructions

should be sent to the customer. Legal counsel should be consulted to determine whether and in what instances deficiencies may be collected under applicable law. Copies of any documents relating to the calculation or collection of a Deficiency should be kept in the vehicle record file.

### **RECORD RETENTION**

The vehicle record folders for repossessions should be segregated and readily retrievable in the dealership's files. Each such folder should contain all underlying documentation for the entries made on the Dealer Repossession Accounting Form (including a copy of a document, such as a used car record card, showing the value of any vehicle received in trade on the sale of the repossession). All such files and the dealership's list of repossessions should be kept as determined by law after the disposition of the repossessed vehicle.

### **LEGAL LIABILITY**

Failure to adhere to the practices recommended above, or to account properly to customers for surpluses, may expose the dealer to legal action.

### **ACCOUNTING INSTRUCTIONS**

For purposes of the dealership's financial accounting, the disposition of a repossessed vehicle should be recorded in the same manner as any other used vehicle sale. In addition, any payment due to the financing customer should be recorded as a credit in [Account 220, Accounts Receivable-Customers](#). The offsetting entry should be recorded as a debit to [Account 853, Repossession Losses – New](#) or [Account 854, Repossession Losses – Used](#).

**DEALER REPOSESSION ACCOUNTING FORM**

| CUSTOMER  |                  | VEHICLE DESCRIPTION |      |        |    |
|---|------------------|---------------------|------|--------|----|
| Original  | 1 Name(s)        | Dealer Stock No.    |      |        | 1  |
|   | 2 Address        | VIN                 |      |        | 2  |
|   | 3 Zip            | Year                | Make | Model  | 3  |
| Resale  | 4 Name(s)        | Date of Disposition |      |        | 4  |
|   | 5 Address        | Type of Disposition |      |        | 5  |
|   | 6 Zip            |                     |      |        | 6  |
| <b>FINANCING INSTITUTION</b>                                      |                  |                     |      |        | 7  |
| 8 Name  | Dealer Payoff \$ |                     |      | 8      |    |
| 9 Location  | Check No.        |                     |      | 9      |    |
| 10  |                  |                     |      |        | 10 |
| 11  |                  |                     |      |        | 11 |
| <b>COMPUTATION OF SURPLUS OR DEFICIENCY</b>                       |                  |                     |      |        | 12 |
| 13  |                  |                     |      |        | 13 |
| 14 Net Selling Price  |                  |                     |      | AMOUNT | 14 |
| 15 Add:   |                  |                     |      | \$     | 15 |
| 16 Insurance and Service Contract Rebates Received                |                  |                     |      | \$     | 16 |
| 17 Insurance Claim Payments Received                              |                  |                     |      |        | 17 |
| 18 Other Amounts Received ( )                                     |                  |                     |      | \$     | 18 |
| 19 Sub-Total (Line 14 Plus 18)                                    |                  |                     |      |        | 19 |
| 20 Less:  |                  |                     |      |        | 20 |
| 21 Insured Damage Repairs if completed                            |                  |                     |      | \$     | 21 |
| 22 Dealer Payoff (Line 8)   |                  |                     |      | \$     | 22 |
| 23 Sub-Total (Line 19 Less 22) (see Note 1)                       |                  |                     |      |        | 23 |
| 24 Less Allowable Expenses (see Note 2)                           |                  |                     |      |        | 24 |
| 25 Dealer Reconditioning  |                  |                     |      | \$     | 25 |
| 26 Reconditioning by Others                                       |                  |                     |      |        | 26 |
| 27 Sales Commission   |                  |                     |      |        | 27 |
| 28 Title and Registration Fees                                    |                  |                     |      |        | 28 |
| 29 Legal Costs  |                  |                     |      |        | 29 |
| 30 Auction Fees   |                  |                     |      |        | 30 |
| 31 Advertising  |                  |                     |      |        | 31 |
| 32 Storage  |                  |                     |      |        | 32 |
| 33 Dealer Repossession Expense                                    |                  |                     |      |        | 33 |
| 34 Postage, Telephone and Copying                                 |                  |                     |      |        | 34 |
| 35 Insurance  |                  |                     |      |        | 35 |
| 36 Other Expenses Allowable under State Law ( )                   |                  |                     |      | \$     | 36 |
| 37 Sub-Total (Line 23 Less 36) (see Note 1)                       |                  |                     |      |        | 37 |
| 38 Less: (see Note 2)   |                  |                     |      |        | 38 |
| 39 Reimbursement to Finance Institution for Expenses & Allowances |                  |                     |      | \$     | 39 |
| 40 Other Liens and Adjustments                                    |                  |                     |      | \$     | 40 |
| 41 Surplus to be Refunded or (Deficiency) (Line 37 Less 40)       |                  |                     |      |        | 41 |
| 42 Customer Refund Amount \$                                      | Check No.        |                     | Date |        | 42 |

**CERTIFICATION**

I hereby certify that to the best of my knowledge (1) the vehicle was sold in a commercially reasonable fashion and (2) the above computation of surplus or deficiency on the sale of a repossessed vehicle is accurate and in conformity with the repossession portion of the General Motors Dealers' Standard Accounting System Manual, including the description of allowable expenses contained therein, and (3) any surplus indicated herein has been paid (unless reasonable efforts to locate the original customer have proven unsuccessful).

\_\_\_\_\_  
DEALERSHIP NAME

\_\_\_\_\_  
SIGNATURE

\_\_\_\_\_  
CITY

\_\_\_\_\_  
STATE

\_\_\_\_\_  
TITLE

Note 1 - If negative, no further calculation is required unless a deficiency is sought.

Note 2 - No itemization of deductions is required beyond those which exceed the positive amount on the preceding line, unless a deficiency is sought.



