

Charts of Accounts - p. 1 of 2

CHART OF ACCOUNTS

The chart of accounts lists general ledger accounts as they appear in financial statements. Following this sequence accounts are numbered systematically, allowing room for additional future items.

BALANCE SHEET

1 xx-xx	Group (assets)
1 11-xx	Major account category (cash)
1 11-10	Explicit account (demand deposit)
2 xx-xx	Liabilities
2 11-xx	Accounts payable
2 11-10	Domestic customers
3 xx-xx	Owners' equity
3 11-xx	Capital stock
3 11-10	Common stock authorized

INCOME STATEMENT

4 xx-xx (and 500)	Gross profit
4 11-xx	Operating income
4 11 10	Sales—Product A
6 xx-xx (and 700)	Operating expenses
6 00-xx	Sales expenses
6 00-10	Supplies
8 xx-xx (and 412)	Non-operating income and expense
8 00-xx	Non-operating expense
8 00-10	Discount allowed
9 xx-xx	Income and franchise taxes
9 00-10	Federal income tax—current year

GENERAL LEDGER CHART OF ACCOUNTS FOR A MANUFACTURING COMPANY

Number	Account Name	Number	Account Name
20	Foreign customers	30	Copyrights
30	Employees	40	Franchises
40	Officers, directors, stockholders	131-	Amortization—intangibles, etc.
50	Intercompany	10	Patents
115-	Marketable securities	20	Organization costs
10	U.S. government securities	30	Copyrights
30	State, city, and county securities	40	Franchises
40	Affiliated companies	211-	Accounts payable
40	Other corporations	10	Domestic suppliers
50	Miscellaneous	20	Foreign suppliers
116-	Inventories	30	Current contracts
10	Materials and supplies	40	Union dues
20	Goods in transit	50	Other
30	Work-in-process	212-	Accrued salaries and wages
40	Allowance for shrinkage and obsolescence	10	Salaries, administrative
50	Finished goods	20	Salaries, supervisory
117-	Prepaid Assets	30	Wages, manufacturing
10	Insurance	40	Vacation and holiday
20	Rent	50	Accident and health benefits
30	Taxes	213-	Accrued payroll taxes
118-	Investments	10	Federal withholding
10	U.S. government securities	20	F.I.C.A.—employee
20	State, city, and county securities	30	F.I.C.A.—employer
30	Affiliated companies	40	Federal unemployment
40	Other corporations	50	State disability insurance
50	Miscellaneous	60	State unemployment insurance
121-	Land	214-	Accrued other taxes
10	Operating property	10	Federal income
20	Future building site	20	State franchise
122-	Buildings	30	State sales and use
10	Manufacturing facilities	40	Real and personal property
20	Administrative facilities	50	Licenses
123-	Accumulated depreciation—buildings	215-	Other current liabilities
10	Manufacturing facilities	10	Accrued interest payable
20	Administrative facilities	20	Accrued workmen's compensation
124-	Equipment and machinery	30	Dividends payable
10	Machinery	216-	Long-term obligations
20	Tools, dies	10	Notes payable—long-term portion
30	Fixtures	20	Notes payable—current portion
40	Furniture	30	Mortgage payable—long-term portion
50	Construction in process	40	Mortgage payable—current portion
60	Equipment	50	Bonds payable
125-	Accumulated depreciation—equipment and machinery	60	Loans payable—stockholders
10	Machinery	217-	Special reserves
20	Tools, dies	311-	Capital stock
30	Fixtures	10	Common stock authorized
40	Furniture	20	Common stock issued at stated value
50	Construction in process	30	Common stock paid in capital
60	Equipment	40	Preferred stock authorized
126-	Leasehold improvements	50	Preferred stock issued
10	Manufacturing facilities	60	Preferred stock paid-in capital
20	Administrative facilities	70	Treasury stock
127-	Accumulated depreciation—leasehold improvements	312-	Earned capital
10	Manufacturing facilities	10	Retained earnings
20	Administrative facilities	20	Reserve for treasury stock
128-	Automobiles, trucks, and other vehicles	30	Dividends paid
10	Automobiles	411-	Operating income
20	Trucks	10	Sales—Product A
129-	Accumulated depreciation—automobiles, etc.	20	Sales—Product B
10	Automobiles	30	Sales—Product C
20	Trucks	40	Sales allowances—Product A
130-	Intangibles and other assets	50	Sales allowances—Product B
10	Patents	60	Sales allowances—Product C
20	Organization costs	70	Sales discounts taken (lost)

Number	Account Name	Number	Account Name
80	Miscellaneous income	90	Service charges
412-	Non-operating income	800-	Other expenses
10	Interest	10	Incidental rental expense
20	Rents	20	Interest expense
30	Dividends	30	Factor expense
40	Gain (loss) on sale of capital assets	40	Other expenses
50	Extraordinary gain (loss)	900-	Income and franchise taxes
413-	Cost of goods sold	10	Federal income tax, current year
10	Product A	20	Federal income tax, prior years
20	Product B	30	State franchise tax, current year
30	Product C	40	State franchise tax, prior years
40	Purchase discounts taken (lost)	50	Foreign income taxes
414-	Variance affecting gross profits—Product A		
10	Material prices		
20	Direct labor		
30	Burden		
415-	Variance affecting gross profits—Product B		
10	Material prices		
20	Direct labor		
30	Burden		
416-	Variance affecting gross product—Product C		
10	Material prices		
20	Direct labor		
30	Burden		
417-	Variance other than cost		
10	Sales of waste		
20	Defective merchandise allowances		
30	Defective merchandise repairs		
40	Inventory obsolescence and adjustments		
418-	Cost analysis for cost of sales		
10	Purchases		
20	Labor		
30	Transfers		
40	Purchase returns		
419-	Contra-accounts for 418 and 500 accounts		
500-	Production expenses		
10	Indirect material		
20	Indirect labor		
30	Insurance		
40	Depreciation		
50	Taxes		
60	Rent and utilities		
70	Freight		
80	Printing		
90	Research and development		
600-	Selling expenses		
10	Supplies		
20	Salaries		
30	Insurance		
40	Depreciation		
50	Taxes		
60	Rent and utilities		
70	Postage		
80	Advertising		
90	Bad debt expense		
700-	Administration and general expenses		
10	Supplies		
20	Salaries		
30	Insurance		
40	Depreciation		
50	Taxes		
60	Rent and utilities		
70	Postage		
80	Contributions		

■ The account numbering scheme used in the chapters before this has been a simple one in which the accounts have been numbered consecutively. Such a scheme is satisfactory in a small business. However, in a larger more complicated accounting system, account numbers commonly become code numbers that not only identify accounts but also tell their statement classifications. For example, in one numbering system three-digit numbers with each digit having a significant meaning are used. In this system the first digit in each account number tells the major balance sheet or income statement classification of the account to which it is assigned. For example, account numbers with first digits of 1, numbers 111 to 199, are assigned to asset accounts, and liability accounts are assigned numbers with the first digits of 2, numbers 211 to 299. When this system is used, main balance sheet and income statement account classifications are assigned the following numbers:

- 111 to 199 are assigned to asset accounts.
- 211 to 299 are assigned to liability accounts.
- 311 to 399 are assigned to owner equity accounts.
- 411 to 499 are assigned to sales or revenue accounts.
- 511 to 599 are assigned to cost of goods sold accounts.
- 611 to 699 are assigned to operating expense accounts.
- 711 to 799 are assigned to other revenue and expense accounts.

When accounts are assigned code numbers having several digits, all of the digits have a significant meaning. In the system under discussion where the first digit indicates the main balance sheet or income statement classification, the second and third digits further classify the account. For example, the second digits under each of the following main classifications indicate the subclassification shown:

- 111 to 199, Asset accounts
 - 111 to 119, Current asset accounts (second digits of 1)
 - 121 to 129, Long-term investment accounts (second digits of 2)
 - 131 to 139, Plant asset accounts (second digits of 3)
 - 141 to 149, Intangible asset accounts (second digits of 4)
- 211 to 299, Liability accounts
 - 211 to 219, Current liability accounts (second digits of 1)
 - 221 to 229, Long-term liability accounts (second digits of 2)
- 611 to 699, Operating expense accounts
 - 611 to 629, Selling expense accounts (second digits of 1 and 2)
 - 631 to 649, Delivery expense accounts (second digits of 3 and 4)
 - 651 to 669, General administrative expense accounts (second digits of 5 and 6)

The third digit in each number further classifies the account. For example, in the system under discussion, all selling expense accounts, which have account numbers with first digits of 6 and second digits of 1 and 2, are further classified as follows:

- 611 to 699, Operating expense accounts
 - 611 to 629, Selling expense accounts
 - 611, Sales salaries expense (third digit of 1)
 - 612, Advertising expense (third digit of 2)
 - 613, Depreciation expense, store equipment (third digit of 3)