



American Honda Motor Co., Inc.

Dealer Standard Accounting Manual

2003 Edition

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CONFIDENTIAL
2003 DEALER FINANCIAL
BALANCE SHEET

DEALERSHIP (dba) _____, CITY _____
 COVERING THE PERIOD FROM: _____ THRU: _____

ASSETS	ACCT. NO.	AMOUNT	LINE NO.	
Cash On Hand	201		1	Acc
Cash in the Bank	202		2	Veh
Contracts in Transit	205		3	Lice
TOTAL CASH AND CONTRACTS (LINES 1 TO 3)			4	Cus
Vehicle Accounts Receivable	210		5	Wa
Service, Body Shop & Parts Accts. Receivable	220		6	
Factory Receivables - Honda	221		7	
Factory Receivables-Other	222		8	
Warranty Receivables - Honda	223		9	
Warranty Receivables-Other	224		10	Lon
Holdback Receivables - Honda	226		11	TO
Holdback Receivables - Other	227		12	Inte
Allowance for Doubtful Accounts	225	()	13	Pay
TOTAL RECEIVABLES (LINES 5 TO 13)			14	Insu
* Demo Vehicles - Honda	TOTAL UNITS ()	230	15	Tax
* Demo Vehicles - Other	TOTAL UNITS ()	231	16	
* New Honda Vehicles -	TOTAL CAR UNITS ()	234	17	
	TOTAL SUV UNITS ()		18	
			19	
* New Vehicles - Other	TOTAL UNITS ()	235	20	Em
L.I.F.O. Reserve New Vehicles		()	21	Ow
TOTAL NEW VEHICLE (LINES 15 TO 21)			22	Per
* Used Honda Vehicles	UNITS Non UNITS	250	23	



CONFIDENTIAL
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BALANCE SHEET

DEALERSHIP (dba) _____, CITY _____
 COVERING THE PERIOD FROM: _____ THRU: _____

ASSETS		ACCT. NO.	AMOUNT	LINE NO.	
Cash On Hand		201		1	Acc
Cash in the Bank		202		2	Veh
Contracts in Transit		205		3	Lice
TOTAL CASH AND CONTRACTS	(LINES 1 TO 3)			4	Cus
Vehicle Accounts Receivable		210		5	War
Service, Body Shop & Parts Accts. Receivable		220		6	
Factory Receivables - Acura		221		7	
Factory Receivables-Other		222		8	
Warranty Receivables - Acura		223		9	
Warranty Receivables-Other		224		10	Lon
Holdback Receivables - Acura		226		11	TOT
Holdback Receivables - Other		227		12	Inte
Allowance for Doubtful Accounts			()	13	Pay
TOTAL RECEIVABLES	(LINES 5 TO 13)			14	Insu
* Demo Vehicles - Acura	TOTAL UNITS ()	230		15	Tax
* Demo Vehicles - Other	TOTAL UNITS ()	231		16	
* New Acura Vehicles -	TOTAL CAR UNITS ()	234		17	
	TOTAL SUV UNITS ()			18	
				19	
* New Vehicles - Other	TOTAL UNITS ()	235		20	Emp
L.I.F.O. Reserve New Vehicles		242	()	21	Owr
TOTAL NEW VEHICLE	(LINES 15 TO 21)			22	Pen
* Used Acura Vehicles	UNITS Non-UNITS	250		23	Oth



Assets

Account 201

Cash on Hand

Balance

Cash received but not yet deposited

Debit with:

- All cash received

Credit with:

- All daily cash deposits



Assets

Account 201A

Petty Cash Fund

Balance

Amount of cash provided to maintain a petty cash fund

Debit with:

- Initial debit to this account to set up the petty

Credit with:

- Amount to decrease balance in petty cash



Assets

Account 202

Cash in the Bank

Balance

Amount of cash on deposit and available for dealership use

Debit with:

- Total of all deposits

Credit with:

- Total of all checks written



Assets

Account 205

Contracts in Transit

Balance

Contracts submitted to finance institutions, for which funds have not yet been remitted to the dealership or credited to the dealership's bank account

Debit with:

Credit with:



Assets

Account 210

Vehicle Accounts Receivable

Balance

Amounts due from a customer on a vehicle sale exclusive of dealer arranged finance contracts

Debit with:

- Amount due on one-pay vehicle sales contracts

Credit with:

- Payments received on a vehicle account



Assets

Account 220

Service, Body Shop & Parts Accounts Receivable

Balance

Total amount due from Service, Body Shop and Parts customers

Debit with:

- Amount of sales for Service, Body Shop or Parts

Credit with:

- Cash or checks presented as payment against



Assets

Account 221

Factory Receivables - American Honda

Balance

Amounts billed to or recorded as receivable from American Honda by the dealership for which payment or credit has not yet been received

Debit with:

Credit with:



Assets

Account 222

Factory Receivables - Other

Balance

Amounts billed to or recorded as receivable from factory *other than* American Honda for which payment or credit has not yet been received

Debit with:

Credit with:



Assets

Account 223

Warranty Receivables - American Honda

Balance

Warranty and transportation claims submitted to American Honda for which payment or credit has not yet been received

Debit with:

Credit with:



Assets

Account 224

Warranty Receivables - Other

Balance

Claims submitted to factory *other than* American Honda for which payment or credit has not yet been received

Debit with:

Credit with:



Assets

Account 225

Allowance for Doubtful Accounts

Balance

Accounts receivable estimated to be uncollectable

Debit with:

- Specific accounts receivable determined to be

Credit with:

- Amount to increase this account based upon



Assets

Account 226

Holdback Receivables - American Honda

Balance

Factory holdback charged to dealership for which payment or credit has not yet been received

Debit with:

- Amount due from American Honda for factory

Credit with:

- Credit Memo from American Honda in



Assets

Account 227

Holdback Receivables - Other

Balance

Factory holdback charged to dealership by *other than* American Honda for which payment or credit has not yet been received

Debit with:

Credit with:



Assets

Account 230

Demo Vehicles - American Honda

Balance

Cost of new American Honda vehicles, including dealer added accessories, which are in demo service

Debit with:

- Cost of new American Honda vehicles put into

Credit with:

- Cost of new American Honda vehicles



Assets

Account 231

Demo Vehicles - Other

Balance

Cost of new *other* vehicles that are in demo service, including dealer added accessories

Debit with:

- Cost of new vehicles *other than American*

Credit with:

- Cost of new vehicles *other than American*



Assets

Account 234

New Vehicles - American Honda

Balance

Total cost of new American Honda vehicles including dealer added accessories

Debit with:

- Factory cost of all new vehicles purchased from

Credit with:

- Cost of new American Honda vehicles sold



Assets

Account 235

New Vehicles - Other

Balance

Total cost of new *other* vehicles including dealer added accessories

Debit with:

- Factory cost of all new vehicles purchased from

Credit with:

- Cost of new other vehicles sold



Assets

Account 242

LIFO Reserve - New Vehicles

Balance

Accumulated LIFO Reserve for all dealerships who have elected to use the LIFO method of valuing new vehicle inventories

Debit with:

Credit with:



Liabilities

Account 300

Accounts Payable - Trade Creditors

Balance

Total amount authorized for payment to vendors

Debit with:

- Payments made on open accounts with vendors

Credit with:

- Invoices received from vendors and



Net Worth

Account 360

Capital Stock

Balance

Total dealership stock which is issued and outstanding at par or stated value

Debit with:

- Par value or stated value of stock in the

Credit with:

- Par value or stated value of stock in the



Variable Selling Expenses

Account 011



Salespeople Compensation

Balance

Compensation paid or accrued for salespeople except absentee wages and compensation earned on financing, insurance contracts and service contracts

Debit with:

Credit with:



Personnel Expenses

Account 020



Compensation - Owners

Balance

Compensation, excluding bonuses, paid to Owners

Debit with:

• Compensation paid to Owners as specified by



Semi-Fixed Expenses

Account 051

Company Vehicle Expense

Balance

Cost of maintenance and operation of vehicles used in dealership business other than those classified as vehicle sales department demos, lease or rental vehicles

Debit with:



Fixed Expenses

Account 080

Rent

Balance

Lease and rent costs on buildings and land used in dealership operations

Debit with:

- Cost of monthly lease or rental payments on

Credit with:

- Amounts received from subletting part of the



Bonuses, Other Income & Estimated Income Tax

Account 096

Bonuses - Employees

Balance

Provision for employees' bonuses for the year

Debit with:

• Monthly provision for employees' bonuses





Additions to Income

Account 800

Cash Discount Earned

Balance

Income earned from taking cash discounts on payments to vendors

Credit with:

- Discounts earned as a result of timely payment



Deductions from Income

Account 900

Cash Discount Allowed

Balance

Discounts allowed for payments received within the discount period or discounts for cash payment

Debit with:

- Discounts allowed to credit customers for



Other Variable Income & Deductions

Account 002A

Incentives Earned (Income)

Balance

American Honda incentives earned during the current business year

Debit with:

- Reversal of incentives previously recorded that

Credit with:

- Promotional allowances earned from American



Sales and Cost of Sales

Accounts 400 - 416

Accounts 600 - 616

New Vehicles - American Honda Retail

Balance (Sales: Account 400 - 416)

Accumulated sales price, net of discounts and over-allowances, of new American Honda vehicles sold at retail

Balance (Cost of Sales: Account 600 - 616)

Inventory value of new American Honda vehicles sold at retail



Glossary of Accounting and Financial Terms

Absorption

Percent of overhead expenses covered by gross profit from service, body shop and parts departments (also known as fixed coverage).

Accounting System

An organized method of recording transactions of a business and reporting operating results in a