

1

Accounting Concepts and Procedures: An Introduction

ANSWERS TO DISCUSSION QUESTIONS AND CRITICAL THINKING/ETHICAL CASE

1. *The functions of accounting are to analyze, record, classify, summarize, report and interpret information.*
2. *Sole proprietorship—1 owner, unlimited liability; easy to form
Partnership—2 or more owners; unlimited liability, easy to form
Corporation—1 or more shareholders; limited liability; more difficult to form*
3. *Service, merchandising, or manufacturing*
4. *Bookkeeping is the recording function of the accounting process. Accounting is the reporting and interpreting of that information as well as setting up the record keeping accounting system.*
5. *The three elements of the basic accounting equation are assets, liabilities, owner's equity.*
6. *Capital is the owner's current investment or equity in the assets of a business. It is one subdivision of owner's equity.*
7. *True. The sum of the left side of the equation must equal the sum of the right side of the equation.*
8. *False. It is the income statement that tells how well the company has performed.*
9. *False. Revenue is a subdivision of owner's equity.*
10. *Owner's equity is subdivided into Capital, Withdrawals, Revenue, and Expenses.*
11. *False. It is a subdivision of owner's equity.*
12. *Reject. As expenses increase, owner's equity decreases.*
13. *Revenue less Expenses; an income statement shows performance—profit or loss for the period.*
14. *False. It calculates ending capital.*
15. *The question in this case is whether Paul should be allowed to “pad” his expense account with an additional \$100 of expenses. I feel that Paul should be allowed to charge only those items that are business related. Paul's argument that he is entitled to an additional \$100 is not a valid assumption. However, he should be allocated money for any business expenses during the weekend. Paul should also ask his employer for additional compensation for working during his non scheduled time. The important point is that accountants need to be seen as being ethical and should not do unethical activities.*

SOLUTIONS TO CLASSROOM DEMONSTRATION EXERCISES

- CDE1.

a.

A

b.

A

c.

L

d.

A

e.

OE

f.

A
- CDE2.

a.

Liabilities and or Equities

b.

Assets

c.

Accounts Payable
- CDE3.

a.

I

b.

S
- CDE4.

\$24,000 (\$12,000 + \$12,000)
- CDE5.

c.

J. Penny, Capital

d.

Advertising Expense

f.

Taxi Fees Earned

g.

J. Penny, Withdrawals
- CDE6.

c.

Accounts Payable

d.

Grooming Fees Earned
- CDE7.

a.

b.

d.
- CDE8.

a.

IS

b.

BS

c.

BS

d.

BS

e.

IS

f.

IS

g.

OE

h.

BS
- CDE9.

a.

OE

b.

BS

c.

BS

d.

IS

SOLUTIONS TO EXERCISES—SET A

E1-1A.

- a.

\$15,000

(\$19,000 – \$4,000)
- b.

\$15,000

(\$ 6,000 + \$9,000)
- c.

\$ 6,000

(\$10,000 – \$4,000)

E1-2A.

Assets		=	Liabilities	+	Owner's Equity
Cash	Equipment				Matty, Capital
a. + \$130,000					+ \$130,000
b. – 1,100	+ \$1,100				
c.	+ 950		+ \$950		

E1-3A.

I-3A Solutions

1. B
2. B
3. B
4. A
5. D
6. D
7. D
8. B
9. C
10. A

BELL'S COMPUTER COMPANY

	Assets			=	Liabilities	+	Owner's Equity			
	Cash	+ Accounts Receivable	+ Computer Equipment	=	Accounts Payable	+	B. Bell, Capital	− B. Bell, Withdrawals	+ Revenue	− Expenses
a.	+ \$60,000						+ \$60,000			
b.			+ \$7,000		+ \$7,000					
c.	− \$200							+ \$200		
d.	+ \$14,000								+ \$14,000	
e.		+ \$30,000							+ \$30,000	
f.	− \$4,000									+ \$4,000
g.	− \$1,500									+ \$1,500
ENDING BALANCE	\$68,300	+ \$30,000	+ \$7,000	=	+ \$7,000		+ \$60,000	− \$200	+ \$44,000	− \$5,500
			<u>+ \$105,300</u>	=	<u>\$105,300</u>					

Remember, as withdrawals or expenses increase, the end result is to reduce owner's equity.

E1-5A.

(a)

FREDERICK REALTY

INCOME STATEMENT

FOR THE MONTH ENDED NOVEMBER 30, 2019

[illegible]

(b)

FREDERICK REALTY

STATEMENT OF OWNER'S EQUITY

FOR THE MONTH ENDED NOVEMBER 30, 2019

<i>S. Frederick, Capital, November 1, 2019</i>							\$9	0	0	0	0	0	0	0
<i>Net Income for November</i>	\$1	4	5	0	0	0								
<i>Less: Withdrawals for November</i>		1	2	0	0	0								
<i>Increase in Capital</i>							1	3	3	0	0	0	0	0
<i>S. Frederick, Capital, November 30, 2019</i>							\$10	3	3	0	0	0	0	0

SOLUTIONS TO EXERCISES—SET A, Cont.

(c)

FREDERICK REALTY

BALANCE SHEET

NOVEMBER 30, 2019

ASSETS						LIABILITIES AND OWNER'S EQUITY					
Cash	\$4	8	0	0	0	Liabilities					
Accounts Receivable	1	2	3	0	0	Accounts Payable	\$4	0	0	0	0
Office Equipment	8	3	0	0	0	Owner's Equity					
						S. Frederick, Capital	10	3	3	0	0
						Total Liabilities					
Total Assets	\$14	3	3	0	0	and Owner's Equity	\$14	3	3	0	0

SOLUTIONS TO EXERCISES—SET B

E1-1B.

- a. \$9,000 (\$15,000 – \$6,000)
- b. \$19,000 (\$8,000 + \$11,000)
- c. \$9,000 (\$14,000 – \$5,000)

E1-2B.

Assets		=	Liabilities	+	Owner's Equity
Cash	+ Equipment				Mandy, Capital
a. + \$114,000					+ \$114,000
b. – 1,600	+ \$1,600				
c.	+ 1,150		+ \$1,150		

E1-3B

Accounting professionals practice in four broad fields including	Accounting-related opportunities within each field are numerous and include
Financial accounting	<ul style="list-style-type: none"> - Statement preparation - Statement analysis - Auditing - Regulatory - Consulting - Planning - Criminal investigation
Managerial accounting	<ul style="list-style-type: none"> - General accounting - Cost accounting - Budgeting - Internal auditing - Management advisory services

E1-5B, Cont.

(b)

FRENCH REALTY									
STATEMENT OF OWNER'S EQUITY									
FOR THE MONTH ENDED JUNE 30, 2019									
<i>S. French, Capital, June 1, 2019</i>								\$9	0 0 0 0 0
<i>Net Income for June</i>	\$3	3	9	0	0	0			
<i>Less: Withdrawals for June</i>		6	4	0	0	0			
<i>Increase in Capital</i>							2	7 5	0 0 0
<i>S. French, Capital, June 30, 2019</i>							\$11	7 5	0 0 0

SOLUTIONS TO EXERCISES—SET B, Cont.

(c)

FRENCH REALTY									
BALANCE SHEET									
JUNE 30, 2019									
ASSETS					LIABILITIES AND OWNER'S EQUITY				
<i>Cash</i>	\$4	6	5	0 0 0	<i>Liabilities</i>				
<i>Accounts Receivable</i>	2	6	0	0 0 0	<i>Accounts Payable</i>	\$4	0	0 0 0	
<i>Office Equipment</i>	8	5	0	0 0 0	<i>Owner's Equity</i>				
					<i>S. French, Capital</i>	11	7 5	0 0 0	
					<i>Total Liabilities</i>				
<i>Total Assets</i>	\$15	7	5	0 0 0	<i>and Owner's Equity</i>	\$15	7 5	0 0 0	

P1-1A.

MIA'S NAIL SPA									
	Assets		=	Liabilities		+	Owner's Equity		
	<i>Cash</i>	+	<i>Equipment</i>	=	<i>Accounts Payable</i>	+	<i>Mia Annabelle, Capital</i>		
<i>Transaction a</i>	+ \$20,000						+ \$20,000		
<i>Transaction b</i>	– 4,000		+\$4,000						
<i>Transaction c</i>			+6,000		+\$6,000				
<i>Transaction d</i>	– 1,000				– 1,000				
<i>ENDING BALANCE</i>	\$15,000	+	\$10,000	=	\$5,000	+	\$20,000		
			<u>\$25,000</u>	=	<u>\$25,000</u>				

P1-2A.

SEE'S INTERNET SERVICE

BALANCE SHEET

SEPTEMBER 30, 2020

ASSETS

LIABILITIES AND OWNER'S EQUITY

Assets:							Liabilities:						
Cash	\$18	0	0	0	0	0	Accounts Payable	\$15	0	0	0	0	0
Equipment	14	0	0	0	0	0							
Building	20	0	0	0	0	0	Owner's Equity:						
							B. See, Capital	37	0	0	0	0	0
							Total Liabilities and						
Total Assets	\$52	0	0	0	0	0	Owner's Equity	\$52	0	0	0	0	0

P1-3A.

FONTAN COMPUTER SERVICE

	Assets				=	Liabilities	+	Owner's Equity							
	Cash	+	Accounts Receivable	+	Office Equipment	=	Accounts Payable	+	R. Fontan, Capital	−	R. Fontan, Withd.	+	Computer Service Revenue	−	Expenses
a.	+25,000	+		+				+	+25,000	−		+		−	
b.		+		+	+ 2,500	=	+ 2,500	+		−		+		−	
c.	+800	+		+		=		+		−		+	+ 800	−	
d.		+	+ \$2,100	+		=		+		−		+	+2,100	−	
e.	(275)	+		+		=		+		−		+		−	+ 275
f.	(170)	+		+		=		+		−		+		−	+ 170
g.		+		+		=	1,200	+		−		+		−	+1,200
h.	(700)	+		+		=		+		−	+700	+		−	
ENDING BALANCE	24,655	+	2,100	+	2,500	=	3,700	+	25,000	−	700	+	2,900	−	1,645
29,255					29,255										

PI-4A.

(a)

WEST'S STENCILLING SERVICE
INCOME STATEMENT
FOR THE MONTH ENDED JUNE 30, 2020

Revenue:										
<i>Stenciling Fees</i>										
Operating Expenses:										
<i>Advertising Expense</i>										
<i>Repair Expense</i>										
<i>Travel Expense</i>										
<i>Supplies Expense</i>										
<i>Rent Expense</i>										
<i>Total Operating Expenses</i>										
<i>Net Income</i>										

(b)

WEST'S STENCILLING SERVICE
STATEMENT OF OWNER'S EQUITY
FOR THE MONTH ENDED JUNE 30, 2020

<i>J. West, Capital, June 1, 2020</i>										
<i>Net Income for June</i>										
<i>Less: Withdrawals for June</i>										
<i>Increase in Capital</i>										
<i>J. West, Capital, June 30, 2020</i>										

WEST'S STENCILLING SERVICE

JUNE 30, 2020

LIABILITIES AND OWNER'S EQUITY

MARTIN'S CATERING SERVICE

Assets

$$= \textit{Liabilities} +$$

Owner's Equity

$$\underline{\$12,915} = \underline{\$12,915}$$

PIA-5., Cont.

2. MARTIN'S CATERING SERVICE

BALANCE SHEET

OCTOBER 31, 2019

ASSETS

LIABILITIES AND OWNER'S EQUITY

Assets:						Liabilities:					
Cash	\$6	1	0	0	0	Accounts Payable	\$	8	0	0	0
Equipment	2	7	0	0	0						
						Owner's Equity:					
						Jill Martin, Capital	8	0	0	0	0
						Total Liabilities and					
Total Assets	\$8	8	0	0	0	Owner's Equity	\$8	8	0	0	0

3. MARTIN'S CATERING SERVICE

INCOME STATEMENT

FOR THE MONTH ENDING NOVEMBER 30, 2019

Revenue:											
Catering Fees						\$5	0	0	0	0	0
Operating Expenses:											
Salaries Expense	\$	7	2	0	0						
Telephone Expense			7	5	0						
Rent Expense			6	0	0						
Supplies Expense			4	0	0						
Total Operating Expenses						1	7	9	5	0	0
Net Income						\$3	2	0	5	0	0

4.

STATEMENT OF OWNER'S EQUITY

[illegible]

5.

BALANCE SHEET

[illegible]

P1-1B.

MIA'S NAIL SPA					
	Assets		=	Liabilities	+ Owner's Equity
	Cash	+ Equipment	=	Accounts Payable	+ Mia Annabelle, Capital
Transaction a	+ \$16,000				+\$16,000
Transaction b		+\$1,500		+\$1,500	
Transaction c	- 800			- 800	
Transaction d	-3,000	+3,000			
ENDING BALANCE	\$12,200	+ \$4,500	=	\$700	+ \$16,000
		<u>\$16,700</u>	=	<u>\$16,700</u>	

P1-2B.

SEE'S INTERNET SERVICE
BALANCE SHEET
SEPTEMBER 30, 2020

ASSETS						LIABILITIES AND OWNER'S EQUITY					
Assets:						Liabilities:					
Cash	\$16	0	0	0	0	Accounts Payable	\$60	0	0	0	0
Building	28	0	0	0	0						
Equipment	40	0	0	0	0	Owner's Equity:					
						B. See, Capital	24	0	0	0	0
						Total Liabilities and					
Total Assets	\$84	0	0	0	0	Owner's Equity	\$84	0	0	0	0

P1-3B.

RICK FOX DESKTOP PUBLISHING SERVICE

	Assets				=	Liabilities	+	Owner's Equity							
	Cash	+	Accounts Receivable	+	Office Equipment	=	Accounts Payable	+	R. Fox, Capital	-	R. Fox, Withdrawals	+	Revenue	-	Expenses
a	+\$9,000								+\$9,000						
BALANCE	9,000					=			9,000						
b						+ \$3,000		+ \$3,000							
c	+1,290												+ \$1,290		
BALANCE	10,290					+	3,000	=	3,000	+	9,000		+	1,290	
d	- 625														+\$625
e						+\$2,690							+2,690		
f	- 500														+500
g	- 350										+\$350				
h							+100								+100
ENDING BALANCE	\$8,815	+	\$2,690	+	\$3,000	=	\$3,100	+	\$9,000	-	\$350	+	\$3,980	-	\$1,225

P1-4B.

(a)

WEST'S STENCILLING SERVICE

INCOME STATEMENT

FOR THE MONTH ENDED JUNE 30, 2020

Revenue:															
Stencilling Fees															
Operating Expenses:															
Advertising Expense															
Repair Expense															
Travel Expense															
Supplies Expense															
Rent Expense															
Total Operating Expenses															
Net Income															

(b)

[illegible]

(c)

[illegible]

P1-5B.

1.

THILDORE'S CATERING SERVICE

	Assets				=	Liabilities	+	Owner's Equity							
	Cash	+	Accounts Receivable	+	Equipment	=	Accounts Payable	+	J. Thildore, Capital	−	Thildore, Withd	+	Catering Revenue	−	Expenses
10/25	+25,000	+		+				+	+25,000	−		+		−	
10/27	(1,200)	+		+	+1,200	=		+		−		+		−	
10/28		+		+	+800	=	+800	+		−		+		−	
10/29	(400)	+		+		=	(400)	+		−		+		−	
11/1	+2,200	+		+		=		+		−		+	+2,200	−	
11/5	(550)	+		+		=		+		−		+		−	+550
11/8		+	+250	+		=		+		−		+	+250	−	
11/10	+80	+	(80)	+		=		+		−		+		−	
11/15	(50)	+		+		=		+		−		+		−	+50
11/17	(120)	+		+		=		+		−	+120	+		−	
11/20	+2,500	+		+		=		+		−		+	+2,500	−	
11/25		+		+	+1,300	=	+1,300	+		−		+		−	
11/28		+		+		=	+650	+		−		+		−	+650
11/30	(550)	+		+		=		+		−		+		−	+550
ENDING BALANCE	26,910	+	170	+	3,300	=	2,350	+	25,000	−	120	+	4,950	−	1,800
					\$30,380	=	\$30,380								

P1-5B., Cont.

2.

THILDORE’S CATERING SERVICE

BALANCE SHEET

OCTOBER 31, 2019

ASSETS						LIABILITIES AND OWNER'S EQUITY								
Assets						Liabilities								
Cash	\$	23	4	0	0	00	Accounts Payable	\$	4	0	0	0	0	0
Equipment		2	0	0	0	00								
							Owner's Equity							
							J. Thildore, Capital	25	0	0	0	0	0	0
							Total Liabilities and							
Total Assets	\$	25	4	0	0	00	Owner's Equity	\$	25	4	0	0	0	0

3.

THILDORE’S CATERING SERVICE

INCOME STATEMENT

FOR THE MONTH ENDED NOVEMBER 30, 2019

Revenue:														
Catering Revenue							\$	4	9	5	0	0	0	0
Operating Expenses:														
Salaries Expense		\$	5	5	0	0	0							
Telephone Expense				5	0	0	0							
Rent Expense				6	5	0	0	0						
Supplies Expense				5	5	0	0	0						
Total Operating Expenses								1	8	0	0	0	0	0
Net Income								\$	3	1	5	0	0	0

4.

FOR THE MONTH ENDED NOVEMBER 30, 2019

5.

NOVEMBER 30, 2019

LIABILITIES AND OWNER'S EQUITY

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(20 minutes)

INCOME STATEMENT

[illegible]

STATEMENT OF CHANGES IN EQUITY

<i>M. Good, capital, August 1, 2018</i>							\$79	3	0	0	0	0
<i>Add: Investments by owner</i>	\$	—	0									
<i>Net income</i>	50	3	0	0	0	0	50	3	0	0	0	0
<i>Total</i>							\$129	6	0	0	0	0
<i>Less: Withdrawals by owner</i>							34	0	0	0	0	0
<i>M. Good, capital, July 31, 2016</i>							\$95	6	0	0	0	0

BALANCE SHEET

ASSETS							LIABILITIES						
Cash	\$11	8	0	0	0	0	Accounts payable	\$14	8	0	0	0	0
Accounts receivable	56	0	0	0	0	0	Notes payable	20	0	0	0	0	0
Supplies	2	4	0	0	0	0	Total liabilities	\$34	8	0	0	0	0
Prepaid rent	12	0	0	0	0	0							
Office equipment	29	2	0	0	0	0	Equity						
Furniture	19	0	0	0	0	0	M. Good, capital	95	6	0	0	0	0
Total assets	\$130	4	0	0	0	0	Total liabilities and equity	\$130	4	0	0	0	0

P1-2C.

LEROY’S TRAINING SERVICES

	Assets				=	Liabilities		+	Owner's Equity						
	Cash	+	Accounts Receivable	+	Office Equipment	=	Accounts Payable	+	L. Greene, Capital	–	L. Greene, Withdrawals	+	Revenue	–	Expenses
A	+\$9,000								+\$9,000						
B					+\$4,250		\$4,250								
C	+2,350												+\$2,350		
D	– 800														+\$800
E			+\$3,650										+\$3,650		
F	– 600														+600
G	– 1,000										+\$1,000				
H							+400								+400
I	– 192														192
ENDING BALANCE	\$8,758	+	\$3,650	+	\$4,250	=	\$4,650	+	\$9,000	–	\$1,000	+	\$6,000	–	\$1,992
<hr/>															
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1.

	Assets			=	Liabilities		+	Owner's Equity							
	Cash	+	Accounts Receivable	+	Surveying Equipment	=	Accounts Payable	+	H. McGraw Capital	-	H. McGraw, Withdrawals	+	Surveying Revenue	-	Expenses
04/23	\$17,000								\$17,000						
04/26	- 250				\$5,000		+\$4,750								
04/29	- 2,895				+2,895										
04/30	- 2,375						-2,375								
05/02	+2,350												+\$2,350		
05/03	- 975														+\$975
05/10	+2,000		+2,950										+4,950		
05/13	+2,500		- 2,500												
05/14	- 104														+104
05/17	- 1,043										+\$1,043				
05/21	+1,825												+1,825		
05/24					+2,415		+2,415								
05/27	- 825														+825
05/28	- 246														+246
05/31							+410								+410
ENDING BALANCE	16,962	+	450	+	10310	=	\$5,200	+	\$17,000	-	\$1,043	+	\$9,125	-	\$2,560
					\$27,722	=	\$27,722								

P1-3C., Cont.

2.

FIRST CITY SURVEYING SERVICE

BALANCE SHEET

APRIL 30, 2019

ASSETS						LIABILITIES AND OWNER'S EQUITY					
Assets:						Liabilities:					
<i>Cash</i>	\$11	7	3	0	0 0	<i>Accounts Payable</i>	\$2	3	7	5	0 0
<i>Surveying Equipment</i>	7	6	4	5	0 0						
						Owner's Equity:					
						<i>Howard McGraw, Capital</i>	17	0	0	0	0 0
						Total Liabilities and					
Total Assets	\$19	3	7	5	0 0	Owner's Equity	\$19	3	7	5	0 0

3.

FIRST CITY SURVEYING SERVICE

INCOME STATEMENT

FOR THE MONTH ENDING MAY 31, 2019

Revenue:											
<i>Surveying Revenue</i>						\$9	1	2	5	0 0	
Operating Expenses:											
<i>Salaries Expense</i>						\$	9	7	5	0 0	
<i>Telephone Expense</i>							1	0	4	0 0	
<i>Rent Expense</i>							8	2	5	0 0	
<i>Supplies Expense</i>							2	4	6	0 0	
<i>Advertising Expense</i>							4	1	0	0 0	
Total Operating Expenses							2	5	6	0 0	
Net Income							\$6	5	6	5	0 0

P1-3C., Cont.

4.

FIRST CITY SURVEYING SERVICE
STATEMENT OF OWNER'S EQUITY
FOR THE MONTH ENDED MAY 31, 2019

Howard McGraw, Capital, May 1, 2019							\$17	0	0	0	0	0
Net Income for May	\$6	5	6	5	0	0						
Less: Withdrawals for May	1	0	4	3	0	0						
Increase in Capital							5	5	2	2	0	0
Howard McGraw, Capital, May 31, 2019							\$22	5	2	2	0	0

5.

FIRST CITY SURVEYING SERVICE
BALANCE SHEET
MAY 31, 2019

ASSETS

LIABILITIES AND OWNER'S EQUITY

Assets:							Liabilities:					
Cash	\$16	9	6	2	0	0	Accounts Payable	\$5	2	0	0	0
Accounts Receivable		4	5	0	0	0						
Equipment	10	3	1	0	0	0	Owner's Equity:					
							Howard McGraw, Capital	22	5	2	2	0
							Total Liabilities and					
Total Assets	\$27	7	2	2	0	0	Owner's Equity	\$27	7	2	2	0

PI-4C

Roger's Window Washing Company									
Income Statement									
For The Year Ended December 31, 2019									
Revenue:									
Window Cleaning						\$14	2	7	6 0 0
Operating Expenses:									
Salaries Expense	\$6	8	8	0	0 0				
Supplies Expense	1	4	0	0	0 0				
Interest Expense		3	0	0	0 0				
Advertising Expense			9	5	0 0				
Total Operating Expenses						8	6	7	5 0 0
Net Income						\$5	6	0	1 0 0

Insights									
\$11	3	7	6	0	0				
+2	9	0	0	0	0				
\$14	2	7	6	0	0				
\$5	0	8	0	0	0				
+1	8	0	0	0	0				
\$6	8	8	0	0	0				

Advice to Roger: In the long run, a formal bookkeeping and accounting system may prove less costly than creating statements from informal records—and provide more reliance for Canada Revenue Agency as well.

PI-5C

1.

LUNE CO.

BALANCE SHEET

DECEMBER 31, 2019

ASSETS					LIABILITIES AND OWNER'S EQUITY									
Assets:					Liabilities:									
Cash	\$10	0	1	6 0 0	Accounts Payable	127	6	0	4 0 0					
Accounts Receivable	104	3	3	7 0 0	Notes Payable	\$75	3	2	8 0 0					
Land	72	9	3	5 0 0	Total Liabilities					\$202	9	3	2 0 0	
Building	44	6	0	0 0 0										
Desks	6	8	2	5 0 0	Owner's Equity:									
Auto	14	2	6	8 0 0	J. Lune, Capital					50	0	4	9 0 0	
					Total Liabilities and									
Total Assets	\$252	9	8	1 0 0	Owner's Equity					\$252	9	8	1 0 0	

2. Slowe does not seem to understand the basic accounting equation, the classification of accounts, or the double entry accounting system which would keep all of the accounts in balance (including the Capital account). If she stays in the position of bookkeeper, it is likely that the accounting records will not be accurate.

3.

LUNE CO.

BALANCE SHEET

REVISED JANUARY 4, 2020

ASSETS						LIABILITIES AND OWNER'S EQUITY									
<i>Assets:</i>						<i>Liabilities:</i>									
Cash	\$28	0	1	6	00	Notes Payable	\$79	3	2	8	00				
Accounts Receivable	104	3	3	7	00	Accounts Payable	127	6	0	4	00				
Land	72	9	3	5	00	Total Liabilities						\$206	9	3	200
Building	44	6	0	0	00										
Desks	14	8	2	5	00	Owner's Equity:									
Auto	20	2	6	8	00	J. Lune, Capital						78	0	4	900
						Total Liabilities and									
Total Assets	\$284	9	8	1	00	Owner's Equity						\$284	9	8	100

Insight

Cash

10,016

2,000

Desks

6,825

8,000

Auto

14,268

6,000

J. Lune

50,049

28,000

Notes Payable

75,328

4,000

CONTINUING PROBLEM

1., 2.

PRECISION COMPUTER CENTRE

	Assets					=	Liabilities	+	Owner's Equity								
	Cash	+	Supplies	+	Computer Shop Equipment	+	Office Equipment	=	Accounts Payable	+	T. Freedman, Capital	-	T. Freedman, Withdrawals	+	Service Revenue	-	Expenses
<i>a</i>	+\$4,500										+\$4,500						
<i>b</i>	- 1,200				+1,200												
<i>c</i>	- 600						+600										
<i>d</i>			+250						+ 250								
<i>e</i>	- 400															+400	Rent
<i>f</i>	+250														+250		
<i>g</i>	+200														+200		
<i>h</i>									+ 85							+85	Utilities
<i>i</i>	1,200														1,200		
<i>j</i>	- 100												+100				
ENDING BALANCE	\$3,850	+	\$250	+	\$1,200	+	\$600	=	\$335	+	\$4,500	-	\$100	+	\$1,650	-	\$485
									<u>\$5,900</u>	=	<u>\$5,900</u>						

CONTINUING PROBLEM, Cont.

3.

PRECISION COMPUTER CENTRE

INCOME STATEMENT

FOR THE MONTH ENDED MAY 31, 2019

Revenue:										
Service Revenue										
Operating Expenses:										
Rent Expense										
Utilities Expense										
Total Operating Expenses										
Net Income										

PRECISION COMPUTER CENTRE

STATEMENT OF OWNER'S EQUITY

FOR THE MONTH ENDED MAY 31, 2019

T. Freedman, Capital Contribution, May 1, 2019										
Plus: Net Income for May										
Less: Withdrawals for May										
Increase in Capital										
T. Freedman, Capital, May 31, 2019										

CONTINUING PROBLEM, Cont.

3.

PRECISION COMPUTER CENTRE

BALANCE SHEET

MAY 31, 2019

ASSETS							LIABILITIES AND OWNER'S EQUITY							
Assets:							Liabilities:							
Cash	\$	3	8	5	0	0	0	Accounts Payable	\$	3	3	5	0	0
Supplies			2	5	0	0	0							
Computer Shop Equipment		1	2	0	0	0	0	Owner's Equity						
Office Equipment			6	0	0	0	0	T. Freedman, Capital		5	5	6	5	0
							Total Liabilities and							
Total Assets	\$	5	9	0	0	0	0	Owner's Equity	\$	5	9	0	0	0