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*—*one owner, unlimited liability; easy to form Partnership—two or more owners; unlimited liability, easy to form Corporation*—*one or more shareholders; limited liability; more difficult to form.

3. Service, merchandising, or manufacturing.

4. The objective of accounting is to provide relevant, timely information for user decision making. Accountants must behave in an ethical manner so that the information they provide will be trustworthy and, therefore, useful for all decisions. Ethics are moral principles that guide the conduct of individuals. Sometimes business managers and accountants behave in an unethical manner.

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 and revenue remains the same, 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. 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* | *CDE4.* | *$24,000 ($12,000 + $12,000)* | | *CDE8. a.* | *IS* |
| *b.* | *A* |  |  |  | *b.* | *BS* |
| *c.* | *L* | *CDE5.* | *c.* | *J. Penny, Capital* | *c.* | *BS* |
| *d.* | *A* |  | *d.* | *Advertising Expense* | *d.* | *BS* |
| *e.* | *OE* |  | *f.* | *Taxi Fees Earned* | *e.* | *IS* |
| *f.* | *A* |  | *g.* | *J. Penny, Withdrawls* | *f.* | *IS* |
|  |  |  |  |  | *g.* | *OE* |
|  |  |  |  |  | *h.* | *BS* |
| *CDE2. a.* | *Liabilities and or Equities* | *CDE6.* | *c.* | *Accounts Payable* |  |  |
| *b.* | *Assets* |  | *d.* | *Grooming Fees Earned* | *CDE9 a.* | *OE* |
| *c.* | *Accounts Payable* |  |  |  | *b.* | *BS* |
|  |  |  |  |  | *c.* | *BS* |
|  |  |  |  |  | *d.* | *IS* |
|  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |
| *CDE3. a.* | *I* | *CDE7.* | a. |  |  |  |
| b. | *S* |  | b. |  |  |  |
|  |  |  | d. |  |  |  |

CDE10.

1. Balance Sheet

2. Assets

3. Liabilities

4. Accounting Equation

5. Accounts Payable

6. Service

7. Owner’s Equity

8. Accounts Receivable

9. Transaction

10. Creditor

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.

|  |  |
| --- | --- |
| 1. Service | 6. Service |
| 2. Merchandise | 7. Service |
| 3. Service | 8. Manufacturer |
| 4. Merchandise | 9. Manufacturer |
| 5. Merchandise | 10. Merchandise |

***E1-3A.***

1-3A Solutions

1. B

2. B

3. [B](#bookmark20)

4. A

5. D

6. D

7. D

8. B

9. C

10. A

SOLUTIONS TO EXERCISES—SET A Cont.

E1-4A. 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 |
|  |  | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  | + $105,300 | = | $105,300 |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | | | | |  |  |  |  |  | | | | | | |

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, 2022 |

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | *Revenue:* |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | *Professional Fees* |  |  |  |  |  |  |  | $3 | 0 | 0 | 0 | 0 0 |  |
|  | *Operating Expenses:* |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | *Salaries Expense* |  | $ | 5 | 5 | 0 | 0 0 |  |  |  |  |  |  |  |
|  | *Utilities Expense* |  |  | 2 | 0 | 0 | 0 0 |  |  |  |  |  |  |  |
|  | *Rent Expense* |  |  | 8 | 0 | 0 | 0 0 |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
|  | *Total Operating Expenses* |  |  |  |  |  |  |  | 1 | 5 | 5 | 0 | 0 0 |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | *Net Income* |  |  |  |  |  |  |  | $1 | 4 | 5 | 0 | 0 0 |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |

(b)

|  |
| --- |
| FREDERICK REALTY |
| STATEMENT OF OWNER’S EQUITY |
| FOR THE MONTH ENDED NOVEMBER 30, 2022 |

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | S. Frederick, Capital, November 1, 2022 |  |  |  |  |  |  |  | $9 | 0 | 0 | 0 | 0 0 |  |
|  | Net Income for November |  | $1 | 4 | 5 | 0 | 0 0 |  |  |  |  |  |  |  |
|  | Less: Withdrawals for November |  |  | 1 | 2 | 0 | 0 0 |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Increase in Capital |  |  |  |  |  |  |  | 1 | 3 | 3 | 0 | 0 0 |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | S. Frederick, Capital, November 2022 |  |  |  |  |  |  |  | $ 10 | 3 | 3 | 0 | 0 0 |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |

***E1-5A, Cont.***

SOLUTIONS TO EXERCISES—SET A, Cont.

(c)

|  |
| --- |
| FREDERICK REALTY |
| BALANCE SHEET |
| NOVEMBER 30, 2022 |

ASSETS LIABILITIES AND OWNER’S EQUITY

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | | | | | | | | | | | | | | | | |
|  | *Cash* |  | *$4* | *8* | *0* | *0* | *0 0* |  | *Liabilities* |  |  |  |  |  |  |  |
| *Accounts Receivable* |  | *1* | *2* | *3* | *0* | *0 0* |  | *Accounts Payable* |  | *$4* | *0* | *0* | *0* | *0 0* |
| *Office Equipment* |  | *8* | *3* | *0* | *0* | *0 0* |  | *Owner’s Equity* |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  | S. Frederick, Capital |  | *10* | *3* | *3* | *0* | *0 0* |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  | *Total Liabilities* |  |  |  |  |  |  |
| *Total Assets* |  | *$14* | *3* | *3* | *0* | *0 0* |  | *and Owner’s Equity* |  | *$14* | *3* | *3* | *0* | *0 0* |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
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SOLUTIONS TO EXERCISES—SET B

E1-1B.

|  |  |
| --- | --- |
| a. A = 11,300 L = $4,200 OE = $7,100 | d. A = $7,500 L = 3,500 OE = $4,000 |
| b A = $18,00 L = $6,600 OE = 11,400 | e. A = 15,270 L = $5,800 OE = $9,470 |
| c. A = $21,000 L = $8,000 OE = 13,000 | f. A = $17,600 L = 5,600 OE = $12,000 |

E1-2B.

1. Increases an asset and increases a liability – Receive a bank loan

2. Increases one asset and decreases another asset. – Receiver payment of an accounts receivable

3. Decreases an asset and decreases owner’s equity – Pay wages

4. Decreases an asset and decreases a liability – Pay an accounts payable

5. Increases an asset and increases owner’s equity – Cash sale

EI-3B.

|  |  |
| --- | --- |
| ***Accounting professionals practice in four broad fields including*** | ***Accounting-related opportunities within each field are numerous and include*** |
| ***Financial accounting*** | ***- Statement preparation***  ***- Statement analysis***  ***- Auditing***  ***- Regulatory***  ***- Consulting***  ***- Planning***  ***- Criminal investigation*** |
| ***Managerial accounting*** | ***- General accounting***  ***- Cost accounting***  ***- Budgeting***  ***- Internal auditing***  ***- Management advisory services*** |

SOLUTIONS TO EXERCISES—SET B, Cont.

***E1-3B, Cont.***

|  |  |
| --- | --- |
| ***Taxation*** | ***- Preparation***  ***- Planning***  ***- Regulatory***  ***- Investigations***  ***- Consulting*** |
| ***Accounting-related*** | ***- Lenders***  ***- Consultants***  ***- Analysts***  ***- Traders***  ***- Managers***  ***- Directors***  ***- Underwriters***  ***- Planners***  ***- Appraisers***  ***- Teachers*** |

E1-4B. 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. | + $40,000 | |  |  |  |  |  |  |  | + $40,000 |  |  |  |  |  |  |
| B. |  | |  |  |  | + $8,000 |  | + $8,000 |  |  |  |  |  |  |  |  |
| C. | – $150 | |  |  |  |  |  |  |  |  |  | + $150 |  |  |  |  |
| D. | + $12,000 | |  |  |  |  |  |  |  |  |  |  |  | + $12,000 |  |  |
| E. |  | |  | + $25,000 |  |  |  |  |  |  |  |  |  | + $25,000 |  |  |
| F. | – $3,000 | |  |  |  |  |  |  |  |  |  |  |  |  |  | + $3,000 |
| G. | – $900 | |  |  |  |  |  |  |  |  |  |  |  |  |  | + $900 |
| ENDING BALANCE | $47,950 | |  | + $25,000 |  | + $8,000 | = | + $8,000 |  | + $40,000 |  | – $150 |  | + $37,000 |  | – $3,900 |
|  |  | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |

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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  | + $80,950 | = | $80,950 |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | | | | |  |  |  |  |  | | | | | | |

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

E1-5B.

(a)

|  |
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| FRENCH REALTY |
| INCOME STATEMENT |
| FOR THE MONTH ENDED JUNE 30, 2022 |

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | *Revenue:* |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | *Professional Fees* |  |  |  |  |  |  |  | $5 | 6 | 0 | 0 | 0 0 |  |
|  | *Operating Expenses:* |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | *Salaries Expense* |  | $ | 8 | 0 | 0 | 0 0 |  |  |  |  |  |  |  |
|  | *Utilities Expense* |  |  | 7 | 6 | 0 | 0 0 |  |  |  |  |  |  |  |
|  | *Rent Expense* |  |  | 6 | 5 | 0 | 0 0 |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
|  | *Total Operating Expenses* |  |  |  |  |  |  |  | 2 | 2 | 1 | 0 | 0 0 |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | *Net Income* |  |  |  |  |  |  |  | $3 | 3 | 9 | 0 | 0 0 |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |

SOLUTIONS TO EXERCISES—SET B, Cont.

E1-5B, Cont.

(b)

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| FRENCH REALTY |
| STATEMENT OF OWNER’S EQUITY |
| FOR THE MONTH ENDED JUNE 30, 2022 |

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | S. French, Capital, June 1, 2022 |  |  |  |  |  |  |  | $9 | 0 | 0 | 0 | 0 0 |  |
|  | Net Income for June |  | $3 | 3 | 9 | 0 | 0 0 |  |  |  |  |  |  |  |
|  | Less: Withdrawals for June |  |  | 6 | 4 | 0 | 0 0 |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Increase in Capital |  |  |  |  |  |  |  | 2 | 7 | 5 | 0 | 0 0 |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | S. French, Capital, June 30, 2022 |  |  |  |  |  |  |  | $11 | 7 | 5 | 0 | 0 0 |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |

(c)

|  |
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| FRENCH REALTY |
| BALANCE SHEET |
| JUNE 30, 2022 |

ASSETS LIABILITIES AND OWNER’S EQUITY

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | | | | | | | | | | | | | | | | |
|  | *Cash* |  | *$4* | *6* | *5* | *0* | *0 0* |  | *Liabilities* |  |  |  |  |  |  |  |
| *Accounts Receivable* |  | *2* | *6* | *0* | *0* | *0 0* |  | *Accounts Payable* |  | *$4* | *0* | *0* | *0* | *0 0* |
| *Office Equipment* |  | *8* | *5* | *0* | *0* | *0 0* |  | *Owner’s Equity* |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  | S. French, Capital |  | *11* | *7* | *5* | *0* | *0 0* |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  | *Total Liabilities* |  |  |  |  |  |  |
| *Total Assets* |  | *$15* | *7* | *5* | *0* | *0 0* |  | *and Owner’s Equity* |  | *$15* | *7* | *5* | *0* | *0 0* |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |

P1-1A.

GROUP A PROBLEMS

MIA’S NAIL SPA

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | Assets |  | = | Liabilities | + | Owner’s Equity |
|  | Cash | + | Equipment | = | Accounts Payable | + | Mia Annabelle, Capital |
| Transaction A | + $20,000 |  |  |  |  |  | + $20,000 |
| Transaction B | −4,000 |  | +$4,000 |  |  |  |  |
| Transaction C |  |  | +6,000 |  | +$6,000 |  |  |
| Transaction D | −1,000 |  |  |  | −1,000 |  |  |
| ENDING BALANCE | $15,000 | + | $10,000 | = | $5,000 | + | $20,000 |
|  |  |  |  |  |  |  |  |

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  | $25,000 | = | $25,000 |  |  |
|  |  |  |  |  |  |  |  |

P1-2A.

|  |
| --- |
| SEE’S INTERNET SERVICE |
| BALANCE SHEET |
| SEPTEMBER 30, 2023 |

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:* |  |  |  |  |  |  |
| Building |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  | 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* |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
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P1-3A.

FONTAN COMPUTER SERVICE

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | Assets | | | | | = | Liabilities | + | | Owner’s Equity | | | | | | |
|  |  | |  |  |  |  |  |  |  |  | |  |  |  |  |  |  |
|  |  | |  | Accounts |  | Office |  | Accounts |  | R. Fontan, | |  | R. Fontan, | Computer Service | | |  |
|  | Cash | | + | Receivable | + | Equipment | = | Payable | + | Capital | | − | Withd. | + | 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 |
|  |  | |  |  |  |  |  |  |  |  | |  |  |  |  |  |  |

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|  |  |  |  |  | 29,255 |  | 29,255 |  |  |  |  |  |  |  |  |
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GROUP A PROBLEMS, Cont.

***P1-4A.***

(a)

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| WEST’S STENCILLING SERVICE |
| INCOME STATEMENT |
| FOR THE MONTH ENDED JUNE 30, 2023 |

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | | | | | | | | | | | | | | |
|  | **Revenue:** |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Stenciling Fees** |  |  |  |  |  |  |  | **$3** | **0** | **0** | **0** | **0 0** |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Operating Expenses:** |  |  |  |  |  |  |  |  |  |  |  |  |
| **Advertising Expense** |  | **$** | **1** | **1** | **0** | **0 0** |  |  |  |  |  |  |
| **Repair Expense** |  |  |  | **2** | **5** | **0 0** |  |  |  |  |  |  |
| **Travel Expense** |  |  | **2** | **5** | **0** | **0 0** |  |  |  |  |  |  |
| **Supplies Expense** |  |  | **1** | **9** | **0** | **0 0** |  |  |  |  |  |  |
| **Rent Expense** |  |  | **2** | **5** | **0** | **0 0** |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Total Operating Expenses** |  |  |  |  |  |  |  |  | **8** | **2** | **5** | **0 0** |
| **Net Income** |  |  |  |  |  |  |  | **$2** | **1** | **7** | **5** | **0 0** |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
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(b)

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| ***WEST’S STENCILLING SERVICE*** |
| ***STATEMENT OF OWNER’S EQUITY*** |
| ***FOR THE MONTH ENDED JUNE 30, 2023*** |

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | | | | | | | | | | | | |  |
| **J. West, Capital, June 1, 2023** |  |  |  |  |  |  |  | **$1** | **2** | **0** | **0** | **0 0** |
| **Net Income for June** |  | **$2** | **1** | **7** | **5** | **0 0** |  |  |  |  |  |  |
| **Less: Withdrawals for June** |  |  | **3** | **0** | **0** | **0 0** |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Increase in Capital** |  |  |  |  |  |  |  | **1** | **8** | **7** | **5** | **0 0** |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
| **J. West, Capital, June 30, 2023** |  |  |  |  |  |  |  | **$3** | **0** | **7** | **5** | **0 0** |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
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GROUP A PROBLEMS, Cont.

***P1-4A, Cont.***

(c)

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| ***WEST’S STENCILLING SERVICE*** |
| ***BALANCE SHEET*** |
| ***JUNE 30, 2023*** |

***ASSETS LIABILITIES AND OWNER’S EQUITY***

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | | | | | | | | | | | | | | | | |
|  | **Assets:** |  |  |  |  |  |  |  | **Liabilities:** |  |  |  |  |  |  |  |
| **Cash** |  | **$2** | **3** | **0** | **0** | **0 0** |  | **Accounts Payable** |  | **$** | **3** | **1** | **0** | **0 0** |
| **Accounts Receivable** |  |  | **4** | **0** | **0** | **0 0** |  |  |  |  |  |  |  |  |
| **Equipment** |  |  | **6** | **8** | **5** | **0 0** |  | **Owner’s Equity** |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  | **J. West, Capital** |  | **3** | **0** | **7** | **5** | **0 0** |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  | **Total Liabilities and** |  |  |  |  |  |  |
| **Total Assets** |  | **$3** | **3** | **8** | **5** | **0 0** |  | **Owner’s Equity** |  | **$3** | **3** | **8** | **5** | **0 0** |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
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***P1-5A.***

1.

***MARTIN’S CATERING SERVICE***

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | Assets | | | | | = | Liabilities | + | | Owner’s Equity | | | | | | |
|  |  | |  |  |  |  |  |  |  | |  |  |  |  |  |  |  |
|  |  | |  | Accounts |  |  |  | Accounts |  | Jill Martin, | |  | Jill Martin, |  | Catering |  |  |
|  | Cash | | + | Receivable | + | Equipment | = | Payable | + | Capital | | − | Withdrawls | + | Revenue | − | Expenses |
| **10/28** | +$8,000 | |  |  |  |  |  |  |  | + $8,000 | |  |  |  |  |  |  |
| **10/29** | − 900 | |  |  |  | +$900 |  |  |  |  | |  |  |  |  |  |  |
| **10/30** |  | |  |  |  | +1,800 |  | +$1,800 |  |  | |  |  |  |  |  |  |
| **10/31** | −1,000 | |  |  |  |  |  | −1,000 |  |  | |  |  |  |  |  |  |
| **11/1** | + 2,900 | |  |  |  |  |  |  |  |  | |  |  |  | +$2,900 |  |  |
| **11/4** | − 720 | |  |  |  |  |  |  |  |  | |  |  |  |  |  | + $720 |
| **11/8** |  | |  | +$300 |  |  |  |  |  |  | |  |  |  | +300 |  |  |
| **11/11** | +100 | |  | −100 |  |  |  |  |  |  | |  |  |  |  |  |  |
| **11/15** | − 75 | |  |  |  |  |  |  |  |  | |  |  |  |  |  | + 75 |
| **11/18** | − 90 | |  |  |  |  |  |  |  |  | |  | +90 |  |  |  |  |
| **11/19** | +1,800 | |  |  |  |  |  |  |  |  | |  |  |  | +1,800 |  |  |
| **11/25** |  | |  |  |  | +400 |  | +400 |  |  | |  |  |  |  |  |  |
| **11/28** |  | |  |  |  |  |  | +600 |  |  | |  |  |  |  |  | +600 |
| **11/29** | − 400 | |  |  |  |  |  |  |  |  | |  |  |  |  |  | +400 |
| ***ENDING BALANCE*** | $9,615 | | + | $200 | + | $3,100 | = | $1,800 | + | $8,000 | | − | $90 | + | $5,000 | − | $1,795 |
|  |  | |  |  |  |  |  |  |  |  | |  |  |  |  |  |  |

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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  | $12,915 | = | $12,915 |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | | | | |  |  |  |  |  | | | | | | |

GROUP A PROBLEMS, Cont.

***P1-5A., Cont.***

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| ***MARTIN’S CATERING SERVICE*** |
| ***BALANCE SHEET*** |
| ***OCTOBER 31, 2022*** |

2.

**ASSETS LIABILITIES AND OWNER’S EQUITY**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | | | | | | | | | | | | | | | | |
|  | **Assets:** |  |  |  |  |  |  |  | **Liabilities:** |  |  |  |  |  |  |  |
| **Cash** |  | **$6** | ***1*** | **0** | **0** | **0 0** |  | **Accounts Payable** |  | **$** | **8** | **0** | **0** | **0 0** |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Equipment** |  | **2** | ***7*** | **0** | **0** | **0 0** |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  | **Owner’s Equity:** |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  | **Jill Martin, Capital** |  | **8** | **0** | **0** | **0** | **0 0** |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  | **Total Liabilities and** |  |  |  |  |  |  |
| **Total Assets** |  | **$8** | ***8*** | **0** | **0** | **0 0** |  | **Owner’s Equity** |  | **$8** | **8** | **0** | **0** | **0 0** |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
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| ***MARTIN’S CATERING SERVICE*** |
| ***INCOME STATEMENT*** |
| ***FOR THE MONTH ENDING NOVEMBER 30, 2022*** |

3.

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | | | | | | | | | | | | | | |
|  | **Revenue:** |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Catering Fees** |  |  |  |  |  |  |  | **$5** | **0** | **0** | **0** | **0 0** |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Operating Expenses:** |  |  |  |  |  |  |  |  |  |  |  |  |
| **Salaries Expense** |  | **$** | **7** | **2** | **0** | **0 0** |  |  |  |  |  |  |
| **Telephone Expense** |  |  |  | **7** | **5** | **0 0** |  |  |  |  |  |  |
| **Rent Expense** |  |  | **6** | **0** | **0** | **0 0** |  |  |  |  |  |  |
| **Supplies Expense** |  |  | **4** | **0** | **0** | **0 0** |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Total Operating Expenses** |  |  |  |  |  |  |  | **1** | **7** | **9** | **5** | **0 0** |
| **Net Income** |  |  |  |  |  |  |  | **$3** | **2** | **0** | **5** | **0 0** |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
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GROUP A PROBLEMS, Cont.

***P1-5A., Cont.***

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| ***MARTIN’S CATERING SERVICE*** |
| ***STATEMENT OF OWNER’S EQUITY*** |
| **FOR THE MONTH ENDED NOVEMBER 30, 2022** |

4.

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | | | | | | | | | | | | | | |
|  | **Jill Martin, Capital, November 1, 2022** |  |  |  |  |  |  |  | **$8** | **0** | **0** | **0** | **0 0** |  |
| **Net Income for November** |  | **$3** | **2** | **0** | **5** | **0 0** |  |  |  |  |  |  |
| **Less: Withdrawals for November** |  |  |  | **9** | **0** | **0 0** |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Increase in Capital** |  |  |  |  |  |  |  | **3** | **1** | **1** | **5** | **0 0** |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Jill Martin, Capital, November 30, 2022** |  |  |  |  |  |  |  | **$11** | **1** | **1** | **5** | **0 0** |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
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| ***MARTIN’S CATERING SERVICE*** |
| ***BALANCE SHEET*** |
| **NOVEMBER 30, 2022** |

5.

**ASSETS LIABILITIES AND OWNER’S EQUITY**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | | | | | | | | | | | | | | | | |
|  | **Assets:** |  |  |  |  |  |  |  | **Liabilities:** |  |  |  |  |  |  |  |
| **Cash** |  | **$9** | **6** | **1** | **5** | **0 0** |  | **Accounts Payable** |  | **$1** | **8** | **0** | **0** | **0 0** |
| **Accounts Receivable** |  |  | **2** | **0** | **0** | **0 0** |  |  |  |  |  |  |  |  |
| **Equipment** |  | **3** | **1** | **0** | **0** | **0 0** |  | **Owner’s Equity:** |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  | **Jill Martin, Capital** |  | **11** | **1** | **1** | **5** | **0 0** |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  | **Total Liabilities and** |  |  |  |  |  |  |
| **Total Assets** |  | **$12** | **9** | **1** | **5** | **0 0** |  | **Owner’s Equity** |  | **$12** | **9** | **1** | **5** | **0 0** |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
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GROUP B PROBLEMS

***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 |
|  |  |  |  |  |  |  |  |

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  | $16,700 | = | $16,700 |  |  |
|  |  |  |  |  |  |  |  |

P1-2B.

|  |
| --- |
| **SEE’S INTERNET SERVICE** |
| ***BALANCE SHEET*** |
| **SEPTEMBER 30, 2023** |

**ASSETS LIABILITIES AND OWNER’S EQUITY**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | | | | | | | | | | | | | | | | |
|  | **Assets:** |  |  |  |  |  |  |  | **Liabilities:** |  |  |  |  |  |  |  |
| **Cash** |  | **$16** | **0** | **0** | **0** | **0 0** |  | **Accounts Payable** |  | **$60** | **0** | **0** | **0** | **0 0** |
| **Building** |  | **28** | **0** | **0** | **0** | **0 0** |  |  |  |  |  |  |  |  |
| **Equipment** |  | **40** | **0** | **0** | **0** | **0 0** |  | **Owner’s Equity:** |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  | **B. See, Capital** |  | **24** | **0** | **0** | **0** | **0 0** |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  | **Total Liabilities and** |  |  |  |  |  |  |
| **Total Assets** |  | **$84** | **0** | **0** | **0** | **0 0** |  | **Owner’s Equity** |  | **$84** | **0** | **0** | **0** | **0 0** |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
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GROUP B PROBLEMS, Cont.

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 |

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  | $14,505 | = | $14,505 |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |

***P1-4B.***

(a)

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| **WEST’S STENCILLING SERVICE** |
| **INCOME STATEMENT** |
| **FOR THE MONTH ENDED JUNE 30, 2023** |

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | | | | | | | | | | | | | | |
|  | **Revenue:** |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Stencilling Fees** |  |  |  |  |  |  |  | **$1** | **0** | **9** | **8** | **0 0** |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Operating Expenses:** |  |  |  |  |  |  |  |  |  |  |  |  |
| **Advertising Expense** |  | **$** | **1** | **3** | **5** | **0 0** |  |  |  |  |  |  |
| **Repair Expense** |  |  |  | **4** | **5** | **0 0** |  |  |  |  |  |  |
| **Travel Expense** |  |  |  | **9** | **0** | **0 0** |  |  |  |  |  |  |
| **Supplies Expense** |  |  | **2** | **7** | **0** | **0 0** |  |  |  |  |  |  |
| **Rent Expense** |  |  | **2** | **4** | **0** | **0 0** |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Total Operating Expenses** |  |  |  |  |  |  |  |  | **7** | **8** | **0** | **0 0** |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Net Income** |  |  |  |  |  |  |  | **$** | **3** | **1** | **8** | **0 0** |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
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GROUP B PROBLEMS, Cont.

***P1-4B. Cont.***

(b)

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| ***WEST’S STENCILLING SERVICE*** |
| ***STATEMENT OF OWNER’S EQUITY*** |
| **FOR THE MONTH ENDED JUNE 30, 2023** |

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | | | | | | | | | | | | | | |
|  | **J. West, Capital, June 1, 2023** |  |  |  |  |  |  |  | **$3** | **7** | **2** | **0** | **0 0** |  |
| **Net Income for June** |  | **$** | **3** | **1** | **8** | **0 0** |  |  |  |  |  |  |
| **Less: Withdrawals for June** |  |  | **3** | ***6*** | **0** | **0 0** |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Decrease in Capital** |  |  |  |  |  |  |  |  |  | **4** | **2** | **0 0** |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
| **J. West, June 30, 2023** |  |  |  |  |  |  |  | **$3** | **6** | ***7*** | **8** | **0 0** |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
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(c)

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| ***WEST’S STENCILLING SERVICE*** |
| ***BALANCE SHEET*** |
| **JUNE 30, 2023** |

**ASSETS LIABILITIES AND OWNER’S EQUITY**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | | | | | | | | | | | | | | | | |
|  | **Assets:** |  |  |  |  |  |  |  | **Liabilities:** |  |  |  |  |  |  |  |
| **Cash** |  | **$2** | **0** | **4** | **3** | **0 0** |  | **Accounts Payable** |  | **$** |  | **4** | **5** | **0 0** |
| **Accounts Receivable** |  | **1** | **1** | **4** | **0** | **0 0** |  |  |  |  |  |  |  |  |
| **Equipment** |  |  | **5** | **4** | **0** | **0 0** |  | **Owner’s Equity** |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  | **J. West, Capital** |  | **3** | **6** | **7** | **8** | **0 0** |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  | **Total Liabilities and** |  |  |  |  |  |  |
| **Total Assets** |  | **$3** | **7** | **2** | **3** | **0 0** |  | **Owner’s Equity** |  | **$3** | **7** | **2** | **3** | **0 0** |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
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GROUP B PROBLEMS, Cont.

***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*** |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |

2.

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| **THILDORE’S CATERING SERVICE** |
| **BALANCE SHEET** |
| **OCTOBER 31, 2022** |

**ASSETS LIABILITIES AND OWNER’S EQUITY**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | | | | | | | | | | | | | | | | |
|  | **Assets** |  |  |  |  |  |  |  | **Liabilities** |  |  |  |  |  |  |  |
| **Cash** |  | **$23** | **4** | **0** | **0** | **0 0** |  | **Accounts Payable** |  | **$** | **4** | **0** | **0** | **0 0** |
| **Equipment** |  | **2** | **0** | **0** | **0** | **0 0** |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  | **Owner’s Equity** |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  | **J. Thildore, Capital** |  | **25** | **0** | **0** | **0** | **0 0** |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  | **Total Liabilities and** |  |  |  |  |  |  |
| **Total Assets** |  | **$ 25** | **4** | **0** | **0** | **0 0** |  | **Owner’s Equity** |  | **$ 25** | **4** | **0** | **0** | **0 0** |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
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GROUP B PROBLEMS, Cont.

***P1-5B., cont.***

3.

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| **THILDORE’S CATERING SERVICE** |
| **INCOME STATEMENT** |
| **FOR THE MONTH ENDED NOVEMBER 30, 2022** |

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | | | | | | | | | | | | | | |
|  | **Revenue:** |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Catering Revenue** |  |  |  |  |  |  |  | **$ 4** | **9** | **5** | **0** | **0 0** |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Operating Expenses:** |  |  |  |  |  |  |  |  |  |  |  |  |
| **Salaries Expense** |  | **$** | **5** | **5** | **0** | **0 0** |  |  |  |  |  |  |
| **Telephone Expense** |  |  |  | **5** | **0** | **0 0** |  |  |  |  |  |  |
| **Rent Expense** |  |  | **6** | **5** | **0** | **0 0** |  |  |  |  |  |  |
| **Supplies Expense** |  |  | **5** | **5** | **0** | **0 0** |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Total Operating Expenses** |  |  |  |  |  |  |  | **1** | **8** | **0** | **0** | **0 0** |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Net Income** |  |  |  |  |  |  |  | **$ 3** | **1** | **5** | **0** | **0 0** |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
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| **THILDORE’S CATERING SERVICE** |
| **STATEMENT OF OWNER’S EQUITY** |
| **FOR THE MONTH ENDED NOVEMBER 30, 2022** |

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | | | | | | | | | | | | | | |
|  | **J. Thildore, Capital, November 1, 2022** |  |  |  |  |  |  |  | **$25** | **0** | **0** | **0** | **0 0** |  |
| **Net Income for November** |  | **$3** | **1** | **5** | **0** | **0 0** |  |  |  |  |  |  |
| **Less: Withdrawals for November** |  | ***(1*** | ***2*** | **0** | **0** | **0)** |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Increase in Capital** |  |  |  |  |  |  |  | **3** | **0** | **3** | **0** | **0 0** |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
| **J. Thildore, Capital, November 30, 2022** |  |  |  |  |  |  |  | **$28** | **0** | **3** | **0** | **0 0** |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
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GROUP B PROBLEMS, Cont.

***P1-5B., Cont.***

5.

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| **THILDORE’S CATERING SERVICE** |
| **BALANCE SHEET** |
| **NOVEMBER 30, 2022** |

**ASSETS LIABILITIES AND OWNER’S EQUITY**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | | | | | | | | | | | | | | | | |
|  | **Assets** |  |  |  |  |  |  |  | **Liabilities** |  |  |  |  |  |  |  |
| **Cash** |  | **$26** | **9** | **1** | **0** | **0 0** |  | **Accounts Payable** |  | **$ 2** | **3** | **5** | **0** | **0 0** |  |
| **Accounts Receivable** |  |  | **1** | **7** | **0** | **0 0** |  |  |  |  |  |  |  |  |
| **Equipment** |  | **3** | **3** | **0** | **0** | **0 0** |  | **Owner’s Equity** |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  | **J. Thildore, Capital** |  | **28** | **0** | **3** | **0** | **0 0** |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  | **Total Liabilities and** |  |  |  |  |  |  |
| **Total Assets** |  | **$30** | **3** | **8** | **0** | **0 0** |  | **Owner’s Equity** |  | **$30** | **3** | **8** | **0** | **0 0** |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
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GROUP C PROBLEMS

***P1-1C.***

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| --- |
| **GOOD HOME HARDWARE** |
| **INCOME STATEMENT** |
| **FOR THE YEAR ENDED JULY 31, 2022** |

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | | | | | | | | | | | | | | |
|  | **Revenues:** |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Service revenue** |  |  |  |  |  |  |  | **$142** | **0** | **0** | **0** | **0 0** |
| **Repair revenue** |  |  |  |  |  |  |  | **6** | **0** | **0** | **0** | **0 0** |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Total revenues** |  |  |  |  |  |  |  | **$148** | **0** | **0** | **0** | **0 0** |
| **Operating expenses:** |  |  |  |  |  |  |  |  |  |  |  |  |
| **Wages expense** |  | **$52** | **0** | **0** | **0** | **0 0** |  |  |  |  |  |  |
| **Rent expense** |  | **24** | **0** | **0** | **0** | **0 0** |  |  |  |  |  |  |
| **Supplies expense** |  | **11** | **4** | **0** | **0** | **0 0** |  |  |  |  |  |  |
| **Utilities expense** |  | **9** | **8** | **0** | **0** | **0 0** |  |  |  |  |  |  |
| **Interest expense** |  |  | **5** | **0** | **0** | **0 0** |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Total operating expenses** |  |  |  |  |  |  |  | **97** | **7** | **0** | **0** | **0 0** |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Net income** |  |  |  |  |  |  |  | **$50** | **3** | **0** | **0** | **0 0** |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
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| **GOOD HOME HARDWARE** |
| **STATEMENT OF CHANGES IN EQUITY** |
| **FOR THE YEAR ENDED JULY 31, 2022** |

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | | | | | | | | | | | | | | |
|  | **M. Good, capital, August 1, 2021** |  |  |  |  |  |  |  | **$79** | **3** | **0** | **0** | **0 0** |  |
| **Add: Investments by owner** |  | **$** |  | **O** |  |  |  |  |  |  |  |  |
| **Net income** |  | **50** | **3** | **0** | **0** | **0 0** |  | **50** | **3** | **0** | **0** | **0 0** |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Total** |  |  |  |  |  |  |  | **$129** | **6** | **0** | **0** | **0 0** |
| **Less: Withdrawals by owner** |  |  |  |  |  |  |  | **34** | **0** | **0** | **0** | **0 0** |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
| **M. Good, capital, July 31, 2022** |  |  |  |  |  |  |  | **$95** | **6** | **0** | **0** | **0 0** |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
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| **GOOD HOME HARDWARE** |
| **BALANCE SHEET** |
| **JULY 31, 2022** |

**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** |

GROUP C PROBLEMS, Cont.

***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 |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |

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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | ***$16,658*** | = | ***$16,658*** |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |

***P1-3C.***

***1.***

FIRST CITY SURVEYING SERVICE

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | ***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 |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |

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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  | ***$27,722*** | = | ***$27,722*** |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |

GROUP C PROBLEMS, Cont.

***P1-3C., Cont.***

2.

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| --- |
| ***FIRST CITY SURVEYING SERVICE*** |
| ***BALANCE SHEET*** |
| ***APRIL 30, 2022*** |

**ASSETS LIABILITIES AND OWNER’S EQUITY**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | | | | | | | | | | | | | | | | |
|  | **Assets:** |  |  |  |  |  |  |  | **Liabilities:** |  |  |  |  |  |  |  |
| **Cash** |  | **$11** | **4** | **8** | **0** | **0 0** |  | **Accounts Payable** |  | **$2** | **3** | **7** | **5** | **0 0** |
| ***Surveying Equipment*** |  | **7** | **8** | **9** | **5** | **0 0** |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  | **Owner’s Equity:** |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  | ***Howard McGraw, Capital*** |  | **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** |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
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3.

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| --- |
| ***FIRST CITY SURVEYING SERVICE*** |
| ***INCOME STATEMENT*** |
| ***FOR THE MONTH ENDING MAY 31, 2022*** |

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | | | | | | | | | | | | | | |
|  | **Revenues:** |  |  |  |  |  |  |  |  |  |  |  |  |  |
| ***Surveying Revenue*** |  |  |  |  |  |  |  | **$9** | **1** | **2** | **5** | **0 0** |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
| ***Operating Expenses:*** |  |  |  |  |  |  |  |  |  |  |  |  |
| ***Salaries Expense*** |  | **$** | **9** | **7** | **5** | **0 0** |  |  |  |  |  |  |
| ***Telephone Expense*** |  |  | **1** | **0** | **4** | **0 0** |  |  |  |  |  |  |
| ***Rent Expense*** |  |  | **8** | **2** | **5** | **0 0** |  |  |  |  |  |  |
| ***Supplies Expense*** |  |  | **2** | **4** | **6** | **0 0** |  |  |  |  |  |  |
| ***Advertising Expense*** |  |  | **4** | **1** | **0** | **0 0** |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
| ***Total Operating Expenses*** |  |  |  |  |  |  |  | ***2*** | ***5*** | ***6*** | ***0*** | ***0 0*** |
| **Net Income** |  |  |  |  |  |  |  | ***$6*** | ***5*** | ***6*** | ***5*** | ***0 0*** |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |

GROUP C PROBLEMS, Cont.

***P1-3C., Cont.***

4.

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| ***FIRST CITY SURVEYING SERVICE*** |
| ***STATEMENT OF OWNER’S EQUITY*** |
| ***FOR THE MONTH ENDED MAY 31, 2022*** |

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | | | | | | | | | | | | | | |
|  | **Howard McGraw, Capital, May 1, 2022** |  |  |  |  |  |  |  | **$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, 2022** |  |  |  |  |  |  |  | **$22** | **5** | **2** | **2** | **0 0** |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
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5.

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| --- |
| ***FIRST CITY SURVEYING SERVICE*** |
| ***BALANCE SHEET*** |
| ***MAY 31, 2022*** |

**ASSETS LIABILITIES AND OWNER’S EQUITY**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | | | | | | | | | | | | | | | | |
|  | **Assets:** |  |  |  |  |  |  |  | **Liabilities:** |  |  |  |  |  |  |  |
| **Cash** |  | **$16** | **9** | **6** | **2** | **0 0** |  | **Accounts Payable** |  | **$5** | **2** | **0** | **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 0** |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  | **Total Liabilities and** |  |  |  |  |  |  |
| **Total Assets** |  | **$27** | **7** | **2** | **2** | **0 0** |  | **Owner’s Equity** |  | **$27** | **7** | **2** | **2** | **0 0** |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
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GROUP C PROBLEMS, Cont.

***P1-4C.***

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | | | | | | | | | | | | | | |
|  | **Roger’s Window Washing Company** | | | | | | | | | | | | | |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | |  | | | | | | | |  | **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** | |
| **Income Statement** | | | | | | | | | | | | |
| **For The Year Ended December 31, 2022** | | | | | | | | | | | | |
| **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** |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |

*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.*

***P1-5C.***

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| --- |
| ***LUNE CO.*** |
| ***BALANCE SHEET*** |
| ***DECEMBER 31, 2022*** |

1.

**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** |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
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*2. Abby Simpson 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.*

GROUP C PROBLEMS, Cont.

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| ***P1-5C., Cont.***  ***3. LUNE CO.*** |
| ***BALANCE SHEET*** |
| ***REVISED JANUARY 4, 2023*** |

**ASSETS LIABILITIES AND OWNER’S EQUITY**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | | | | | | | | | | | | | | | | | | | | | | |
|  | **Assets:** |  |  |  |  |  |  |  | **Liabilities:** |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Cash** |  | **$28** | **0** | **1** | **6** | **0 0** |  | **Notes Payable** |  | **$79** | **3** | **2** | **8** | **0 0** |  |  |  |  |  |  |
| **Accounts Receivable** |  | **104** | **3** | **3** | **7** | **0 0** |  | **Accounts Payable** |  | **127** | **6** | **0** | **4** | **0 0** |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Land** |  | **72** | **9** | **3** | **5** | **0 0** |  | **Total Liabilities** |  |  |  |  |  |  |  | **$206** | **9** | **3** | **2** | **0 0** |
| **Building** |  | **44** | **6** | **0** | **0** | **0 0** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Desks** |  | **14** | **8** | **2** | **5** | **0 0** |  | **Owner’s Equity:** |  |  |  |  |  |  |  |  |  |  |  |  |
| **Auto** |  | **20** | **2** | **6** | **8** | **0 0** |  | **J. Lune, Capital** |  |  |  |  |  |  |  | **78** | **0** | **4** | **9** | **0 0** |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  | **Total Liabilities and** |  |  |  |  |  |  |  |  |  |  |  |  |
| **Total Assets** |  | **$284** | **9** | **8** | **1** | **0 0** |  | **Owner’s Equity** |  |  |  |  |  |  |  | **$284** | **9** | **8** | **1** | **0 0** |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
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***Insight***

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Cash | |  | Desks | |  | Auto | |  | J. Lune | |  | Notes Payable | |
| 10,016 | 2,000 |  | 6,825 |  |  | 14,268 |  |  |  | 50,049 |  |  | 75,328 |
| 20,000 |  |  | 8,000 |  |  | 6,000 |  |  |  | 28,000 |  |  | 4,000 |

SOLUTIONS TO ETHICAL CONSIDERATIONS

***EC1-1.***

***Answers will vary but here are some points for discussion:***

***1. If something at a yard sale is far more valuable than the posted price, do I have to let the seller know?***

***A piece of antique furniture you've been searching for is marked at $225. You know that similar pieces in worse condition have sold for more than 10 times as much. You are under no obligation to correct the seller on her underpricing. One of the beauties of yard sales is such finds!***

***2. Is it considered stealing to take pens from a bank? What about extra napkins from a fast-food restaurant?***

***While grabbing a pen is not necessarily considered stealing, you should just ask the teller if you have any doubts. That said, one pen is OK, but enough to stock your home office isn’t (the same goes for napkins). A good rule of thumb: If you don’t feel comfortable about it, then it probably isn’t a good idea.***

***3. Is it unfair to move into better (unoccupied) seats at a sporting event or a concert?***

***There’s no harm in seeing if you can move into a better viewing position. But before you do, make sure there’s no posted policy against it. And if an usher asks to see your tickets, be prepared to move back to your original seats without argument as there could be late comers attending the event.***

SOLUTIONS TO ETHICAL CONSIDERATIONS, Cont.

***EC1-1,. Cont.***

***4. My boss gave me credit for a project on which a colleague did most of the work. Should I accept the praise?***

***Fight the urge to accept the compliment wholeheartedly. It’s unfair for your colleague not to get the credit he or she deserves. But you don’t want to sell yourself too short, either. An appropriate response: “Thanks, but while all of us worked hard, it was Jane who did the bulk of the work on the project.”***

***5. Am I obligated to lend money to friends and family?***

***One of your oldest friends asks if you can lend her money to make her condo payment. You feel as if you should help her out, since she is a dear friend, but in actuality you have no such duty, particularly if doing so puts your own finances in a squeeze. If a family member calls seeking aid, again, there’s no requirement. But if he is truly in need and you have the money, concern about his well-being should trump any fears you have about his paying you back. If you do lend money to a family member or friend who has reoccurring financial problems, you should probably document the transaction and determine a payback date.***

***6. My boss asked me to cover for him on his expense report by saying I was at a meal when I wasn’t. Should I do it?***

***Your boss put you in a miserable position. Signing your name to the report makes you just as guilty should the misdeed be discovered. But if you stand up to him, you could find yourself out of a job. Bear in mind that a boss who would put you in such a predicament will probably do it again. The choice is yours***

SOLUTIONS TO ANALYSIS OF FINANCIAL STATEMENTS

***AFS1-1.***

***1. a. Cash***

***Accounts receivable***

***Inventories***

***Prepaid expenses***

***b. Accounts payable and accrued liabilities***

***Deferred revenue***

***Income taxes payable***

***Current portion of long-term debt***

***Derivative Obligation***

***2. a. sales for the current period: $326,057,000***

***b. sales for the previous period: $281,886,000***

***c. sales increased by $44,171,000***

***3. Roots Corporation sells merchandise to retail customers, so it would be classified as a merchandiser.***

***AFS1-2.***

***Answers will vary depending on the company chosen,***

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 | | | |
| A. | +$4,500 | |  |  |  |  | | |  | |  | | | |  |  | | |  | | | +$4,500 | | | |  | |  | | | |  | |  | | | |  |  | | | |
| B. | – 1,200 | |  |  |  | +1,200 | | |  | |  | | | |  |  | | |  | | |  | | | |  | |  | | | |  | |  | | | |  |  | | | |
| C. | – 600 | |  |  |  |  | | |  | | +600 | | | |  |  | | |  | | |  | | | |  | |  | | | |  | |  | | | |  |  | | | |
| D. |  | |  | +250 |  |  | | |  | |  | | | |  | +250 | | |  | | |  | | | |  | |  | | | |  | |  | | | |  |  | | | |
| E. | – 400 | |  |  |  |  | | |  | |  | | | |  |  | | |  | | |  | | | |  | |  | | | |  | |  | | | |  | +400  Rent | | | |
| F. | +250 | |  |  |  |  | | |  | |  | | | |  |  | | |  | | |  | | | |  | |  | | | |  | | +250 | | | |  |  | | | |
| G. | +200 | |  |  |  |  | | |  | |  | | | |  |  | | |  | | |  | | | |  | |  | | | |  | | +200 | | | |  |  | | | |
| H. |  | |  |  |  |  | | |  | |  | | | |  | +85 | | |  | | |  | | | |  | |  | | | |  | |  | | | |  | +85  Utilities | | | |
| I. | 1,200 | |  |  |  |  | | |  | |  | | | |  |  | | |  | | |  | | | |  | |  | | | |  | | 1,200 | | | |  |  | | | |
| J. | −100 | |  |  |  |  | | |  | |  | | | |  |  | | |  | | |  | | | |  | | +100 | | | |  | |  | | | |  |  | | | |
| ENDING BALANCE | $3,850 | | ***+*** | $250 | + | $1,200 | | | + | | $600 | | | | = | $335 | | | + | | | $4,500 | | | | − | | $100 | | | | + | | $1,650 | | | | − | $485 | | | |
|  |  | |  |  |  |  | | |  | |  | | | |  |  | | |  | | |  | | | |  | |  | | | |  | |  | | | |  |  | | | |
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|  | | | | | | |  |  | | | | ***$5,900*** | | = | | | ***$5,900*** | |  | | | |  | | | |  | |  | | |  |  | | | |
|  | | | | | | |  |  | | | |  | |  | | |  | |  | | | |  | | | |  | |  | | |  |  | | | |

3.

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| ***PRECISION COMPUTER CENTRE*** |
| ***INCOME STATEMENT*** |
| ***FOR THE MONTH ENDED MAY 31, 2022*** |

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | | | | | | | | | | | | | | |
|  | **Revenue:** |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Service Revenue** |  |  |  |  |  |  |  | **$1** | **6** | **5** | **0** | **0 0** |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Operating Expenses:** |  |  |  |  |  |  |  |  |  |  |  |  |
| **Rent Expense** |  | **$** | **4** | **0** | **0** | **0 0** |  |  |  |  |  |  |
| **Utilities Expense** |  |  |  | **8** | **5** | **0 0** |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Total Operating Expenses** |  |  |  |  |  |  |  |  | **4** | **8** | **5** | **0 0** |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Net Income** |  |  |  |  |  |  |  | **$1** | **1** | **6** | **5** | **0 0** |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
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***CONTINUING PROBLEM, Cont.***

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| ***PRECISION COMPUTER CENTRE*** |
| ***STATEMENT OF OWNER’S EQUITY*** |
| ***FOR THE MONTH ENDED MAY 31, 2022*** |

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | | | | | | | | | | | | |  |
| **T. Freedman, Capital Contribution, May 1, 2022** |  |  |  |  |  |  |  | **$4** | **5** | **0** | **0** | **0 0** |
| **Plus: Net Income for May** |  | **$1** | **1** | **6** | **5** | **0 0** |  |  |  |  |  |  |
| **Less: Withdrawals for May** |  |  | **1** | **0** | **0** | **0 0** |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Increase in Capital** |  |  |  |  |  |  |  | **1** | **0** | **6** | **5** | **0 0** |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
| **T. Freedman, Capital, May 31, 2022** |  |  |  |  |  |  |  | **$5** | **5** | **6** | **5** | **0 0** |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
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| ***PRECISION COMPUTER CENTRE*** |
| ***BALANCE SHEET*** |
| ***MAY 31, 2022*** |

**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 0** |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  | **Total Liabilities and** |  |  |  |  |  |  |
| **Total Assets** |  | **$5** | **9** | **0** | **0** | **0 0** |  | **Owner’s Equity** |  | **$5** | **9** | **0** | **0** | **0 0** |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
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