

Student Workbook to Accompany

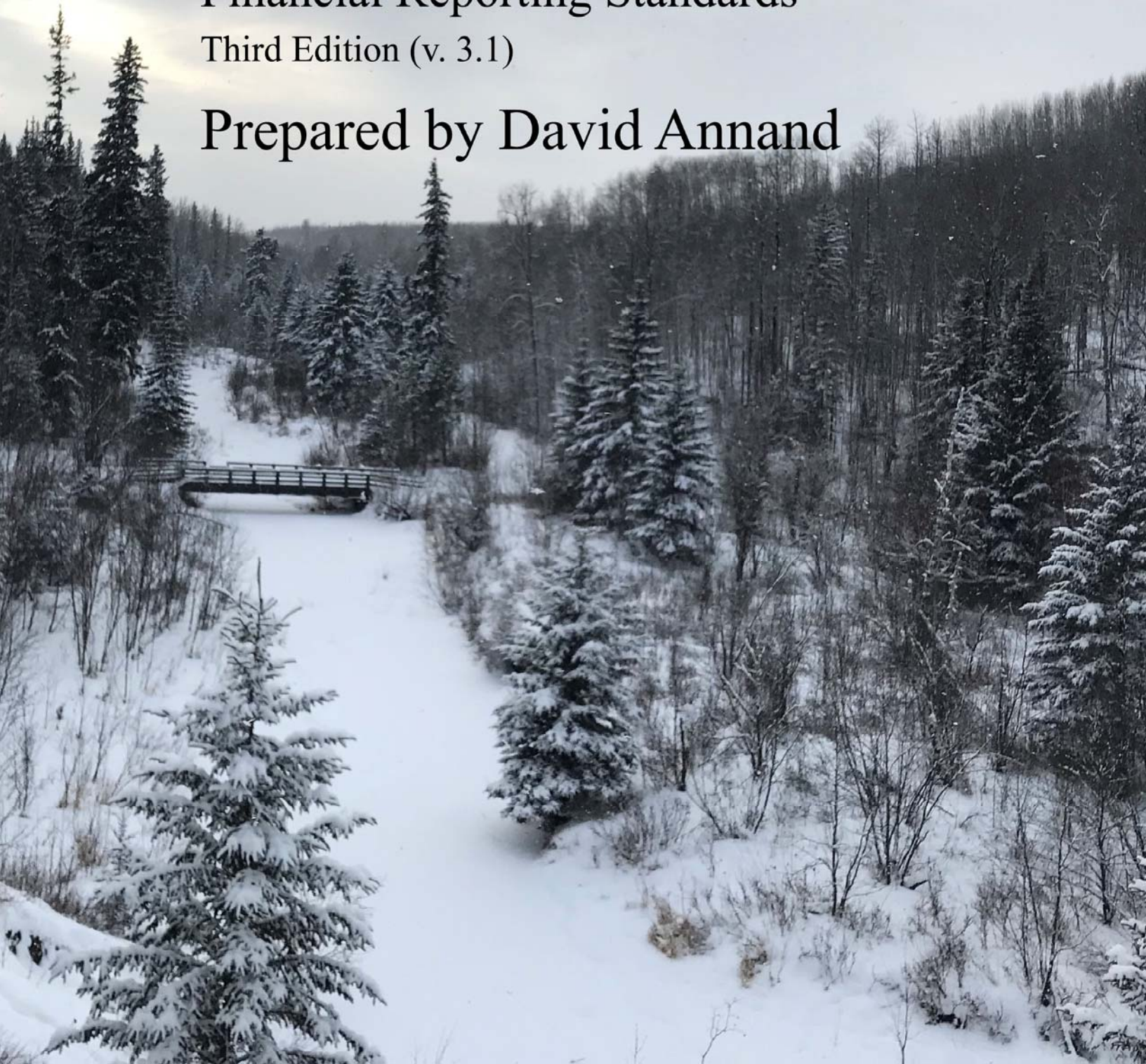
Introduction to

Financial Accounting

Based on International
Financial Reporting Standards

Third Edition (v. 3.1)

Prepared by David Annand



Student Workbook to Accompany

Introduction to Financial Accounting

Third Edition (v. 3.1)

**Based on International Financial Reporting
Standards**

Prepared by David Annand

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Please forward suggested changes to davida@athabascau.ca.

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CP 1-1

A	=	L	+	S/E	
_____		_____		_____	Issued share capital for cash
_____		_____		_____	Purchased a truck for cash
_____		_____		_____	Received a bank loan to pay for equipment
_____		_____		_____	Made a deposit for electricity service to be provided in the future
_____		_____		_____	Paid rent for the month just ended
_____		_____		_____	Signed a new union contract that provides for increased wages in the future
_____		_____		_____	Hired a messenger service to deliver letters during a mail strike
_____		_____		_____	Received a parcel; paid the delivery service
_____		_____		_____	Billed customers for services performed
_____		_____		_____	Made a cash payment to satisfy an outstanding obligation
_____		_____		_____	Received a payment of cash in satisfaction of an amount owed by a customer
_____		_____		_____	Collected cash from a customer for services rendered
_____		_____		_____	Paid cash for truck expenses (gas, oil, etc.)
_____		_____		_____	Made a monthly payment on the bank loan; this payment included a payment on part of the loan and also an amount of interest expense.
_____		_____		_____	issued shares in the company to pay off a loan
_____		_____		_____	Paid a dividend.

CP 1–2

- _____ Issued share capital for cash
- _____ Paid an account payable
- _____ Borrowed money from a bank
- _____ Collected an account receivable
- _____ Collected a commission on a sale made today
- _____ Paid for an advertisement in a newspaper
- _____ Repaid money borrowed from a bank
- _____ Signed a contract to purchase a computer
- _____ Received a bill for supplies used during the month
- _____ Received a cash payment in satisfaction of an amount owed by a customer
- _____ Sent a bill to a customer for repairs made today
- _____ Sold equipment for cash
- _____ Purchased a truck on credit, to be paid in six months
- _____ Requested payment from a customer of an account receivable that is overdue
- _____ Increased vacations for employees from four weeks to six weeks
- _____ Recorded the amount due to the landlord as rent
- _____ Received the monthly telephone answering service bill

CP 1–3

	<i>A</i>	<i>B</i>	<i>C</i>	<i>D</i>	<i>E</i>
Cash	\$3,000	\$1,000	_____	\$6,000	\$2,500
Equipment	8,000	6,000	4,000	7,000	_____
Accounts payable	4,000	_____	1,500	3,000	4,500
Share capital	2,000	3,000	3,000	4,000	500
Retained earnings	_____	1,000	500	_____	1,000

CP 1-4

CP 1–5

- _____ Accounts payable
- _____ Accounts receivable
- _____ Bank loan
- _____ Cash
- _____ Equipment
- _____ Insurance expense
- _____ Loan payable
- _____ Prepaid insurance
- _____ Rent expense
- _____ Repair revenue
- _____ Share capital
- _____ Truck operating expense
- _____ Unused office supplies
- _____ Dividends

CP 1-6

CP 1–8

Income Statement

Statement of Changes in Equity

CP 1–8 continued

Statement of Financial Position		

CP 1–9

a.

b.

c.

d.

e.

f.

g.

P 1-1

	ASSETS				=	LIABILITY	+	S/H EQUITY					
	Cash	+	Acct. Rec.	+	Ppd. Exp.	+	Unused Supp.	=	Acct. Pay.	+	Share Cap.	+	Ret. Earn.
Opening	1,400		3,600		1,000		350		2,000		4,350		
a.													
b.													
c.													
d.													
e.													
f.													
g.													
h.													
i.													
j.													
k.													
		+		+		+		=		+		+	

CHAPTER ONE
Introduction to Financial Accounting

Name _____

P 1-2

1.

ASSETS					=	LIABILITIES			+	S/H EQUITY	
Cash	+ Acct. Rec.	+ Ppd. Exp.	+ Unused Supp.	+ Truck	=	Bank Loan	+ Acct. Pay	+ Unearn. Rev.	+	Share Capital	+ Retained Earnings

Aug. 1											
1											
1											
4											
5											
7											
9											
12											
15											
16											
20											
25											
28											
29											
31											
31											
	+	+	+	+	=	+	+	+	+	+	

P 1–2 continued

2.

Income Statement

Statement of Changes in Equity

P 1–3

Income Statement		

Statement of Changes in Equity			

P 1-6

1.

		ASSETS					=	LIABILITIES		+	S/H EQUITY	
		Accts.	Ppd.	Unused			Acct.	Loan		Share	Ret.	
		Cash	+ Rec.	+ Exp.	+ Supp.	+ Equip.	= Pay.	+ Pay.		+ Cap.	+ Earn.	
Jun.	1											
	1											
	2											
	3											
	4											
	5											
	8											
	10											
	15											
	18											
	20											
	22											
	23											
	25											
	27											
	30											
	30											
	30											
	30											

CHAPTER ONE
Introduction to Financial Accounting

Name _____

P 1-7

		ASSETS								=		LIABILITIES		S/H EQUITY								
		Cash	+	Acct. Rec.	+	Un. Supp.	+	Land	+	Bldg.	+	Furn.	+	Equip.	+	Truck	Pay.	+	Loans Payable	+	Share Capital	
Sep	30																					
Oct.	2																					
	3																					
	4																					
	8																					
	10																					
	11																					
	15																					
	20a.																					
	20b.																					
	31																					

CHAPTER TWO
The Accounting Process

Name _____

CP 2-1

Trans.	Any Asset		Any Liability		Share Capital		Any Revenue		Any Expense	
	<i>Debit</i> (inc.)	<i>Credit</i> (dec.)	<i>Debit</i> (dec.)	<i>Credit</i> (inc.)	<i>Debit</i> (dec.)	<i>Credit</i> (inc.)	<i>Debit</i> (dec.)	<i>Credit</i> (inc.)	<i>Debit</i> (inc.)	<i>Credit</i> (dec.)
1										
2										
3										
4										
5										
6										
7										
8										
9										
10										
11										
12										
13										

CHAPTER TWO
The Accounting Process

Name _____

CP 2-2

	<i>A</i>	<i>B</i>	<i>C</i>	<i>D</i>
Cash	\$100	\$ 72	\$____	\$ 20
Truck	200	130	71	200
Accounts payable	50	10	5	10
Bank loan	75	_____	25	61
Share capital	175	50	100	_____
Net income	_____	20	6	10

CHAPTER TWO
The Accounting Process

Name _____

CP 2–3

Trans.

2. Borrowed \$5,000 from the bank
3. Paid \$2,000 of the bank loan
4. Paid \$600 in advance for a one-year insurance policy
5. Received \$500 in advance for next month's rental of office space.

<i>Any Asset</i>		<i>Any Liability</i>		<i>Share Capital</i>	
<i>Debit</i> (inc.)	<i>Credit</i> (dec.)	<i>Debit</i> (dec.)	<i>Credit</i> (inc.)	<i>Debit</i> (dec.)	<i>Credit</i> (inc.)

CHAPTER TWO
The Accounting Process

Name _____

CP 2-4

2. Purchased equipment on credit
3. Paid for a one-year insurance policy
4. Billed a customer for repairs completed today
5. Paid for this month's rent
6. Collected the amount billed in transaction 4 above
7. Collected cash for repairs completed today
8. Paid for the equipment purchased in transaction 2 above
9. Signed a union contract
10. Collected cash for repairs to be made for customers next month
11. Transferred this month's portion of prepaid insurance to expenses

<i>Debit</i>	<i>Credit</i>

CHAPTER TWO
The Accounting Process

Name _____

CP 2–5

Cash	

Bank Loan	

Share Capital	

Repair Revenue	

Accounts Receivable	

Accounts Payable	

Electricity Expense	

Prepaid Rent	

Rent Expense	

Unused Supplies	

Supplies Expense	

CHAPTER TWO
The Accounting Process

Name _____

CP 2-6

Date	Description	PR	Debit	Credit

CHAPTER TWO
The Accounting Process

Name _____

CP 2–6 continued

Date	Description	PR	Debit	Credit

CHAPTER TWO
The Accounting Process

Name _____

CP 2-7

Date	Description	PR	Debit	Credit

CHAPTER TWO
The Accounting Process

Name _____

CP 2–7 continued

Date	Description	PR	Debit	Credit

**CHAPTER TWO
The Accounting Process**

Name _____

CP 2-9

Date	Description	PR	Debit	Credit

CP 2–9 continued

Date	Description	PR	Debit	Credit

CHAPTER TWO
The Accounting Process

Name _____

CP 2-9 continued

2. _____ Schulte Corporation _____

Cash	No. 101

Accounts Payable	No. 210

Share Capital	No. 320

Service Revenue	No. 470

Accounts Rec.	No. 110

Rent Expense	No. 654

Prepaid Rent	No. 162

Supplies Expense	No. 668

Equipment	No. 183

Truck Operating Expense	No. 670

CP 2–9 continued

4.

Income Statement

Statement of Changes in Equity

CP 2–9 continued

Statement of Financial Position

CHAPTER TWO
The Accounting Process

Name _____

CP 2-11

Date	Description	PR	Debit	Credit

CHAPTER TWO
The Accounting Process

Name _____

CP 2-11 continued

Date	Description	PR	Debit	Credit

CP 2-11 continued

3.

Income Statement

Statement of Changes in Equity

CP 2–11 continued

Statement of Financial Position

CP 2–12 continued

2.

Income Statement

Statement of Changes in Equity

CHAPTER TWO
The Accounting Process

Name _____

CP 2-13

1. _____ Elgert Corporation _____

Cash	Accounts Payable	Share Capital	Service Revenue
		Dividends	
			Rent Expense
Accounts Receivable			Truck Operating Expense
Unused Supplies			Salaries Expense
			Supplies Expense

Name _____

CP 2–13 continued

3.

Income Statement

Statement of Changes in Equity

CP 2–13 continued

Statement of Financial Position

P 2–1 continued

2.

Income Statement

Statement of Changes in Equity

P 2–1 continued

3.

Statement of Financial Position

P 2-2

1.

Date	Description	PR	Debit	Credit

CHAPTER TWO
The Accounting Process

Name _____

P 2-2 continued

<p><u>Cash</u> <u>No. 101</u></p> <hr style="border: 0; border-top: 1px solid black; margin-bottom: 2px;"/> <hr style="border: 0; border-top: 1px solid black; margin-bottom: 2px;"/> <hr style="border: 0; border-top: 1px solid black; margin-bottom: 2px;"/> <hr style="border: 0; border-top: 1px solid black; margin-bottom: 2px;"/> <hr style="border: 0; border-top: 1px solid black; margin-bottom: 2px;"/> <hr style="border: 0; border-top: 1px solid black; margin-bottom: 2px;"/>	<p>Accounts <u>Payable</u> <u>No. 210</u></p> <hr style="border: 0; border-top: 1px solid black; margin-bottom: 2px;"/> <hr style="border: 0; border-top: 1px solid black; margin-bottom: 2px;"/>	<p>Share <u>Capital</u> <u>No. 320</u></p> <hr style="border: 0; border-top: 1px solid black; margin-bottom: 2px;"/> <hr style="border: 0; border-top: 1px solid black; margin-bottom: 2px;"/>	<p>Service <u>Revenue</u> <u>No. 460</u></p> <hr style="border: 0; border-top: 1px solid black; margin-bottom: 2px;"/> <hr style="border: 0; border-top: 1px solid black; margin-bottom: 2px;"/>
		<p>Advertising <u>Expense</u> <u>No. 610</u></p> <hr style="border: 0; border-top: 1px solid black; margin-bottom: 2px;"/> <hr style="border: 0; border-top: 1px solid black; margin-bottom: 2px;"/>	
<p>Accounts <u>Receivable</u> <u>No. 110</u></p> <hr style="border: 0; border-top: 1px solid black; margin-bottom: 2px;"/> <hr style="border: 0; border-top: 1px solid black; margin-bottom: 2px;"/>	<p>Commissions <u>Expense</u> <u>No. 615</u></p> <hr style="border: 0; border-top: 1px solid black; margin-bottom: 2px;"/> <hr style="border: 0; border-top: 1px solid black; margin-bottom: 2px;"/>		
<p>Prepaid <u>Advertising</u> <u>No. 160</u></p> <hr style="border: 0; border-top: 1px solid black; margin-bottom: 2px;"/> <hr style="border: 0; border-top: 1px solid black; margin-bottom: 2px;"/>	<p>Rent <u>Expense</u> <u>No. 654</u></p> <hr style="border: 0; border-top: 1px solid black; margin-bottom: 2px;"/> <hr style="border: 0; border-top: 1px solid black; margin-bottom: 2px;"/>		
<p>Unused <u>Supplies</u> <u>No. 173</u></p> <hr style="border: 0; border-top: 1px solid black; margin-bottom: 2px;"/> <hr style="border: 0; border-top: 1px solid black; margin-bottom: 2px;"/>	<p>Salaries <u>Expense</u> <u>No. 656</u></p> <hr style="border: 0; border-top: 1px solid black; margin-bottom: 2px;"/> <hr style="border: 0; border-top: 1px solid black; margin-bottom: 2px;"/>		
<p><u>Equipment</u> <u>No. 183</u></p> <hr style="border: 0; border-top: 1px solid black; margin-bottom: 2px;"/> <hr style="border: 0; border-top: 1px solid black; margin-bottom: 2px;"/>	<p>Supplies <u>Expense</u> <u>No. 668</u></p> <hr style="border: 0; border-top: 1px solid black; margin-bottom: 2px;"/> <hr style="border: 0; border-top: 1px solid black; margin-bottom: 2px;"/>		
	<p>Telephone <u>Expense</u> <u>No. 669</u></p> <hr style="border: 0; border-top: 1px solid black; margin-bottom: 2px;"/> <hr style="border: 0; border-top: 1px solid black; margin-bottom: 2px;"/>		

P 2-3 continued

2.

Income Statement		

Statement of Changes in Equity			

P 2–3 continued

3.

Statement of Financial Position		

CHAPTER TWO
The Accounting Process

Name _____

P 2-4

1. and 3.

Fenton Table Rentals Corporation

<u>Cash</u> <u>No. 101</u> <hr/> <hr/> <hr/>	<u>Accounts Payable</u> <u>No. 210</u> <hr/> <hr/> <hr/>	<u>Share Capital</u> <u>No. 320</u> <hr/> <hr/> <hr/>	<u>Service Revenue</u> <u>No. 470</u> <hr/> <hr/> <hr/>	<u>Dividends</u> <u>No. 350</u> <hr/> <hr/> <hr/>	<u>Advertising Exp.</u> <u>No. 610</u> <hr/> <hr/> <hr/>	<u>Rent Exp.</u> <u>No. 654</u> <hr/> <hr/> <hr/>	<u>Salaries Exp.</u> <u>No. 656</u> <hr/> <hr/> <hr/>	<u>Supplies Exp.</u> <u>No. 668</u> <hr/> <hr/> <hr/>	<u>Telephone Exp.</u> <u>No. 669</u> <hr/> <hr/> <hr/>	<u>Truck Operating Exp.</u> <u>No. 670</u> <hr/> <hr/> <hr/>
<u>Accounts Receivable</u> <u>No. 110</u> <hr/> <hr/> <hr/>										
<u>Prepaid Rent</u> <u>No. 162</u> <hr/> <hr/> <hr/>										
<u>Unused Supplies</u> <u>No. 173</u> <hr/> <hr/> <hr/>										

CHAPTER TWO
The Accounting Process

Name _____

P 2-4 continued
 2.

Date	Description	PR	Debit	Credit

P 2–4 continued

5.

Income Statement

Statement of Changes in Equity

CHAPTER TWO
The Accounting Process

Name _____

P 2-5

1. and 3.

Thorn Accounting Services Inc.

<u>Cash</u>	<u>No. 101</u>

<u>Bank</u>	
<u>Loan</u>	<u>No. 201</u>
<u>Accounts</u>	
<u>Payable</u>	<u>No. 210</u>

<u>Share</u>	
<u>Capital</u>	<u>No. 320</u>

<u>Fees</u>	
<u>Earn.</u>	<u>No. 420</u>

<u>Salaries</u>	
<u>Expense</u>	<u>No. 656</u>
<u>Supplies</u>	
<u>Expense</u>	<u>No. 668</u>
<u>Advertising</u>	
<u>Expense</u>	<u>No. 610</u>

<u>Accounts</u>	
<u>Receivable</u>	<u>No. 110</u>

<u>Unused</u>	
<u>Supplies</u>	<u>No. 173</u>

<u>Telephone</u>	
<u>Exp.</u>	<u>No. 669</u>

<u>Insurance</u>	
<u>Exp.</u>	<u>No. 631</u>

<u>Prepaid</u>	
<u>Insurance</u>	<u>No. 161</u>

<u>Truck Operating</u>	
<u>Expense</u>	<u>No. 670</u>

<u>Rent</u>	
<u>Expense</u>	<u>No. 654</u>

<u>Truck</u>	<u>No. 184</u>

P 2–5 continued

2.

Date	Description	PR	Debit	Credit

P 2-5 continued

5.

Income Statement

Statement of Changes in Equity

P 2-6 continued

2.

Date	Description	PR	Debit	Credit

Name _____

P 2-6 continued

Date	Description	PR	Debit	Credit

P 2-6 continued

5.

Income Statement		

Statement of Changes in Equity			

CHAPTER THREE

Financial Accounting and the Use of Adjusting Entries

Name _____

CP 3–1

<i>A</i>	<i>B</i>
a. Insurance Expense	_____
b. Rent Earned	_____
c. Prepaid Rent	_____
d. Interest Payable	_____
e. Interest Receivable	_____
f. Fees Earned	_____
g. Unused Supplies	_____
h. Unearned Commissions Revenue	_____
i. Salaries Payable	_____
j. Depreciation Expense	_____

CHAPTER THREE

Financial Accounting and the Use of Adjusting Entries

Name _____

CP 3-2

Date	Description	PR	Debit	Credit

CHAPTER THREE

Financial Accounting and the Use of Adjusting Entries

Name _____

CP 3-3

Date	Description	PR	Debit	Credit

CHAPTER THREE

Financial Accounting and the Use of Adjusting Entries

Name _____

CP 3–5

1. and 3.

Graham Corporation
General Ledger

ASSETS	=	LIABILITIES	+	SHAREHOLDERS' EQUITY
Rent Receivable		Interest Payable		Rent Earned

2.

GENERAL JOURNAL

Page _____

Date	Description	PR	Debit	Credit

CHAPTER THREE

Financial Accounting and the Use of Adjusting Entries

Name _____

CP 3–5 continued

4.

Account	Amount

CHAPTER THREE

Financial Accounting and the Use of Adjusting Entries

Name _____

CP 3–6

1.

GENERAL JOURNAL

Page _____

Date	Description	PR	Debit	Credit

2. Assets would be overstated by _____
 Liabilities would be understated by _____
 Revenue would be understated by _____
 Expenses would be understated by _____
 Shareholders' equity would be overstated by _____

CHAPTER THREE

Financial Accounting and the Use of Adjusting Entries

Name _____

CP 3–8

<p>1.</p> <table border="0"> <tr> <td>Cash</td> <td style="text-align: right;">101</td> </tr> <tr> <td style="border-left: 1px solid black; border-right: 1px solid black;">750 50</td> <td></td> </tr> <tr> <td style="border-left: 1px solid black; border-right: 1px solid black;">950 150</td> <td></td> </tr> <tr> <td style="border-left: 1px solid black; border-right: 1px solid black;">90 50</td> <td></td> </tr> <tr> <td style="border-left: 1px solid black; border-right: 1px solid black;">24</td> <td></td> </tr> <tr> <td style="border-left: 1px solid black; border-right: 1px solid black;">20</td> <td></td> </tr> <tr> <td style="border-left: 1px solid black; border-right: 1px solid black;">70</td> <td></td> </tr> </table> <table border="0"> <tr> <td>Accounts Receivable</td> <td style="text-align: right;">110</td> </tr> <tr> <td style="border-left: 1px solid black; border-right: 1px solid black;">228 90</td> <td></td> </tr> </table> <table border="0"> <tr> <td>Rent Receivable</td> <td style="text-align: right;">125</td> </tr> <tr> <td style="border-left: 1px solid black; border-right: 1px solid black;">40</td> <td></td> </tr> </table> <table border="0"> <tr> <td>Prepaid Insurance</td> <td style="text-align: right;">161</td> </tr> <tr> <td style="border-left: 1px solid black; border-right: 1px solid black;">24 2</td> <td></td> </tr> </table> <table border="0"> <tr> <td>Unused Office Supplies</td> <td style="text-align: right;">170</td> </tr> <tr> <td style="border-left: 1px solid black; border-right: 1px solid black;">50 25</td> <td></td> </tr> </table> <table border="0"> <tr> <td>Unused Repair Supplies</td> <td style="text-align: right;">171</td> </tr> <tr> <td style="border-left: 1px solid black; border-right: 1px solid black;">145 80</td> <td></td> </tr> </table> <table border="0"> <tr> <td>Furniture</td> <td style="text-align: right;">182</td> </tr> <tr> <td style="border-left: 1px solid black; border-right: 1px solid black;">150</td> <td></td> </tr> </table> <table border="0"> <tr> <td>Acc. Dep'n – Furniture</td> <td style="text-align: right;">191</td> </tr> <tr> <td style="border-left: 1px solid black; border-right: 1px solid black;">2</td> <td></td> </tr> </table>	Cash	101	750 50		950 150		90 50		24		20		70		Accounts Receivable	110	228 90		Rent Receivable	125	40		Prepaid Insurance	161	24 2		Unused Office Supplies	170	50 25		Unused Repair Supplies	171	145 80		Furniture	182	150		Acc. Dep'n – Furniture	191	2		<table border="0"> <tr> <td>Accounts Payable</td> <td style="text-align: right;">210</td> </tr> <tr> <td style="border-left: 1px solid black; border-right: 1px solid black;">70 145</td> <td></td> </tr> </table> <table border="0"> <tr> <td>Unearned Repair Revenue</td> <td style="text-align: right;">247</td> </tr> <tr> <td style="border-left: 1px solid black; border-right: 1px solid black;">400 500</td> <td></td> </tr> </table> <table border="0"> <tr> <td>Interest Payable</td> <td style="text-align: right;">222</td> </tr> <tr> <td style="border-left: 1px solid black; border-right: 1px solid black;">12</td> <td></td> </tr> </table> <table border="0"> <tr> <td>Income Taxes Pay.</td> <td style="text-align: right;">260</td> </tr> <tr> <td style="border-left: 1px solid black; border-right: 1px solid black;">400</td> <td></td> </tr> </table> <table border="0"> <tr> <td>Interest Expense</td> <td style="text-align: right;">632</td> </tr> <tr> <td style="border-left: 1px solid black; border-right: 1px solid black;">12</td> <td></td> </tr> </table> <table border="0"> <tr> <td>Income Taxes Expense</td> <td style="text-align: right;">830</td> </tr> <tr> <td style="border-left: 1px solid black; border-right: 1px solid black;">400</td> <td></td> </tr> </table>	Accounts Payable	210	70 145		Unearned Repair Revenue	247	400 500		Interest Payable	222	12		Income Taxes Pay.	260	400		Interest Expense	632	12		Income Taxes Expense	830	400		<table border="0"> <tr> <td>Share Capital</td> <td style="text-align: right;">320</td> </tr> <tr> <td style="border-left: 1px solid black; border-right: 1px solid black;">400</td> <td></td> </tr> </table> <table border="0"> <tr> <td>Ret. Earn.</td> <td style="text-align: right;">340</td> </tr> <tr> <td style="border-left: 1px solid black; border-right: 1px solid black;">350</td> <td></td> </tr> </table> <table border="0"> <tr> <td>Repair Rev.</td> <td style="text-align: right;">450</td> </tr> <tr> <td style="border-left: 1px solid black; border-right: 1px solid black;">950</td> <td></td> </tr> <tr> <td style="border-left: 1px solid black; border-right: 1px solid black;">228</td> <td></td> </tr> <tr> <td style="border-left: 1px solid black; border-right: 1px solid black;">400</td> <td></td> </tr> </table> <table border="0"> <tr> <td>Rent Earned</td> <td style="text-align: right;">440</td> </tr> <tr> <td style="border-left: 1px solid black; border-right: 1px solid black;">40</td> <td></td> </tr> </table> <table border="0"> <tr> <td>Dep'n Exp. – Furniture</td> <td style="text-align: right;">621</td> </tr> <tr> <td style="border-left: 1px solid black; border-right: 1px solid black;">2</td> <td></td> </tr> </table> <table border="0"> <tr> <td>Insurance Exp.</td> <td style="text-align: right;">631</td> </tr> <tr> <td style="border-left: 1px solid black; border-right: 1px solid black;">2</td> <td></td> </tr> </table> <table border="0"> <tr> <td>Office Supplies Exp.</td> <td style="text-align: right;">650</td> </tr> <tr> <td style="border-left: 1px solid black; border-right: 1px solid black;">25</td> <td></td> </tr> </table> <table border="0"> <tr> <td>Rent Expense</td> <td style="text-align: right;">654</td> </tr> <tr> <td style="border-left: 1px solid black; border-right: 1px solid black;">50</td> <td></td> </tr> </table> <table border="0"> <tr> <td>Repair Supplies Expense</td> <td style="text-align: right;">655</td> </tr> <tr> <td style="border-left: 1px solid black; border-right: 1px solid black;">80</td> <td></td> </tr> </table> <table border="0"> <tr> <td>Telephone Expense</td> <td style="text-align: right;">669</td> </tr> <tr> <td style="border-left: 1px solid black; border-right: 1px solid black;">20</td> <td></td> </tr> </table>	Share Capital	320	400		Ret. Earn.	340	350		Repair Rev.	450	950		228		400		Rent Earned	440	40		Dep'n Exp. – Furniture	621	2		Insurance Exp.	631	2		Office Supplies Exp.	650	25		Rent Expense	654	50		Repair Supplies Expense	655	80		Telephone Expense	669	20	
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Date	Description	PR	Debit	Credit

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Financial Accounting and the Use of Adjusting Entries

Name _____

CP 3–9

1.

Acct. No.	Account	Unadjusted Trial Balance		Adjustments		Adjusted Trial Balance	
		Debit	Credit	Debit	Credit	Debit	Credit
101	Cash	\$ 4,000				\$ 4,000	
110	Accounts receivable	5,000				5,000	
161	Prepaid insurance	3,600				3,300	
162	Prepaid rent	1,000				500	
184	Truck	6,000				6,000	
194	Acc. dep. – truck						\$1,500
210	Accounts payable		\$7,000				7,000
222	Interest payable						400
226	Salaries payable						1,000
248	Unearned rent revenue		1,200				600
320	Share capital		2,700				2,700
440	Rent earned		25,000				25,600
610	Advertising expense	700				700	
615	Commissions expense	2,000				2,000	
624	Dep. expense – truck					1,500	
631	Insurance expense					300	
632	Interest expense	100				500	
654	Rent expense	5,500				6,000	
656	Salaries expense	8,000				9,000	
	Totals	<u>\$35,900</u>	<u>\$35,900</u>			<u>\$38,800</u>	<u>\$38,800</u>

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CP 3-9 continued

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Date	Description	PR	Debit	Credit

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Financial Accounting and the Use of Adjusting Entries

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Date	Description	PR	Debit	Credit

CHAPTER THREE

Financial Accounting and the Use of Adjusting Entries

Name _____

CP 3-10 continued

2. and 4.

Wolfe Corporation

<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="border-bottom: 1px solid black;">Cash</td> <td style="text-align: right; border-bottom: 1px solid black;">101</td> </tr> <tr> <td style="border-right: 1px solid black; border-bottom: 1px solid black;">Bal. 2,700</td> <td style="border-bottom: 1px solid black;"></td> </tr> <tr> <td style="border-bottom: 1px solid black;">Accounts Receivable</td> <td style="text-align: right; border-bottom: 1px solid black;">110</td> </tr> <tr> <td style="border-right: 1px solid black; border-bottom: 1px solid black;">Bal. 2,000</td> <td style="border-bottom: 1px solid black;"></td> </tr> <tr> <td style="border-bottom: 1px solid black;">Prepaid Insurance</td> <td style="text-align: right; border-bottom: 1px solid black;">161</td> </tr> <tr> <td style="border-right: 1px solid black; border-bottom: 1px solid black;">Bal. 1,200</td> <td style="border-bottom: 1px solid black;"></td> </tr> <tr> <td style="border-bottom: 1px solid black;">Unused Supplies</td> <td style="text-align: right; border-bottom: 1px solid black;">173</td> </tr> <tr> <td style="border-right: 1px solid black; border-bottom: 1px solid black;">Bal. 700</td> <td style="border-bottom: 1px solid black;"></td> </tr> </table>	Cash	101	Bal. 2,700		Accounts Receivable	110	Bal. 2,000		Prepaid Insurance	161	Bal. 1,200		Unused Supplies	173	Bal. 700		<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="border-bottom: 1px solid black;">Accounts Payable</td> <td style="text-align: right; border-bottom: 1px solid black;">210</td> </tr> <tr> <td style="border-right: 1px solid black; border-bottom: 1px solid black;"></td> <td style="border-bottom: 1px solid black;"></td> </tr> <tr> <td style="border-bottom: 1px solid black;">Retained Earnings</td> <td style="text-align: right; border-bottom: 1px solid black;">340</td> </tr> <tr> <td style="border-right: 1px solid black; border-bottom: 1px solid black;"></td> <td style="border-bottom: 1px solid black;"></td> </tr> <tr> <td style="border-bottom: 1px solid black;">Income Summary</td> <td style="text-align: right; border-bottom: 1px solid black;">360</td> </tr> <tr> <td style="border-right: 1px solid black; border-bottom: 1px solid black;"></td> <td style="border-bottom: 1px solid black;"></td> </tr> </table>	Accounts Payable	210			Retained Earnings	340			Income Summary	360			<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="border-bottom: 1px solid black;">Share Capital</td> <td style="text-align: right; border-bottom: 1px solid black;">320</td> </tr> <tr> <td style="border-right: 1px solid black; border-bottom: 1px solid black;">Bal. 3,800</td> <td style="border-bottom: 1px solid black;"></td> </tr> <tr> <td style="border-bottom: 1px solid black;">Repair Revenue</td> <td style="text-align: right; border-bottom: 1px solid black;">450</td> </tr> <tr> <td style="border-right: 1px solid black; border-bottom: 1px solid black;">Bal. 7,750</td> <td style="border-bottom: 1px solid black;"></td> </tr> <tr> <td style="border-bottom: 1px solid black;">Advertising Expense</td> <td style="text-align: right; border-bottom: 1px solid black;">610</td> </tr> <tr> <td style="border-right: 1px solid black; border-bottom: 1px solid black;">Bal. 200</td> <td style="border-bottom: 1px solid black;"></td> </tr> <tr> <td style="border-bottom: 1px solid black;">Insurance Expense</td> <td style="text-align: right; border-bottom: 1px solid black;">631</td> </tr> <tr> <td style="border-right: 1px solid black; border-bottom: 1px solid black;"></td> <td style="border-bottom: 1px solid black;"></td> </tr> <tr> <td style="border-bottom: 1px solid black;">Rent Expense</td> <td style="text-align: right; border-bottom: 1px solid black;">654</td> </tr> <tr> <td style="border-right: 1px solid black; border-bottom: 1px solid black;">Bal. 250</td> <td style="border-bottom: 1px solid black;"></td> </tr> <tr> <td style="border-bottom: 1px solid black;">Salaries Expense</td> <td style="text-align: right; border-bottom: 1px solid black;">656</td> </tr> <tr> <td style="border-right: 1px solid black; border-bottom: 1px solid black;">Bal. 4,500</td> <td style="border-bottom: 1px solid black;"></td> </tr> <tr> <td style="border-bottom: 1px solid black;">Supplies Expense</td> <td style="text-align: right; border-bottom: 1px solid black;">668</td> </tr> <tr> <td style="border-right: 1px solid black; border-bottom: 1px solid black;"></td> <td style="border-bottom: 1px solid black;"></td> </tr> </table>	Share Capital	320	Bal. 3,800		Repair Revenue	450	Bal. 7,750		Advertising Expense	610	Bal. 200		Insurance Expense	631			Rent Expense	654	Bal. 250		Salaries Expense	656	Bal. 4,500		Supplies Expense	668		
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Financial Accounting and the Use of Adjusting Entries Name _____

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Date	Description	PR	Debit	Credit

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Financial Accounting and the Use of Adjusting Entries

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Date	Description	PR	Debit	Credit

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Date	Description	PR	Debit	Credit

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Date	Description	PR	Debit	Credit

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Date	Description	PR	Debit	Credit

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Financial Accounting and the Use of Adjusting Entries

Name _____

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2.

<i>Acct.</i>		<i>Unadjusted</i>		<i>Adjustments</i>		<i>Adjusted</i>	
		<i>Trial Balance</i>				<i>Trial Balance</i>	
<i>No.</i>	<i>Account</i>	<i>Debit</i>	<i>Credit</i>	<i>Debit</i>	<i>Credit</i>	<i>Debit</i>	<i>Credit</i>
101	Cash	3,300					
110	Accounts receivable	4,000					
161	Prepaid insurance	1,200					
173	Unused supplies	500					
184	Truck	8,000					
194	Acc. dep. – truck		-0-				
210	Accounts payable		5,000				
226	Salaries payable		-0-				
248	Unearned rent revenue		2,400				
260	Income taxes payable		-0-				
320	Share capital		7,000				
350	Dividends	1,000					
410	Commissions earned		16,100				
440	Rent earned		-0-				
610	Advertising expense	200					
615	Commissions expense	1,000					
624	Dep. expense – truck	-0-					
631	Insurance expense	-0-					
632	Interest expense	400					
654	Rent expense	3,600					
656	Salaries expense	7,000					
668	Supplies expense	-0-					
669	Telephone expense	300					
830	Income taxes expense	-0-					
		<u>30,500</u>	<u>30,500</u>				

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Financial Accounting and the Use of Adjusting Entries

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Income Statement

Statement of Changes in Equity

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Statement of Financial Position

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Date	Description	PR	Debit	Credit

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Financial Accounting and the Use of Adjusting Entries

Name _____

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<i>Acct.</i>	<i>Account</i>	<i>Adjusted Trial Balance</i>		<i>Closing Entries</i>		<i>Post-closing Trial Balance</i>	
		<i>Debit</i>	<i>Credit</i>	<i>Debit</i>	<i>Credit</i>	<i>Debit</i>	<i>Credit</i>
101	Cash						
110	Accounts receivable						
161	Prepaid insurance						
173	Unused supplies						
184	Truck						
194	Acc. dep. – truck						
210	Accounts payable						
226	Salaries payable						
248	Unearned rent revenue						
260	Income taxes payable						
320	Share capital						
340	Retained earnings						
350	Dividends						
360	Income summary						
410	Commissions earned						
440	Rent earned						
610	Advertising expense						
615	Commissions expense						
624	Dep. expense – truck						
631	Insurance expense						
632	Interest expense						
654	Rent expense						
656	Salaries expense						
668	Supplies expense						
669	Telephone expense						
830	Income taxes expense						

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Financial Accounting and the Use of Adjusting Entries Name _____

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1., 3., 4., and 6. _____ **Roth Contractors Corporation**

<u>Cash</u> _____ _____ _____	<u>Accounts Payable</u> _____ _____ _____	<u>Share Capital</u> _____ _____	<u>Repair Revenue</u> _____ _____ _____	<u>Rent Expense</u> _____ _____ _____
<u>Accounts Receivable</u> _____ _____ _____	<u>Wages Payable</u> _____ _____		<u>Advertising Expense</u> _____ _____ _____	<u>Supplies Expense</u> _____ _____ _____
<u>Prepaid Insurance</u> _____ _____	<u>Unearned Repair Revenue</u> _____ _____		<u>Depreciation Expense-Truck</u> _____ _____	<u>Telephone Expense</u> _____ _____ _____
<u>Prepaid Rent</u> _____ _____	<u>Income Taxes Payable</u> _____ _____		<u>Insurance Expense</u> _____ _____	<u>Truck Operating Expense</u> _____ _____ _____
<u>Unused Supplies</u> _____ _____			<u>Interest Expense</u> _____ _____	<u>Utilities Expense</u> _____ _____ _____
<u>Truck</u> _____ _____	<u>Accum. Dep'n Truck</u> _____ _____		<u>Income Taxes Expense</u> _____ _____	<u>Wages Expense</u> _____ _____ _____

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Date	Description	PR	Debit	Credit

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Date	Description	PR	Debit	Credit

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Financial Accounting and the Use of Adjusting Entries

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<i>Account</i>	<i>Adjusted Trial Balance</i>		<i>Closing Entries</i>		<i>Post-closing Trial Balance</i>	
	<i>Debit</i>	<i>Credit</i>	<i>Debit</i>	<i>Credit</i>	<i>Debit</i>	<i>Credit</i>
Cash	_____	_____	_____	_____	_____	_____
Accounts receivable	_____	_____	_____	_____	_____	_____
Prepaid insurance	_____	_____	_____	_____	_____	_____
Prepaid rent	_____	_____	_____	_____	_____	_____
Unused supplies	_____	_____	_____	_____	_____	_____
Truck	_____	_____	_____	_____	_____	_____
Acc. dep. – truck	_____	_____	_____	_____	_____	_____
Accounts payable	_____	_____	_____	_____	_____	_____
Wages payable	_____	_____	_____	_____	_____	_____
Unearned revenue	_____	_____	_____	_____	_____	_____
Share capital	_____	_____	_____	_____	_____	_____
Retained earnings	_____	_____	_____	_____	_____	_____
Income summary	_____	_____	_____	_____	_____	_____
Repair revenue	_____	_____	_____	_____	_____	_____
Advertising expense	_____	_____	_____	_____	_____	_____
Dep. expense – truck	_____	_____	_____	_____	_____	_____
Insurance expense	_____	_____	_____	_____	_____	_____
Interest expense	_____	_____	_____	_____	_____	_____
Rent expense	_____	_____	_____	_____	_____	_____
Supplies expense	_____	_____	_____	_____	_____	_____
Telephone expense	_____	_____	_____	_____	_____	_____
Truck operating expense	_____	_____	_____	_____	_____	_____
Utilities expense	_____	_____	_____	_____	_____	_____
Wages expense	_____	_____	_____	_____	_____	_____
Income taxes expense	_____	_____	_____	_____	_____	_____
	_____	_____	_____	_____	_____	_____

CHAPTER THREE

Financial Accounting and the Use of Adjusting Entries

Name _____

P 3–6 continued

8.

Income Statement

Statement of Changes in Equity

P 3–6 continued

9.

GENERAL JOURNAL

Page _____

Date	Description	PR	Debit	Credit

P 3-7

1., 3., 4., and 6.

Snow Services Corporation

Cash	Accounts Payable	Share Capital	Other Revenue	Depreciation Expense - Equipment
	Wages Payable		Interest Earned	Depreciation Expense - Truck
Short-term Investments	Unearned Advertising Revenue			Insurance Expense
Interest Receivable	Unearned Fees Revenue		Rent Earned	Supplies Expense
Prepaid Insurance	Unearned Interest Revenue		Service Revenue	Wages Expense
Unused Supplies	Unearned Rent Revenue			
Equipment	Acc. Dep'n. - Equip.			
Truck	Acc. Dep'n - Truck			

CHAPTER THREE

Financial Accounting and the Use of Adjusting Entries

Name _____

P 3–7 continued

2.

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Date	Description	PR	Debit	Credit

P 3–7 continued

5.

GENERAL JOURNAL

Page _____

Date	Description	PR	Debit	Credit

P 3–7 continued

7.

Snow Services Corporation
Adjusted Trial Balance
January 31, 2019

	<u>Account Balances</u>	
	<i>Debit</i>	<i>Credit</i>
Cash	_____	_____
Short-term investments	_____	_____
Interest receivable	_____	_____
Prepaid insurance	_____	_____
Unused supplies	_____	_____
Equipment	_____	_____
Truck	_____	_____
Accumulated depreciation—equipment	_____	_____
Accumulated depreciation—truck	_____	_____
Accounts payable	_____	_____
Wages payable	_____	_____
Unearned advertising revenue	_____	_____
Unearned fees revenue	_____	_____
Unearned interest revenue	_____	_____
Unearned rent revenue	_____	_____
Share capital	_____	_____
Other revenue	_____	_____
Interest earned	_____	_____
Rent earned	_____	_____
Service revenue	_____	_____
Depreciation expense—equipment	_____	_____
Depreciation expense—truck	_____	_____
Insurance expense	_____	_____
Supplies expense	_____	_____
Wages expense	_____	_____
	=====	=====

CHAPTER FOUR
The Classified Statement of Financial Position and Related Disclosures

Name _____

P 4-2

1. Calculation of net income

	<i>2020</i>	<i>2019</i>
Notes (if any)		

CHAPTER FOUR

The Classified Statement of Financial Position and Related Disclosures

Name _____

P 4-2 continued

2.

Statement of Financial Position

**CHAPTER FOUR
The Classified Statement of Financial Position and Related Disclosures**

Name _____

P 4-2 continued

3.

4. The statement of financial position would show:

Note X might state:

	<i>2020</i>						<i>2019</i>
	<i>Land</i>	<i>Bldg.</i>	<i>Equip.</i>	<i>Total</i>		<i>Total</i>	

CHAPTER FOUR

The Classified Statement of Financial Position and Related Disclosures

Name _____

P 4–3

- b 1. The significant accounting policies, which management believes are appropriate for the company, are described in Note X to the financial statements.
2. The financial statements of Acme Supplies Ltd. have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued the International Accounting Standards Boards (IASB).
3. Management has established systems of internal control that are designed to provide reasonable assurance that assets are safeguarded from loss or unauthorized use [. . .]
4. The board of directors is responsible for ensuring that management fulfils its responsibilities for financial reporting and internal control.
5. When preparing the financial statements, management undertakes a number of judgments, estimates, and assumptions about the recognition and measurement of assets, liabilities, income, and expenses. Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income, and expenses is provided below. Actual results may be substantially different.
6. The mortgage is payable to Last Chance Bank. It bears interest at 5% per year and is amortized over 20 years.
7. [. . .] the accompanying financial statements of Acme Supplies Ltd., which comprise the statement of financial position as at December 31, 2019, the income statement, statement of changes in equity, and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.
8. An [. . .] involves performing procedures to obtain [. . .] evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the [. . .] judgment, including assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
9. The accompanying financial statements of the company are the responsibility of management.
10. Revenue arises from the rendering of service. It is measured by reference to the fair value of consideration received or receivable.

CHAPTER FOUR

The Classified Statement of Financial Position and Related Disclosures

Name _____

P 4-3 continued

- ___ 11. The bank loan is due on demand and bears interest at 4% per year. It is secured by real estate of the company.
- ___ 12. The audit committee reviews the annual financial statements and reporting to the board, and makes recommendations with respect to their acceptance.
- ___ 13. Management recognizes its responsibility for conducting the company's affairs in compliance with established financial standards and applicable laws, and maintains proper standards of conduct for its activities.
- ___ 14. My responsibility is to express an opinion on the financial statements based on my audit.
- ___ 15. Estimates are necessary in the preparation of these statements and, based on careful judgments, have been properly reflected.
- ___ 16. I believe that the [. . .] evidence I have obtained is sufficient and appropriate to provide a basis for my [. . .].
- ___ 17. Land held for use in production or administration is stated at cost. Other property, plant, and equipment are initially recognized at acquisition cost plus any costs directly attributable to bringing the assets to the locations and conditions necessary to be employed in operations. They are subsequently measured using the cost model: cost less subsequent depreciation.
- ___ 18. In making those risk assessments, [. . .]considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design [. . .]procedures that are appropriate in the circumstances
- ___ 19. The share capital of Acme Supplies Ltd. consists of fully-paid common shares with a stated value of \$1 each.
- ___ 20. The principal activity of Acme Supplies Ltd. is the retail sale of merchandise.

CHAPTER FOUR

The Classified Statement of Financial Position and Related Disclosures

Name _____

CHAPTER FIVE
Accounting for the Sale of Goods

Name _____

CP 5-1

1.

	<i>2022</i>	<i>2021</i>	<i>2020</i>	<i>2019</i>
Sales	\$10,000	\$9,000	_____	\$7,000
Cost of goods sold	_____	6,840	6,160	_____
Gross profit	2,500	_____	1,840	_____
Gross profit percentage	_____	_____	_____	22%

2.

CHAPTER FIVE
Accounting for the Sale of Goods

Name _____

CP 5-3

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Date	Description	PR	Debit	Credit

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Accounting for the Sale of Goods

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CP 5-4

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Accounting for the Sale of Goods

Name _____

CP 5–8

CHAPTER FIVE
Accounting for the Sale of Goods

Name _____

CP 5–9

1.

CP 5–9 continued

2.

CHAPTER FIVE
Accounting for the Sale of Goods

Name _____

CP 5–10

1.

Income Statement		

2.

CP 5-11

1.

Income Statement

2.

CHAPTER FIVE
Accounting for the Sale of Goods

Name _____

CP 5–12

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Date	Description	PR	Debit	Credit

CHAPTER FIVE
Accounting for the Sale of Goods

Name _____

CP 5–13

1. Sherman Stores Ltd:

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Date	Description	PR	Debit	Credit

2. Morris Wholesalers Corp.:

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Date	Description	PR	Debit	Credit

CHAPTER FIVE
Accounting for the Sale of Goods

Name _____

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1.

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Date	Description	PR	Debit	Credit

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Accounting for the Sale of Goods

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Accounting for the Sale of Goods

Name _____

P 5–1 continued

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Date	Description	PR	Debit	Credit

CHAPTER FIVE
Accounting for the Sale of Goods

Name _____

P 5–1 continued

2. The unadjusted ending inventory balance at July 31 is _____, calculated as follows:

Merchandise Inventory

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CHAPTER FIVE
Accounting for the Sale of Goods

Name _____

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1.

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Date	Description	PR	Debit	Credit

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Accounting for the Sale of Goods

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Date	Description	PR	Debit	Credit

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Accounting for the Sale of Goods

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Accounting for the Sale of Goods

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CHAPTER FIVE
Accounting for the Sale of Goods

Name _____

P 5-3

1.

Whirlybird Products Inc.
 General Ledger

Retained Earnings	<i>No. 340</i>

Sales	<i>No. 510</i>
	37,800

Income Summary	<i>No. 360</i>

Sales Returns & Allowances	<i>No. 508</i>
	690

Sales Discounts	<i>No. 509</i>
310	

Cost of Goods Sold	<i>No. 570</i>
26,800	

Salaries Expense	<i>No. 656</i>
5,000	

2.

CHAPTER FIVE
Accounting for the Sale of Goods

Name _____

P 5-4 continued

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Date	Description	PR	Debit	Credit

CHAPTER FIVE
Accounting for the Sale of Goods

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P 5-5

1.

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CHAPTER FIVE
Accounting for the Sale of Goods

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P 5–5 continued

Statement of Changes in Equity

CHAPTER FIVE
Accounting for the Sale of Goods

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3.

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Date	Description	PR	Debit	Credit

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Accounting for the Sale of Goods

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Accounting for the Sale of Goods

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Date	Description	PR	Debit	Credit

CHAPTER FIVE
Accounting for the Sale of Goods

Name _____

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Date	Description	PR	Debit	Credit

CHAPTER FIVE
Accounting for the Sale of Goods

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CHAPTER FIVE
Accounting for the Sale of Goods

Name _____

P 5–8

1.

Zenith Products Inc.
 General Ledger

Merchandise Inventory No. 150		Retained Earnings No. 340		Purchases No. 550	
Op. Bal. 4,000				22,500	
		Income Summary No. 360		Purchase Returns & Allowances No. 558	
					575
		Sales No. 510		Purchase Discounts No. 559	
			31,000		225
		Sales Returns & Allowances No. 508		Transportation – In No. 560	
		Sales Discounts No. 509		Salaries Expense No. 656	

P 5–8 continued

2.

Partial Income Statement		

CHAPTER FIVE
Accounting for the Sale of Goods

Name _____

P 5–9

1.

Partial Income Statement		

**CHAPTER FIVE
Accounting for the Sale of Goods**

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2.

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CHAPTER FIVE
Accounting for the Sale of Goods

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1.

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CHAPTER FIVE
Accounting for the Sale of Goods

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Statement of Changes in Equity

CHAPTER FIVE
Accounting for the Sale of Goods

Name _____

P 5-10 continued

3.

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Date	Description	PR	Debit	Credit

CHAPTER SIX
Assigning Costs to Merchandise

Name _____

CP 6-1

1. FIFO

	<i>Purchased</i>			<i>Sold</i>			<i>Balance in Inventory</i>		
<i>Date</i>	<i>Units</i>	<i>Unit Cost</i>	<i>Total \$</i>	<i>Units</i>	<i>Unit Cost</i>	<i>Total \$</i>	<i>Units</i>	<i>Unit Cost</i>	<i>Total \$</i>

2. Weighted average

	<i>Purchased</i>			<i>Sold</i>			<i>Balance in Inventory</i>		
<i>Date</i>	<i>Units</i>	<i>Unit Cost</i>	<i>Total \$</i>	<i>Units</i>	<i>Unit Cost</i>	<i>Total \$</i>	<i>Units</i>	<i>Unit Cost</i>	<i>Total \$</i>

Weighted average calculations:

CHAPTER SIX
Assigning Costs to Merchandise

Name _____

CP 6-2

1. FIFO

Date	Purchased			Sold			Balance in Inventory		
	Units	Unit Cost	Total \$	Units	Unit Cost	Total \$	Units	Unit Cost	Total \$

a. January 5 sale

GENERAL JOURNAL

Page

Date	Description	PR	Debit	Credit

CHAPTER SIX
Assigning Costs to Merchandise

Name _____

CP 6–2 continued

b. January 16 sale

GENERAL JOURNAL

Page

Date	Description	PR	Debit	Credit

c. Ending inventory calculations

2. Weighted average

Date	Purchased			Sold			Balance in Inventory		
	Units	Unit Cost	Total \$	Units	Unit Cost	Total \$	Units	Unit Cost	Total \$

CHAPTER SIX
Assigning Costs to Merchandise

Name _____

CP 6–2 continued

Weighted average calculations:

a. January 5 sale

GENERAL JOURNAL				Page
Date	Description	PR	Debit	Credit

b. January 16 sale

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Date	Description	PR	Debit	Credit

CHAPTER SIX
Assigning Costs to Merchandise

Name _____

CP 6–2 continued

c. Ending inventory

CHAPTER SIX
Assigning Costs to Merchandise

Name _____

CP 6-3

1. a. FIFO

	Purchased			Sold			Balance in Inventory		
Date	Units	Unit Cost	Total \$	Units	Unit Cost	Total \$	Units	Unit Cost	Total \$

CHAPTER SIX
Assigning Costs to Merchandise

Name _____

CP 6–3 continued

b. Specific identification

Date	Purchased			Sold			Balance in Inventory		
	Units	Unit Cost	Total \$	Units	Unit Cost	Total \$	Units	Unit Cost	Total \$

CHAPTER SIX
Assigning Costs to Merchandise

Name _____

CP 6–3 continued

c. Weighted average

Date	Purchased			Sold			Balance in Inventory		
	Units	Unit Cost	Total \$	Units	Unit Cost	Total \$	Units	Unit Cost	Total \$

Weighted average calculations:

CHAPTER SIX
Assigning Costs to Merchandise

Name _____

CP 6-4

- ___ Matches actual flow of goods with actual flow of costs in all cases
- ___ Matches old costs with new sales prices
- ___ Results in the lowest net income in periods of falling prices
- ___ Does not assume any particular flow of goods
- ___ Best suited for situations in which inventory consists of perishable goods
- ___ Values inventory at approximate replacement cost

CHAPTER SIX
Assigning Costs to Merchandise

Name _____

CP 6–5

<i>Errors</i>	2019 Statements				2020 Statements			
	<i>Open. invent.</i>	<i>End. invent.</i>	<i>2019 Total assets</i>	<i>2019 Net income</i>	<i>Open. invent.</i>	<i>End. invent.</i>	<i>2020 Total assets</i>	<i>2020 Net income</i>
1. Goods purchased in 2019 were included in December 31 inventory, but the transaction was not recorded until early 2020.								
2. Goods purchased in 2020 were included in December 31, 2019 inventory, and the transaction was recorded in 2019.								
3. Goods were purchased in 2019 and the transaction recorded in that year; however, the goods were not included in the December 31 inventory as they should have been.								
4. Goods purchased in 2019 were excluded from December 31 inventory, and the transaction was recorded early in 2020.								

CHAPTER SIX
Assigning Costs to Merchandise

Name _____

CP 6-6

1. a.

b.

2.

CHAPTER SIX
Assigning Costs to Merchandise

Name _____

CP 6–7

1. LCNRV on a unit-by-unit basis:

2. LCNRV on a group inventory basis:

Conclusion:

CHAPTER SIX
Assigning Costs to Merchandise

Name _____

CP 6–8

1.

	\$	\$	%
Sales			
<i>Cost of goods sold</i>			
Opening inventory			
Purchases			
Cost of goods available			
Ending inventory			
Cost of goods sold			
Gross profit			

(a) Gross profit calculation

(b) Cost of goods sold calculation

(c) Estimated ending inventory calculation

2.

CHAPTER SIX
Assigning Costs to Merchandise

Name _____

CP 6–9

1.

	<i>At retail</i>			<i>At cost</i>		
Sales						
<i>Cost of goods sold</i>						
Opening inventory						
Purchases						
Transportation-in						
Cost of cost of goods available						
Less: Ending inventory						
Cost of goods sold						
Gross Profit						

2.

CHAPTER SIX
Assigning Costs to Merchandise

Name _____

CP 6–10

	<i>At retail</i>			<i>At cost</i>		
Sales						
<i>Cost of goods sold</i>						
Opening inventory						
Purchases						
Transportation-in						
Cost of cost of goods available						
<i>Less: Ending inventory</i>						
Cost of goods sold						
Gross Profit						

CHAPTER SIX
Assigning Costs to Merchandise

Name _____

CP 6–11

		<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>
Opening inventory					
Purchases					
(Ending inventory)					
Cost of goods sold					

CHAPTER SIX
Assigning Costs to Merchandise

Name _____

CP 6–13

1. Specific identification ending Inventory

2. FIFO ending inventory

3. Weighted average ending inventory

4. Specific identification cost of goods sold

CHAPTER SIX
Assigning Costs to Merchandise

Name _____

CP 6–13 continued

5. FIFO cost of goods sold

6. Weighted average cost of goods sold

CHAPTER SIX
Assigning Costs to Merchandise

Name _____

CP 6–14

1. a. FIFO ending inventory

b. Specific identification ending inventory

c. Weighted average ending inventory

2.

	<i>FIFO</i>	<i>Spec. ident.</i>	<i>Wtd. Avg.</i>
Sales			
Cost of goods sold			
Opening inventory			
Purchases			
Cost of goods available			
Less: Ending inv.			
Cost of goods sold			
Gross profit			

CHAPTER SIX
Assigning Costs to Merchandise

Name _____

P 6–1

1. COGS calculation

a. FIFO

	<i>Purchased</i>			<i>Sold</i>			<i>Balance in Inventory</i>		
<i>Date</i>	<i>Units</i>	<i>Unit Cost</i>	<i>Total \$</i>	<i>Units</i>	<i>Unit Cost</i>	<i>Total \$</i>	<i>Units</i>	<i>Unit Cost</i>	<i>Total \$</i>

b. LIFO

	<i>Purchased</i>			<i>Sold</i>			<i>Balance in Inventory</i>		
<i>Date</i>	<i>Units</i>	<i>Unit Cost</i>	<i>Total \$</i>	<i>Units</i>	<i>Unit Cost</i>	<i>Total \$</i>	<i>Units</i>	<i>Unit Cost</i>	<i>Total \$</i>

CHAPTER SIX
Assigning Costs to Merchandise

Name _____

P 6–1 continued

c. Weighted average

	<i>Purchased</i>			<i>Sold</i>			<i>Balance in Inventory</i>		
<i>Date</i>	<i>Units</i>	<i>Unit Cost</i>	<i>Total \$</i>	<i>Units</i>	<i>Unit Cost</i>	<i>Total \$</i>	<i>Units</i>	<i>Unit Cost</i>	<i>Total \$</i>

2.

3.

CHAPTER SIX
Assigning Costs to Merchandise

Name _____

P 6–2

1. a. FIFO

Date	Purchased			Sold			Balance in Inventory		
	Units	Unit Cost	Total \$	Units	Unit Cost	Total \$	Units	Unit Cost	Total \$

The journal entry would be

GENERAL JOURNAL				Page	
Date	Description	PR	Debit	Credit	

CHAPTER SIX
Assigning Costs to Merchandise

Name _____

P 6–2 continued

b. Weighted average

<i>Date</i>	<i>Purchased</i>			<i>Sold</i>			<i>Balance in Inventory</i>		
	<i>Units</i>	<i>Unit Cost</i>	<i>Total \$</i>	<i>Units</i>	<i>Unit Cost</i>	<i>Total \$</i>	<i>Units</i>	<i>Unit Cost</i>	<i>Total \$</i>

Weighted average calculations

CHAPTER SIX
Assigning Costs to Merchandise

Name _____

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The journal entry would be

GENERAL JOURNAL				Page
Date	Description	PR	Debit	Credit

2.

	<i>FIFO</i>	<i>Wtd. avg.</i>
Sales	_____	_____
COGS	_____	_____
Gross profit	<u> </u>	<u> </u>

Weighted average calculations

Observation

CHAPTER SIX
Assigning Costs to Merchandise

Name _____

P 6–2 continued

3.

CHAPTER SIX
Assigning Costs to Merchandise

Name _____

P 6–3

1.

<i>Product A</i>									
	<i>Purchased</i>			<i>Sold</i>			<i>Balance in Inventory</i>		
<i>Date</i>	<i>Units</i>	<i>Unit Cost</i>	<i>Total \$</i>	<i>Units</i>	<i>Unit Cost</i>	<i>Total \$</i>	<i>Units</i>	<i>Unit Cost</i>	<i>Total \$</i>

Weighted average calculations

CHAPTER SIX
Assigning Costs to Merchandise

Name _____

P 6–3 continued

1. (continued)

<i>Product B</i>									
	<i>Purchased</i>			<i>Sold</i>			<i>Balance in Inventory</i>		
<i>Date</i>	<i>Units</i>	<i>Unit Cost</i>	<i>Total \$</i>	<i>Units</i>	<i>Unit Cost</i>	<i>Total \$</i>	<i>Units</i>	<i>Unit Cost</i>	<i>Total \$</i>

Weighted average calculations

2. Total ending inventory at December 31, 2018:

Product A _____
 Product B _____
 Total

3.

CHAPTER SIX
Assigning Costs to Merchandise

Name _____

P 6–4 continued

1. c. Weighted Average

<i>Date</i>	<i>Purchased</i>			<i>Sold</i>			<i>Balance in Inventory</i>		
	<i>Units</i>	<i>Unit Cost</i>	<i>Total \$</i>	<i>Units</i>	<i>Unit Cost</i>	<i>Total \$</i>	<i>Units</i>	<i>Unit Cost</i>	<i>Total \$</i>

Weighted average calculations

CHAPTER SIX
Assigning Costs to Merchandise

Name _____

P 6–4 continued

3.

	<i>FIFO</i>	<i>Spec. ident.</i>	<i>Wtd. Avg.</i>
COGS	_____	_____	_____
Ending inventory	_____	_____	_____
Total	<u>_____</u>	<u>_____</u>	<u>_____</u>

Observation

CHAPTER SIX
Assigning Costs to Merchandise

Name _____

P 6–5

1.

2.

CHAPTER SIX
Assigning Costs to Merchandise

Name _____

P 6–6

<i>Item</i>	<i>Cost</i>	<i>Market</i>	<i>Unit LCNRV</i>	<i>Group LCNRV</i>
A				
B				
C				
D				

Conclusion

CHAPTER SIX
Assigning Costs to Merchandise

Name _____

P 6–7

1.

Item	2019			2020		
	Cost	Net realizable value	Unit basis (LCNRV)	Cost	Nets realizable value	Unit basis (LCNRV)
Product X						
Product Y						
Product Z						
Total						

Calculations

2. 2019

	Unit basis (LCNRV)	Group basis (LCNRV)	Cost basis
Sales			
Cost of goods sold			
Opening inventory			
Purchases			
Cost of goods available			
Less: Ending inv.			
Cost of goods sold			
Gross profit			

CHAPTER SIX
Assigning Costs to Merchandise

Name _____

P 6–7 continued

3. 2020

	<i>Unit basis (LCNRV)</i>		<i>Group basis (LCNRV)</i>		<i>Cost basis</i>	
Sales						
<i>Cost of goods sold</i>						
Opening inventory						
Purchases						
Cost of goods available						
Less: Ending inv.						
Cost of goods sold						
Gross profit						

4.

5.

CHAPTER SIX
Assigning Costs to Merchandise

Name _____

P 6–8

1.

Sales			
Less: Sales returns			
Net sales			
<i>Cost of goods sold:</i>			
Opening inventory			
Purchases			
Less: Purchase returns			
Transportation – in			
Cost of goods available			
Less: Ending inventory			
Cost of goods sold			
Gross profit			

Calculations

2.

CHAPTER SIX
Assigning Costs to Merchandise

Name _____

P 6–9

1. Retail inventory method

	<i>At retail</i>		<i>At cost, should be</i>	
Sales				
Less: Sales returns				
Net sales				
Cost of goods sold:				
Opening inventory				
Purchases				
Less: Purchase returns				
Transportation – in				
Cost of goods available				
Less: Ending inventory				
Cost of goods sold				
Gross profit				

Calculations

2.

3.

CHAPTER SIX
Assigning Costs to Merchandise

Name _____

P 6–10

a. Specific identification

	2019	2020	2021
Sales			
<i>Cost of goods sold</i>			
Opening inventory			
Purchases			
(Ending inventory)			
Cost of goods sold			
Gross profit/net income			

b. FIFO

	2019	2020	2021
Sales			
<i>Cost of goods sold</i>			
Opening inventory			
Purchases			
(Ending inventory)			
Cost of goods sold			
Gross profit/net income			

c. Weighted average

	2019	2020	2021
Sales			
<i>Cost of goods sold</i>			
Opening inventory			
Purchases			
(Ending inventory)			
Cost of goods sold			
Gross profit/net income			

CHAPTER SIX
Assigning Costs to Merchandise

Name _____

P 6–11

1.

	<i>Units</i>	<i>FIFO</i>	<i>Spec. ident.</i>	<i>Weighted average</i>
Opening inventory				
Purchases				
Cost of goods available				

2.

FIFO	=			
Specific identification	=			
Weighted average	=			

Calculations

3.

	<i>Units</i>	<i>FIFO</i>	<i>Spec. ident.</i>	<i>Weighted average</i>
Cost of goods available				
(Ending inventory)				
Cost of goods sold				

Calculations

CHAPTER SIX
Assigning Costs to Merchandise

Name _____

P 6–11 continued

4. Observations based on response 3 above:

5.

CHAPTER SIX
Assigning Costs to Merchandise

Name _____

P 6–12

1.

2.

3.

	<i>FIFO</i>		<i>Weighted average</i>	
Sales				
<i>Cost of goods sold</i>				
Opening inventory				
Purchases				
Cost of goods available				
Less: Ending inventory				
Cost of goods sold				
Gross profit				

CHAPTER SIX
Assigning Costs to Merchandise

Name _____

P 6–13

1. Total purchases

Jan.	7	8,000 units @ \$12.00	96,000
Mar.	3	9,000 units @ \$12.40	111,600
May	0	12,000 units @ \$12.00	144,000
Jul.	1	16,000 units @ \$12.60	201,600
Sept.	0	6,000 units @ \$12.80	76,800
Dec.	4	7,000 units @ \$12.70	88,900
	2		
	1		
	4		
Total			

Items remaining in ending inventory:

<i>Date</i>	<i>FIFO</i>		
	<i>Quantity</i>	<i>Unit cost</i>	<i>Total cost</i>

<i>Date</i>	<i>Specific identification</i>		
	<i>Quantity</i>	<i>Unit cost</i>	<i>Total cost</i>

CHAPTER SIX
Assigning Costs to Merchandise

Name _____

P 6–13 continued

Weighted average calculations:

	<i>Weighted average</i>		
<i>Date</i>	<i>Quantity</i>	<i>Unit cost</i>	<i>Total cost</i>
Jan. 1			
Jan. 7			
Mar. 30			
May 10			
July 4			
Sept. 2			
Dec. 14			
Totals			

Per-unit weighted average, and total cost in ending inventory:

2. Based on the above calculations as appropriate, the gross profit would be:

	<i>FIFO</i>	<i>Specific Ident.</i>	<i>Weighted average</i>
Sales			
<i>Cost of goods sold</i>			
Opening inventory			
Purchases			
Cost of goods available			
Less: Ending inventory			
Cost of goods sold			
Gross profit			

3. Observations

CHAPTER SIX
Assigning Costs to Merchandise

Name _____

P 6–14

1. to 3.

	Rising prices		Falling prices	
	FIFO	Wtd. avg.	FIFO	Wtd. avg.
Sales	\$5,000	\$5,00	\$5,000	\$5,00
<i>Cost of goods sold</i>		0		0
Opening inventory	\$1,000			
Purchases	6,000			
Cost of goods avail.	<u>7,000</u>			
Ending inventory	3,000			
Cost of goods sold	4,000			
Gross profit	<u>\$1,000</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

Calculations

4.

CHAPTER SIX
Assigning Costs to Merchandise

Name _____

CHAPTER SEVEN
Cash and Receivables

Name _____

CP 7-5

1.

2.

3.

Partial Statement of Financial Position

CHAPTER SEVEN
Cash and Receivables

Name _____

CP 7-6

1.

2.

CHAPTER SEVEN
Cash and Receivables

Name _____

CP 7-7

1. a.

GENERAL JOURNAL

Page _____

Date	Description	PR	Debit	Credit

b.

2. a.

GENERAL JOURNAL

Page _____

Date	Description	PR	Debit	Credit

b.

3.

CHAPTER SEVEN
Cash and Receivables

Name _____

CP 7–8

1. a.

b.

2. a.

b.

3.

CHAPTER SEVEN
Cash and Receivables

Name _____

CP 7–9

1. November 30, 2019

GENERAL JOURNAL

Page _____

Date	Description	PR	Debit	Credit

2. December 31, 2019

GENERAL JOURNAL

Page _____

Date	Description	PR	Debit	Credit

3. February 1, 2020

GENERAL JOURNAL

Page _____

Date	Description	PR	Debit	Credit

CHAPTER SEVEN
Cash and Receivables

Name _____

P 7-2

1. _____ The company has received a \$3,000 loan from the bank, that was deposited into its bank account but was not recorded in the books of the company.

_____ A \$250 cheque was not returned with the bank statement though it was paid by the bank.

_____ Cheques amounting to \$4,290 shown as outstanding on the November reconciliation still have not been returned by the bank.

_____ A collection of a note receivable for \$1,000 made by the bank has not been previously reported to Goertzen. This includes interest earned of \$50.

_____ The bank has erroneously charged Goertzen with an \$1,100 cheque which should have been charged to Gagetown Ltd.

_____ A \$350 cheque made out by Fynn Company and deposited by Goertzen has been returned by the bank marked NSF; this is the first knowledge Goertzen has of this action.

_____ A cheque for \$840 was erroneously recorded as \$730 in the company records.

_____ A \$600 bank deposit of December 31 does not appear on the bank statement.

_____ Bank service charges amounting to \$75 were deducted from the bank statement but not yet from the company records.

CHAPTER SEVEN
Cash and Receivables

Name _____

P 7-2 continued

2.

Bank Reconciliation			
Cash per general ledger, Dec. 31		Cash per bank statement, Dec. 31	
<i>Add:</i>		<i>Add:</i>	
<i>Less:</i>		<i>Less:</i>	
Adjusted Cash balance, Dec. 31		Adjusted Cash balance, Dec. 31	

CHAPTER SEVEN
Cash and Receivables

Name _____

P 7-3

1.

Bank Reconciliation			
Cash per general ledger, Dec. 31		Cash per bank statement, Dec. 31	
<i>Add:</i>		<i>Add:</i>	
<i>Less:</i>		<i>Less:</i>	
Adjusted Cash balance, Dec. 31		Adjusted Cash balance, Dec. 31	

2.

GENERAL JOURNAL

Date	Description	PR	Debit	Credit

CHAPTER SEVEN
Cash and Receivables

Name _____

P 7-4

1.

2.

CHAPTER SEVEN
Cash and Receivables

Name _____

P 7-5

1. 2019

Date	Description	PR	Debit	Credit

2020 a.

Date	Description	PR	Debit	Credit

2020 b.

Date	Description	PR	Debit	Credit

2020 c.

Date	Description	PR	Debit	Credit

CHAPTER SEVEN
Cash and Receivables

Name _____

P 7–5 continued

2020 d.

Date	Description	PR	Debit	Credit

2020 e.

Date	Description	PR	Debit	Credit

Calculations

CHAPTER SEVEN
Cash and Receivables

Name _____

P 7-6

Part A: 2019

1.

Date	Description	PR	Debit	Credit

CHAPTER SEVEN
Cash and Receivables

Name _____

P 7-7

1. a.

Date	Description	PR	Debit	Credit

b.

Date	Description	PR	Debit	Credit

2.

3. a.

Date	Description	PR	Debit	Credit

CHAPTER SEVEN
Cash and Receivables

Name _____

P 7-7 continued

3. b.

Date	Description	PR	Debit	Credit

c. Calculation of uncollectible amount at December 31, 2020

<i>Age (days)</i>	<i>Accounts Receivable</i>	<i>Est. loss Percentage</i>	<i>Est. Uncollectible Amount</i>
1-30			
31-60			
61-90			
91-120			
Over 120			

Date	Description	PR	Debit	Credit

CHAPTER SEVEN
Cash and Receivables

Name _____

P 7–8

1.

Date	Description	PR	Debit	Credit

2.

Date	Description	PR	Debit	Credit

3.

Date	Description	PR	Debit	Credit

CHAPTER SEVEN
Cash and Receivables

Name _____

P 7–9 continued

2.a

Date	Description	PR	Debit	Credit

b.

Date	Description	PR	Debit	Credit

3.

4.

CHAPTER SEVEN
Cash and Receivables

Name _____

P 7–10 continued

3.

Date	Description	PR	Debit	Credit

CHAPTER SEVEN
Cash and Receivables

Name _____

P 7-12

1.

Date	Description	PR	Debit	Credit

2.

Date	Description	PR	Debit	Credit

3.

Date	Description	PR	Debit	Credit

CHAPTER EIGHT
Long-lived Assets

Name _____

CP 8–1

- ___ Battery purchased for truck
- ___ Cash discount received on payment for equipment
- ___ Commission paid to real estate agent to purchase land
- ___ Cost of equipment test runs
- ___ Cost to remodel building
- ___ Cost to replace manual elevator with automatic elevator
- ___ Cost of sewage system
- ___ Equipment assembly expenditure
- ___ Expenditures for debugging equipment
- ___ Installation of air-conditioner in automobile
- ___ Insurance paid during construction of building
- ___ Legal fees associated with court case to defend title to land purchased
- ___ Oil change for truck
- ___ Payment for paving parking lot
- ___ Proceeds from sale of old building on purchased land
- ___ Expenditures for removal of derelict structures on purchased land
- ___ Repair made to building after moving in
- ___ Repair of collision damage to truck
- ___ Repair of torn seats in automobile
- ___ Replacement of rusted fender on automobile
- ___ Replacement of transmission in automobile
- ___ Special reinforced floor foundations for installed equipment
- ___ Tires purchased for truck
- ___ Transportation expenditures to bring equipment to plant.

Assumptions

CHAPTER EIGHT
Long-lived Assets

Name _____

CP 8-2

1.

2.

<i>Year</i>	<i>Straight-line</i>		<i>DDB</i>
1			
2			
3			
4			
5			

Conclusion

CHAPTER EIGHT
Long-lived Assets

Name _____

CP 8–3

1. Journal entries to record the sale on the books of:

a. Freeman:

Date	Description	Folio	Debit	Credit

b. The developer:

Date	Description	Folio	Debit	Credit

Calculation of gain/loss

2.

CHAPTER EIGHT
Long-lived Assets

Name _____

CP 8-4

1. Straight-line method:

2. Double-declining balance method:

CHAPTER EIGHT
Long-lived Assets

Name _____

CP 8–5

1. Straight–line method:

2. Usage method:

3. Double–declining balance method:

CHAPTER EIGHT
Long-lived Assets

Name _____

CP 8–6

1. Jan. 31, 2019

Date	Description	Folio	Debit	Credit

2. Dec. 31, 2019

Date	Description	Folio	Debit	Credit

Dec. 31, 2020

Date	Description	Folio	Debit	Credit

CP 8-7

1. Straight-line method:

2. Double-declining balance method:

CHAPTER EIGHT
Long-lived Assets

Name _____

CP 8–8

1. Equipment sold for \$50,000:

Date	Description	Folio	Debit	Credit

2. Equipment sold for \$85,000:

Date	Description	Folio	Debit	Credit

CHAPTER EIGHT
Long-lived Assets

Name _____

CP 8–8 continued

3. Equipment sold for \$59,375:

Date	Description	Folio	Debit	Credit

CHAPTER EIGHT
Long-lived Assets

Name _____

CP 8–9

Date	Description	Folio	Debit	Credit

CHAPTER EIGHT
Long-lived Assets

Name _____

CP 8–10

1.

<i>Depreciation Method</i>	<i>Calculation</i>	<i>Year 1</i>	<i>Year 2</i>	<i>Year 3</i>
A. Straight-line				
B. Declining balance				

2.

3.

CHAPTER EIGHT
Long-lived Assets

Name _____

CP 8–11

1. 2020

Date	Description	Folio	Debit	Credit

2. 2020

Date	Description	Folio	Debit	Credit

CHAPTER EIGHT
Long-lived Assets

Name _____

CP 8–11 continued

3. 2020

Date	Description	Folio	Debit	Credit

CHAPTER EIGHT
Long-lived Assets

Name _____

CP 8-12

1.

2. 2019

Date	Description	Folio	Debit	Credit

**CHAPTER EIGHT
Long-lived Assets**

Name _____

CP 8–12 continued

3.

Accumulated Depreciation – Equipment				Acct. No. 193			
Date		Description	Folio	Debit	Credit	DR CR	Balance
		Balance forward				CR	2,250

4.

5.

CHAPTER EIGHT
Long-lived Assets

Name _____

CP 8–13

1. a. Jan. 1, 2018

Date	Description	Folio	Debit	Credit

b. Dec. 31, 2018

Date	Description	Folio	Debit	Credit

c. March 1, 2019

Date	Description	Folio	Debit	Credit

CHAPTER EIGHT
Long-lived Assets

Name _____

CP 8–13 continued

b. March 3, 2020

Date	Description	Folio	Debit	Credit

CHAPTER EIGHT
Long-lived Assets

Name _____

CP 8–14

1. Jan. 1, 2019

Date	Description	Folio	Debit	Credit

2. Dec. 31, 2019

Date	Description	Folio	Debit	Credit

CHAPTER EIGHT
Long-lived Assets

Name _____

CP 8–14 continued

3. Dec. 31, 2020

Date	Description	Folio	Debit	Credit

4.a. Dec. 2, 2021

Date	Description	Folio	Debit	Credit

CHAPTER EIGHT
Long-lived Assets

Name _____

CP 8–14 continued

4. b. Dec. 2, 2021

Date	Description	Folio	Debit	Credit

CHAPTER EIGHT
Long-lived Assets

Name _____

P 8-2

- _____ Invoice price of new machine, net of cash discount offered
- _____ Cash discount on the above, which has not yet been taken (assumes the company follows this treatment)
- _____ Anticipated first year's savings in operating costs from use of new machine
- _____ Two-year service contract on operations of new machine paid in full
- _____ Cost of materials used while testing new machine
- _____ Cost of installing sound insulation in wall near machine so that nearby office employees will not be disturbed by it
- _____ Cost of removing machine that new machine replaces.

Explanations/assumptions

CHAPTER EIGHT
Long-lived Assets

Name _____

P 8-4

1.

2.

3.

4.

Partial Statement of Financial Position

CHAPTER EIGHT
Long-lived Assets

Name _____

P 8-5

1. Depreciation expense

<i>Year</i>	<i>Straight-line</i>	<i>DDB</i>	<i>Usage</i>
2018			
2019			
2020			
2021			
Totals			

Calculations

<i>Double-declining balance calculations</i>			
<i>Year</i>	<i>Carrying Amount</i>	<i>DDB Rate</i>	<i>Dep'n Expense</i>
2018			
2019			
2020			
2021			

CHAPTER EIGHT
Long-lived Assets

Name _____

P 8-5 continued

2.

3.

CHAPTER EIGHT
Long-lived Assets

Name _____

P 8-6

1. a. Usage

b. Straight-line

c. Double-declining balance

	<i>Depreciation expense</i>	<i>Carrying amount</i>
2.		
a. Usage	_____	_____
b. Straight-line	_____	_____
c. Double-declining balance	_____	_____
3.		

CHAPTER EIGHT
Long-lived Assets

Name _____

P 8-7

1. a. Straight-line method

b. Double-declining balance method

2. a. Straight-line depreciation

Date	Description	Folio	Debit	Credit

CHAPTER EIGHT
Long-lived Assets

Name _____

P 8-7 continued

b. Declining balance method

Date	Description	Folio	Debit	Credit

3.

CHAPTER EIGHT
Long-lived Assets

Name _____

P 8–9

Part A

1.

Date	Description	Folio	Debit	Credit

2.

Date	Description	Folio	Debit	Credit

CHAPTER EIGHT
Long-lived Assets

Name _____

P 8–9 continued

Part B

1.

Date	Description	Folio	Debit	Credit

2.

Date	Description	Folio	Debit	Credit

CHAPTER EIGHT
Long-lived Assets

Name _____

P 8–10

1. a.

Date	Description	Folio	Debit	Credit

b.

Date	Description	Folio	Debit	Credit

CHAPTER EIGHT
Long-lived Assets

Name _____

P 8–10 continued

c.

Date	Description	Folio	Debit	Credit

d.

Date	Description	Folio	Debit	Credit

**CHAPTER EIGHT
Long-lived Assets**

Name _____

P 8–10 continued

1.d. continued

Date	Description	Folio	Debit	Credit

2.

CHAPTER EIGHT
Long-lived Assets

Name _____

P 8-11

1. 2019 depreciation expense

2. Loss on disposal of electric motor

3. 2020 depreciation expense

CHAPTER EIGHT
Long-lived Assets

Name _____

P 8-11 continued

4. Carrying amount of locomotive at December 31, 2020

Component	Cost	Accumulated Depreciation				Total	Carrying amount
		2017	2018	2019	2020		
Wheel assemblies	\$1,200,000						
Diesel engine	1,000,000						
Electric motors							
Original (3)	450,000						
New motor (½ yr.)	180,000						
Other	200,000						
Totals	\$3,030,000						

5. Gain on sale of locomotive in 2021:

Component	Cost	Accumulated Depreciation		Total	Carrying amount
		To 2020 per above	2021 (½ yr.)		
Wheel assemblies	\$1,200,000				
Diesel engine	1,000,000				
Electric motors					
Original (3)	450,000				
New motor	180,000				
Other	200,000				
Totals	\$3,030,000				
Proceeds on disposal					
Gain on disposal					

CHAPTER EIGHT
Long-lived Assets

Name _____

CHAPTER NINE

Debt Financing: Current and Non-current Liabilities

Name _____

CP 9-1

Date	Description	PR	Debit	Credit

CHAPTER NINE

Debt Financing: Current and Non-current Liabilities

Name _____

CP 9-2

Date	Description	PR	Debit	Credit

CHAPTER NINE

Debt Financing: Current and Non-current Liabilities

Name _____

CP 9–4

1.

Date	Description	PR	Debit	Credit

2.

Date	Description	PR	Debit	Credit

3.

Date	Description	PR	Debit	Credit

4.

CHAPTER NINE

Debt Financing: Current and Non-current Liabilities

Name _____

CP 9–5

1.

Date	Description	PR	Debit	Credit

2.

Date	Description	PR	Debit	Credit

3.

Date	Description	PR	Debit	Credit

CHAPTER NINE

Debt Financing: Current and Non-current Liabilities

Name _____

CP 9–6

1.

Date	Description	PR	Debit	Credit

2.

Date	Description	PR	Debit	Credit

3.

Date	Description	PR	Debit	Credit

CHAPTER NINE

Debt Financing: Current and Non-current Liabilities

Name _____

CP 9–6 continued

4. a.

Date	Description	PR	Debit	Credit

b.

Date	Description	PR	Debit	Credit

c.

Date	Description	PR	Debit	Credit

CHAPTER NINE

Debt Financing: Current and Non-current Liabilities

Name _____

CP 9–8

CHAPTER NINE

Debt Financing: Current and Non-current Liabilities

Name _____

CP 9–9

1. a. 2019

Date	Description	PR	Debit	Credit

b.

Date	Description	PR	Debit	Credit

CHAPTER NINE

Debt Financing: Current and Non-current Liabilities

Name _____

CP 9–9 continued

2.

	<u>A</u>	<u>B</u>	<u>C</u>	<u>D</u>	<u>E</u>
<i>Year ended</i>	<i>Beginning loan balance</i>	<i>(A x 6%) Interest expense</i>	<i>(D – B) Reduction of loan payable</i>	<i>Total loan payment</i>	<i>(A – C) Ending loan balance</i>
<i>Dec. 31</i>					
2019	\$50,000			\$18,705	
2020				18,705	
2021				18,705	-0-

3.

Date	Description	PR	Debit	Credit

CHAPTER NINE

Debt Financing: Current and Non-current Liabilities

Name _____

CP 9–10

1.

Date	Description	PR	Debit	Credit

2.

	<u>A</u>	<u>B</u>	<u>C</u>	<u>D</u>	<u>E</u>
			<i>(D – B)</i>		<i>(A – C)</i>
<i>Year ended Dec. 31</i>	<i>Beginning lease balance</i>	<i>(A x 8%) Interest expense</i>	<i>Reduction of finance lease</i>	<i>Total lease payment</i>	<i>Ending lease balance</i>
2019	\$80,000			\$24,154	
2020				24,154	
2021				24,154	
2022				24,154	-0-

CHAPTER NINE
Debt Financing: Current and Non-current Liabilities

Name _____

CP 9–10 continued

3.

Statement of Financial Position

CHAPTER NINE

Debt Financing: Current and Non-current Liabilities

Name _____

P 9–1

1. a. 2019

Date	Description	PR	Debit	Credit

b.

Date	Description	PR	Debit	Credit

CHAPTER NINE

Debt Financing: Current and Non-current Liabilities

Name _____

P 9–1 continued

c.

Date	Description	PR	Debit	Credit

d.

Date	Description	PR	Debit	Credit

e.

Date	Description	PR	Debit	Credit

CHAPTER NINE

Debt Financing: Current and Non-current Liabilities

Name _____

P 9–2

1.

ASSETS	LIABILITIES		SHAREHOLDERS' EQUITY
Cash	Bank Loan	Corp. Inc. Tax. Pay.	Share Capital
			Sales
Accounts Receivable	Accounts Payable	Interest Payable	Cost of Goods Sold
Merchandise Inventory	Salaries Payable	Emp'ee Inc. Tax Pay.	Salaries Expense
	Employ. Ins. Pay.	Gov't Pens. Pay.	Employ. Ins. Exp.
	GST Payable		Gov't Pension Exp.
			Interest Expense
			Corp. Taxes Exp.

CHAPTER NINE

Debt Financing: Current and Non-current Liabilities

Name _____

P 9–3

1.a.

Date	Description	PR	Debit	Credit

b.

Date	Description	PR	Debit	Credit

c.

Date	Description	PR	Debit	Credit

d.

Date	Description	PR	Debit	Credit

CHAPTER NINE
Debt Financing: Current and Non-current Liabilities

Name _____

P 9–3 continued

e.

Date	Description	PR	Debit	Credit

To record salaries payable as follows:

	<i>Gross pay</i>	<i>Deductions</i>				<i>Total. deduct.</i>	<i>Net pay</i>
		<i>Income taxes</i>	<i>Employ. insur.</i>	<i>Gov't pension</i>	<i>Comp. health</i>		
Employee	_____	_____	_____	_____	_____	_____	_____
Employer	_____	_____	_____	_____	_____	_____	_____
	_____	_____	_____	_____	_____	_____	_____
	_____	_____	_____	_____	_____	_____	_____

f.

Date	Description	PR	Debit	Credit

CHAPTER NINE

Debt Financing: Current and Non-current Liabilities

Name _____

P 9–3 continued

g.

Date	Description	PR	Debit	Credit

CHAPTER NINE

Debt Financing: Current and Non-current Liabilities

Name _____

P 9–3 continued

2.

No	Account	Unadjusted TB		Adjustments			Adjusted TB	
		Debit	Credit		Debit	Credit	Debit	Credit
101	Cash	12,000						
110	Accounts receivable	30,000						
150	Merch. inventory	70,000						
151	Parts inventory	10,000						
210	Accounts payable		40,000					
212	Est. current liab.							
213	Est. warranty liab.	3,000						
226	Salaries payable							
227	Emp'ee inc. tax pay.							
228	Emp. insur. pay.							
229	Gov't pension pay.							
230	Co. health ins. pay.							
238	GST payable		1,000					
248	Unearn. rent rev.							
260	Corp. inc. tax pay.							
320	Share capital		100					
340	Retained earnings		3,000					
440	Rent earned		13,000					
500	Sales		791,900					
570	Cost of goods sold	263,500						
653	Professional fees							
656	Salaries expense	400,000						
658	Gov't emp. insur. exp.	8,000						
659	Gov't pension exp.	20,000						
660	Co. health plan exp.	12,000						
678	Warranty exp.	4,000						
830	Corp. inc. tax exp.	16,500						
		849,000	849,000					

CHAPTER NINE

Debt Financing: Current and Non-current Liabilities

Name _____

P 9-4

1.a.

Date	Description	PR	Debit	Credit

b.

Date	Description	PR	Debit	Credit

2.

Zinc Corp.
Loan Repayment Schedule

	<u>A</u>	<u>B</u>	<u>C</u>	<u>D</u>	<u>E</u>
			<i>(D - B)</i>		<i>(A - C)</i>
<i>Year ended</i>	<i>Beginning</i>		<i>Reduction</i>	<i>Total</i>	<i>Ending</i>
<i>Dec. 31</i>	<i>loan</i>	<i>Interest</i>	<i>of loan</i>	<i>loan</i>	<i>loan</i>
<i>2020</i>	<i>balance</i>	<i>expense</i>	<i>payable</i>	<i>payment</i>	<i>balance</i>
<i>2021</i>	_____				
<i>2022</i>	_____				
<i>2023</i>	_____				

CHAPTER NINE

Debt Financing: Current and Non-current Liabilities

Name _____

P 9–4 continued

3.

Date	Description	PR	Debit	Credit

4.

Partial Statement of Financial Position		

CHAPTER NINE
Debt Financing: Current and Non-current Liabilities

Name _____

P 9–5 continued

3.

Statement of Financial Position		
---------------------------------	--	--

CHAPTER NINE
Debt Financing: Current and Non-current Liabilities

Name _____

CP 10–1

1. If the market rate of interest is 15% and the bond interest rate is 10%, the bonds will sell at a _____.
2. If a bond's interest rate is 10% and the market rate of interest is 8%, the bonds will sell at a _____.
3. In computing the carrying amount of a bond, unamortized _____ is subtracted from the face value of the bond.
4. In computing the carrying amount of a bond, unamortized _____ is added to the face value of the bond.
5. If a bond sells at a _____, an amount in excess of the face value of the bond is received on the date of issuance.
6. If a bond sells at a _____, an amount less than the face value of the bond is received on the date of issuance.

CHAPTER TEN
Debt Financing: Bonds

Name _____

CP 10–2

1. a. The issuance of bonds:

Date	Description	PR	Debit	Credit

b. The interest payment:

Date	Description	PR	Debit	Credit

c. The amortization of the discount:

Date	Description	PR	Debit	Credit

CHAPTER TEN
Debt Financing: Bonds

Name _____

CP 10–2 continued

2.

3.

Partial Statement of Financial Position

CHAPTER TEN
Debt Financing: Bonds

Name _____

CP 10–2 continued

4. Retirement of the bonds:

Date	Description	PR	Debit	Credit

5. Calling of the bonds:

Date	Description	PR	Debit	Credit

CHAPTER TEN
Debt Financing: Bonds

Name _____

CP 10–3

1. a. The issuance of the bonds:

Date	Description	PR	Debit	Credit

b. The interest payment:

Date	Description	PR	Debit	Credit

c. The amortization of the premium:

Date	Description	PR	Debit	Credit

2.

CHAPTER TEN
Debt Financing: Bonds

Name _____

CP 10–3 continued

3.

Partial Statement of Financial Position

4. Calling of the bonds:

Date	Description	PR	Debit	Credit

CHAPTER TEN
Debt Financing: Bonds

Name _____

CP 10-4

Date	Description	PR	Debit	Credit

CHAPTER TEN
Debt Financing: Bonds

Name _____

CP 10–5

Date	Description	PR	Debit	Credit

CHAPTER TEN
Debt Financing: Bonds

Name _____

CP 10–6

Case A

1.

2.

3.

4.

Date	Description	PR	Debit	Credit

5.

Date	Description	PR	Debit	Credit

CHAPTER TEN
Debt Financing: Bonds

Name _____

CP 10–6 continued

Case B

1.

2.

3.

4.

Date	Description	PR	Debit	Credit

5.

Date	Description	PR	Debit	Credit

CHAPTER TEN
Debt Financing: Bonds

Name _____

CP 10–6 continued

Case C

1.

2.

3.

4.

Date	Description	PR	Debit	Credit

5.

Date	Description	PR	Debit	Credit

CHAPTER TEN
Debt Financing: Bonds

Name _____

CP 10–8 (Appendix)

1.

2. Issue of \$200,000 Bonds Payable for \$210,152

Amortization Table

Using Market Interest Rate of _____ Per Cent

		<u>A</u>	<u>B</u>	<u>C</u>	<u>D</u>	<u>E</u>
		<i>Beginning bond carrying amount</i>	<i>6-month interest expense</i>	<i>Actual cash interest paid</i>	<i>Periodic prem./disc. amort.</i>	<i>Ending bond carrying amount</i>
Year	<i>Six month period ending Jun. 30</i>	_____	_____	_____	_____	_____
	Dec. 31	_____	_____	_____	_____	_____
	Jun. 30	_____	_____	_____	_____	_____
	Dec. 31	_____	_____	_____	_____	_____
	Jun. 30	_____	_____	_____	_____	_____
	Dec. 31	_____	_____	_____	_____	_____

CHAPTER TEN
Debt Financing: Bonds

Name _____

P 10–1

1. a.

b.

2.

3.

Date	Description	PR	Debit	Credit

CHAPTER TEN
Debt Financing: Bonds

Name _____

P 10–2

1.

Date	Description	PR	Debit	Credit

2.

Date	Description	PR	Debit	Credit

3.

Date	Description	PR	Debit	Credit

CHAPTER TEN
Debt Financing: Bonds

Name _____

P 10–2 continued

4.

Date	Description	PR	Debit	Credit

5.a.

Date	Description	PR	Debit	Credit

CHAPTER TEN
Debt Financing: Bonds

Name _____

P 10–2 continued

b

Date	Description	PR	Debit	Credit

6.a.

Date	Description	PR	Debit	Credit

b.

Date	Description	PR	Debit	Credit

CHAPTER TEN
Debt Financing: Bonds

Name _____

P 10–2 continued

c.

Date	Description	PR	Debit	Credit

CHAPTER TEN
Debt Financing: Bonds

Name _____

P 10–3

1.a. Amount of interest paid every 6 months:

b. Amount of amortization every 6 months:

CHAPTER TEN
Debt Financing: Bonds

Name _____

P 10–3 continued

2.

	<i>Case A</i>		<i>Case B</i>		<i>Case C</i>	
	<i>Debit</i>	<i>Credit</i>	<i>Debit</i>	<i>Credit</i>	<i>Debit</i>	<i>Credit</i>
a. Issue of the bonds						
b. Payment of interest						
c. Amortization						

CHAPTER TEN
Debt Financing: Bonds

Name _____

P 10–3 continued

	<i>Case A</i>		<i>Case B</i>		<i>Case C</i>	
	<i>Debit</i>	<i>Credit</i>	<i>Debit</i>	<i>Credit</i>	<i>Debit</i>	<i>Credit</i>
d. Payment of interest						
e. Amortization						
f. Payment of interest						
g. Amortization						
h. Redemption of bonds						

**CHAPTER TEN
Debt Financing: Bonds**

Name _____

P 10–3 continued

3. Calculation of interest expense

4. Exercise of a call option at Dec. 31, 2020

	<i>Case A</i>		<i>Case B</i>		<i>Case C</i>	
	<i>Debit</i>	<i>Credit</i>	<i>Debit</i>	<i>Credit</i>	<i>Debit</i>	<i>Credit</i>

CHAPTER TEN
Debt Financing: Bonds

Name _____

P 10-4

1. a.

b.

2.

Amortization Table

Using Market Interest Rate of ____ Per Cent

		A	B	C	D	E
		<i>Beginning bond carrying amount</i>	<i>6-month interest expense</i>	<i>Actual cash interest paid</i>	<i>Periodic prem./disc. amort.</i>	<i>Ending bond carrying amount</i>
<i>Year</i>	<i>Six month period ending</i>					
_____	Jun. 30	_____	_____	_____	_____	_____
	Dec. 31	_____	_____	_____	_____	_____
_____	Jun. 30	_____	_____	_____	_____	_____
	Dec. 31	_____	_____	_____	_____	_____
_____	Jun. 30	_____	_____	_____	_____	_____
	Dec. 31	_____	_____	_____	_____	_____

CHAPTER TEN
Debt Financing: Bonds

Name _____

P 10–4 continued

3.

Calculation of Effective Interest Rate

Year	Six month period ending	A	B	(B/A)
		Bond carrying amount	Using ___% market rate to calculate periodic interest expense	
_____	Jun. 30	_____	_____	_____
_____	Dec. 31	_____	_____	_____
_____	Jun. 30	_____	_____	=====
_____	Dec. 31	_____	_____	_____
_____	Jun. 30	_____	_____	=====
_____	Dec. 31	_____	_____	_____
				=====

4.

CHAPTER TEN
Debt Financing: Bonds

Name _____

P 10–5

1. a. Difference between the premiums from 2019 to 2020

- b. Total premium/yearly amortization

- 2.

Date	Description	PR	Debit	Credit

CHAPTER TEN
Debt Financing: Bonds

Name _____

P 10–5 continued

3. 2021 unadjusted interest expense

The following journal entry is needed:

Date	Description	PR	Debit	Credit

4.

CHAPTER TEN
Debt Financing: Bonds

Name _____

P 10–7 (Appendices)

1.a. Interest payment every 6 months

<i>Calculation</i>	<i>Case A</i>	<i>Case B</i>	<i>Case C</i>
_____	_____	_____	_____
_____		_____	_____
_____			_____

b. Issue price computation

<i>Calculation</i>	<i>Case A</i>	<i>Case B</i>	<i>Case C</i>

CHAPTER TEN
Debt Financing: Bonds

Name _____

P 10–7 (Appendices) continued

c. i. Bonds issued when market rate is 1%

ii. Bonds issued when market rate is 16%

Amortization Table

Using Market Interest Rate of ____ Per Cent

		<u>A</u>	<u>B</u>	<u>C</u>	<u>D</u>	<u>E</u>
	<i>Six month period ending</i>	<i>Beginning bond carrying amount</i>	<i>6-month interest expense</i>	<i>Actual cash interest paid</i>	<i>Periodic prem./disc. amort.</i>	<i>Ending bond carrying amount</i>
<i>Year</i>	Jun. 30	_____	_____	_____	_____	_____
	Dec. 31	_____	_____	_____	_____	_____
	Jun. 30	_____	_____	_____	_____	_____
	Dec. 31	_____	_____	_____	_____	_____
	Jun. 30	_____	_____	_____	_____	_____
	Dec. 31	_____	_____	_____	_____	_____

CHAPTER TEN
Debt Financing: Bonds

Name _____

P 10–7 (Appendices) continued

iii. Bonds issued when market rate is 8%

Amortization Table

Using Market Interest Rate of _____ Per Cent

		A	B	C	D	E
		<i>Beginning bond carrying amount</i>	<i>6-month interest expense</i>	<i>Actual cash interest paid</i>	<i>Periodic prem./disc. amort.</i>	<i>Ending bond carrying amount</i>
Year	<i>Six month period ending Jun. 30</i>	_____	_____	_____	_____	_____
	Dec. 31	_____	_____	_____	_____	_____
	Jun. 30	_____	_____	_____	_____	_____
	Dec. 31	_____	_____	_____	_____	_____
	Jun. 30	_____	_____	_____	_____	_____
	Dec. 31	_____	_____	_____	_____	_____

d. The carrying value of the bonds at December 31, 2021:

CHAPTER ELEVEN
Equity Financing

Name _____

CP 11–1

	<i>Total share capital</i>	<i>Retained earnings</i>
1. Company is incorporated		
2. Issued common shares with a stated value of \$1		
3. Split the common shares 2 for 1		
4. Recorded net income for the year		
5. Reacquired common shares previously outstanding		
6. Declared a cash dividend		
7. Paid a cash dividend		
8. Declared a share dividend		
9. Created a restriction on retained earnings		

CHAPTER ELEVEN
Equity Financing

Name _____

CP 11–2

1.

	<i>12% bonds</i>	<i>Preferred shares</i>	<i>Common shares</i>
Income before interest and inc. taxes	_____	_____	_____
<i>Less:</i> Interest expense	_____	_____	_____
Income before income taxes	_____	_____	_____
<i>Less:</i> Income taxes	_____	_____	_____
<i>Less:</i> Preferred dividends	_____	_____	_____
Net available to common s/h (a)	=====	=====	=====
No. common shares outstanding (b)	=====	=====	=====
Earnings per common share (a/b)	=====	=====	=====

2.

CHAPTER ELEVEN
Equity Financing

Name _____

CP 11–3

1. Authorization of share issue:

Date	Description	PR	Debit	Credit

2. Issue of 10,000 common shares:

Date	Description	PR	Debit	Credit

3. Issue of 1,000 preferred shares:

Date	Description	PR	Debit	Credit

CHAPTER ELEVEN
Equity Financing

Name _____

CP 11–4

1.

Date	Description	PR	Debit	Credit

2.

CHAPTER ELEVEN
Equity Financing

Name _____

CP 11–5

1.

2.

3.

CHAPTER ELEVEN
Equity Financing

Name _____

CP 11-7

1. 2019

Date	Description	PR	Debit	Credit

2. 2019

Date	Description	PR	Debit	Credit

CHAPTER ELEVEN
Equity Financing

Name _____

CP 11–8

1.

2.

CHAPTER ELEVEN
Equity Financing

Name _____

CP 11–9

CHAPTER ELEVEN
Equity Financing

Name _____

CP 11–10

1. a. Book value per preferred share

- b. Book value per common share

2. Book value per common share after split

CHAPTER ELEVEN
Equity Financing

Name _____

CP 11–11

1.

2.

3. Amount available for all dividends

**CHAPTER ELEVEN
Equity Financing**

Name _____

CP 11–12

Date	Description	PR	Debit	Credit

CHAPTER ELEVEN
Equity Financing

Name _____

CP 11–14 continued

2. a.

Partial Statement of Financial Position		

b.

Partial Statement of Financial Position		

CHAPTER ELEVEN
Equity Financing

Name _____

CP 11–14 continued

c.

Partial Statement of Financial Position

CHAPTER ELEVEN
Equity Financing

Name _____

CP 11–15

1.

Date	Description	PR	Debit	Credit

Partial Statement of Financial Position

2.

Date	Description	PR	Debit	Credit

CHAPTER ELEVEN
Equity Financing

Name _____

CP 11–16

Partial Statement of Financial Position

Statement of Changes in Equity

CHAPTER ELEVEN
Equity Financing

Name _____

P 11-1

1.

	<i>12% bonds</i>	<i>Preferred shares</i>	<i>Common shares</i>
Income before interest and inc. taxes	_____	_____	_____
<i>Less:</i> Interest expense	_____	_____	_____
Income before income taxes	_____	_____	_____
<i>Less:</i> Income taxes	_____	_____	_____
<i>Less:</i> Preferred dividends	_____	_____	_____ ²
Net available to common s/h (a)	=====	=====	=====
No. common shares outstanding (b)	=====	=====	=====
Earnings per common share (a/b)	=====	=====	=====

2.

3. Other factors to be considered by board of directors:

CHAPTER ELEVEN
Equity Financing

Name _____

P 11–2

1. a.

Date	Description	PR	Debit	Credit

b.

Date	Description	PR	Debit	Credit

c.

Date	Description	PR	Debit	Credit

d.

Date	Description	PR	Debit	Credit

CHAPTER ELEVEN
Equity Financing

Name _____

P 11–2 continued

e.

Date	Description	PR	Debit	Credit

2.

Partial Statement of Financial Position

CHAPTER ELEVEN
Equity Financing

Name _____

P 11–2 continued

3.

Statement of Changes in Equity

CHAPTER ELEVEN
Equity Financing

Name _____

P 11–3

1. Before Split

Partial Statement of Financial Position		

After Split

Partial Statement of Financial Position		

2.

Date	Description	PR	Debit	Credit	DR/ CR	Balance

3.

CHAPTER ELEVEN
Equity Financing

Name _____

P 11–5

	<i>Assets</i>	<i>Liabilities</i>	<i>Shareholders' Equity</i>
1. Common shares issued for cash			
2. Declared a cash dividend			
3. Common shares split 3:1			
4. Calculated book value of common shares			
5. Paid cash dividend related to item 2 above			
6. Recorded restriction of retained earnings			

CHAPTER ELEVEN
Equity Financing

Name _____

P 11–6

1. a.

Date	Description	PR	Debit	Credit

b.

Date	Description	PR	Debit	Credit

CHAPTER ELEVEN
Equity Financing

Name _____

P 11–6 continued

c.

Date	Description	PR	Debit	Credit

d.

Date	Description	PR	Debit	Credit

e.

Date	Description	PR	Debit	Credit

CHAPTER ELEVEN
Equity Financing

Name _____

P 11–8 continued

2.

Statement of Changes in Equity

CHAPTER ELEVEN
Equity Financing

Name _____

P 11–9

1.

2.

Date	Description	PR	Debit	Credit

CHAPTER ELEVEN
Equity Financing

Name _____

P 11–9 continued

3.

Statement of Changes in Equity

If appendix 2 is not covered, only four columns above will be needed.

CHAPTER TWELVE
Proprietorships and Partnerships

Name _____

CP 12–1

1.

Income Statement

2.

Statement of Proprietor's Capital

CHAPTER TWELVE
Proprietorships and Partnerships

Name _____

CP 12-3

1.

Date	Description	PR	Debit	Credit

2.

Date	Description	PR	Debit	Credit

Calculations

CHAPTER TWELVE
Proprietorships and Partnerships

Name _____

CP 12-4

1.

Date	Description	PR	Debit	Credit

2.

Date	Description	PR	Debit	Credit

3.

Date	Description	PR	Debit	Credit

CHAPTER TWELVE
Proprietorships and Partnerships

Name _____

CP 12–5

1.

Statement of Partnership Liquidation

	<i>Cash</i>	<i>Other assets</i>	<i>Liabilities</i>	<i>Partners' capital</i>		

CHAPTER TWELVE
Proprietorships and Partnerships

Name _____

CP 12–5 continued

2. a.

Date	Description	PR	Debit	Credit

b.

Date	Description	PR	Debit	Credit

c.

Date	Description	PR	Debit	Credit

d.

Date	Description	PR	Debit	Credit

CHAPTER TWELVE
Proprietorships and Partnerships

Name _____

P 12–2

1.

Statement of Proprietor's Capital

2.

Statement of Changes in Equity

CHAPTER TWELVE
Proprietorships and Partnerships

Name _____

P 12–3 continued

2.

Date	Description	PR	Debit	Credit

To allocate net income as follows:

	Partner		
			Total
Profit to be allocated			
<i>Interest allocation:</i>			
Balance			
<i>Salary allocation:</i>			
Balance			
<i>Balance allocated in profit and loss sharing ratio:</i>			
Balance			
Total allocated to partners			

CHAPTER TWELVE
Proprietorships and Partnerships

Name _____

P 12-4

1.

	Partner		
			Total
Profit to be allocated			
<i>Interest allocation:</i>			
_____	_____	_____	_____
_____	_____	_____	_____
Balance			
<i>Salary allocation:</i>			
_____	_____	_____	_____
Balance			
<i>Balance allocated in profit and loss sharing ratio:</i>			
_____	_____	_____	_____
_____	_____	_____	_____
Balance			
Total allocated to partners			

2.

Date	Description	PR	Debit	Credit

CHAPTER TWELVE
Proprietorships and Partnerships

Name _____

P 12–5

1.

Profit and loss sharing plan	(a) Division with profit of \$60,000		(b) Division with loss of \$30,000	
	<i>Bo</i>	<i>Diddley</i>	<i>Bo</i>	<i>Diddley</i>
Plan A				
		1		
Plan B				
		1		

Calculations

2.

CHAPTER TWELVE
Proprietorships and Partnerships

Name _____

P 12–6 continued

2.

The bonus to existing partners is recorded as:

Date	Description	PR	Debit	Credit

CHAPTER TWELVE
Proprietorships and Partnerships

Name _____

P 12–7 continued

b.

Date	Description	PR	Debit	Credit

c.

Date	Description	PR	Debit	Credit

d.

Date	Description	PR	Debit	Credit

CHAPTER TWELVE
Proprietorships and Partnerships

Name _____

P 12–7 continued

e.

Date	Description	PR	Debit	Credit

CHAPTER THIRTEEN
Financial Statement Analysis

Name _____

CP 13–1

- _____ Acid–test ratio
- _____ Current ratio
- _____ Return on shareholders' equity
- _____ Times interest earned
- _____ Earnings per share
- _____ Accounts receivable collection period
- _____ Sales to total assets
- _____ Dividend yield
- _____ Price–to–earnings ratio
- _____ Number of days of sales in inventory
- _____ Debt to shareholders' equity ratio
- _____ Net profit ratio
- _____ Accounts receivable collection period
- _____ Return on total assets

CHAPTER THIRTEEN
Financial Statement Analysis

Name _____

CP 13–2

1. Current ratio

	<i>Year</i>	
<i>Calculations</i>	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

Definition/interpretation

2. Acid–test ratio

	<i>Year</i>	
<i>Calculations</i>	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

Definition/interpretation

CHAPTER THIRTEEN
Financial Statement Analysis

Name _____

CP 13–3

Gross profit ratio

	<i>Year</i>		
<i>Calculations</i>			
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

Analysis

Net profit ratio

	<i>Year</i>		
<i>Calculations</i>			
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

Analysis

CHAPTER THIRTEEN
Financial Statement Analysis

Name _____

CP 13–4

Price-earnings ratio

<i>Calculations</i>	<i>Company</i>		
	<i>A</i>	<i>B</i>	<i>C</i>
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

Analysis

Dividend yield

<i>Calculations</i>	<i>Company</i>		
	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

Analysis

CHAPTER THIRTEEN
Financial Statement Analysis

Name _____

CP 13–6

Transaction	Ratio	Effect on ratio		
		<i>Inc.</i>	<i>Dec.</i>	<i>No change</i>
Declared a cash dividend	Current ratio			
Wrote-off an uncollectible account receivable	Accounts receivable collection period			
Purchased inventory on account	Acid–test ratio			
Issued 10–year bonds to acquire capital assets	Return on total assets			
Issued additional shares for cash	Debt to shareholders’ equity ratio			
Declared a share dividend on common shares	Earnings per share			
Restricted part of retained earnings	Return on shareholders’ equity			
Purchased supplies on account	Current ratio			
Paid a short–term creditor in full	Acid–test ratio			
Paid an account payable, taking the cash discount	Number of days sales in inventory			

CP 13–7

1.a. Return on total assets

b. Return on shareholders' equity

c. Times interest earned ratio

d. Earnings per share

CP 13–7 continued

e. Number of days of sales in inventory

f. Accounts receivable collection period

g. Sales to total assets ratio

h. Current ratio

CP 13–7 continued

i. Acid-test ratio

j. Debt to shareholders' equity ratio

2. The following ratios are measures of liquidity:

CP 13–7 continued

3.

Statement of Financial Position

Income Statement

CHAPTER THIRTEEN
Financial Statement Analysis

Name _____

CP 13–7 continued

4. Scott formula

Year	Return on operating capital	+	Return on leveraging	=	Return on shareholders' equity
	(1) x (2)	+	(3) x (4)	=	(5)
	[_____ x _____]	+	[_____ - _____] x _____	=	_____
=	[_____ x _____]	+	[_____ - _____] x _____	=	_____
=	[_____]	+	[_____]	=	_____

CP 13–8

1. Current ratio

2. Return on total assets

CP 13–8 continued

3. Sales to total assets ratio

4. Acid-test ratio

5. Times interest earned ratio

6. Earnings per common share

CP 13–8 continued

7. Accounts receivable collection period

8. Return on shareholders' equity

CP 13–10

1.

<i>Transaction</i>	<i>Effect on current ratio</i>		
	<i>Inc.</i>	<i>Dec.</i>	<i>No change</i>
a. Bought \$20,000 of merchandise on account (the company uses a perpetual inventory system)			
b. Sold for \$10,000 cash, merchandise that cost \$5,000			
c. Collected a \$2,500 account receivable			
d. Paid a \$10,000 account payable			
e. Wrote off a \$1,500 bad debt against the allowance for doubtful accounts			
f. Declared a \$1 per–share cash dividend on the 10,000 outstanding common shares			
g. Paid the dividend declared above			
h. Borrowed \$10,000 from a bank by assuming a 60–day, 10 per cent loan			
i. Borrowed \$25,000 from a bank by placing a 10–year mortgage on the plant			
j. Used the \$25,000 proceeds of the mortgage to buy additional machinery			

CHAPTER THIRTEEN
Financial Statement Analysis

Name _____

CP 13–10 continued

2. a. Current ratio

Transaction effects

		<i>May 1 bal.</i>	<i>(a)</i>	<i>(b)</i>	<i>(c)</i>	<i>(d)</i>	<i>(e)</i>	<i>(f)</i>	<i>(g)</i>	<i>(h)</i>	<i>(i)</i>	<i>(j)</i>	<i>May 31 bal.</i>
Current assets	X	\$200											
Current liabilities	y	\$80											
Current ratio	x/y	<u>2.5</u>											<u> </u>

b. Acid–test ratio

Transaction effects

		<i>May 1 bal.</i>	<i>(a)</i>	<i>(b)</i>	<i>(c)</i>	<i>(d)</i>	<i>(e)</i>	<i>(f)</i>	<i>(g)</i>	<i>(h)</i>	<i>(i)</i>	<i>(j)</i>	<i>May 31 bal.</i>
Quick assets	X	\$200											
Current liabilities	y	\$80											
Acid test ratio	x/y	<u>2.5</u>											<u> </u>

P 13–1

1. a. Current ratio

b. Acid-test ratio

c. Debt to shareholders' equity ratio

2.

P 13–2 continued

f. Return on shareholders' equity

g. Earnings per share

2. Dividends paid on common shares

P 13–2 continued

3.Observations

CHAPTER THIRTEEN
Financial Statement Analysis

Name _____

CHAPTER FOURTEEN
The Statement of Cash Flows

Name _____

CP 14–1

- _____ A payment of \$5,000 was made on a non-current bank loan.
- _____ Depreciation expense for equipment was \$1,000.
- _____ \$10,000 of share capital was issued for cash.
- _____ Cash dividends of \$2,500 were declared and paid to shareholders.
- _____ A non-current bank loan was assumed in exchange for equipment costing \$7,000.
- _____ Land was purchased for \$25,000 cash.
- _____ \$750 of accrued salaries was paid.
- _____ A \$5,000 operating loan was obtained. The loan is due on demand and is an integral part of the company's cash management strategy.
- _____ \$10,000 of accounts receivable was collected.
- _____ A building was purchased for \$80,000. \$30,000 was paid in cash and the rest was borrowed.
- _____ Land was sold for \$50,000 cash.
- _____ Equipment was sold for \$6,000. The original cost was \$10,000. The accumulated depreciation was \$3,000.
- _____ \$1,200 was paid for a 14-month insurance policy to take effect next year.
- _____ A patent was amortized for \$500.
- _____ Shares were redeemed for \$50,000 cash, their original issue price.

Notes, if any:

CHAPTER FOURTEEN
The Statement of Cash Flows

Name _____

CP 14–2 continued

Notes, if any:

CHAPTER FOURTEEN
The Statement of Cash Flows

Name _____

CP 14–5

CHAPTER FOURTEEN
The Statement of Cash Flows

Name _____

CP 14–6

1. Cash flow from operating activities:

	<i>2020</i>	<i>2019</i>	<i>Change</i>
	<i>Dr. (Cr.)</i>	<i>Dr. (Cr.)</i>	<i>Debit</i>
			<i>(Credit)</i>
<i>Non-cash current assets</i>			
Accounts receivable	_____	_____	_____
Inventory	_____	_____	_____
Prepaid rent	_____	_____	_____

The journal entries used to construct the SCF would be:

Date	Description	Debit	Credit

Cash flow from operating activities:

Net income	_____
Changes in non-cash working capital	_____
_____	_____
_____	_____
Cash flow from operating activities	_____

CHAPTER FOURTEEN
The Statement of Cash Flows

Name _____

CP 14–7

1. Calculation of cash received for sale of equipment:

2. The journal entry to record the sale of the equipment would have been:

Date	Description	Debit	Credit

3.

Operating activities

Net income			_____
Items not affecting cash flow			
_____	_____		
Cash flow from operating activities			_____

Investing activities

_____	_____		
Cash flow from investing activities			_____

CHAPTER FOURTEEN
The Statement of Cash Flows

Name _____

CP 14–8

1. Adjustments to net income:

2. The statement of changes in equity would show:

	<i>Common shares</i>	<i>Retained earnings</i>	<i>Total equity</i>
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

3. Analysis of borrowings:

The journal entry to construct the SCF would be:

Date	Description	Debit	Credit

CHAPTER FOURTEEN
The Statement of Cash Flows

Name _____

CP 14–9

1. Dividends paid:

Retained earnings at January 1, 2020 _____

The journal entry to construct the SCF would be

Date	Description	Debit	Credit

2. Construct the SCF:

Step 1: Convert net income to cash flow from operations

- a. Net income to be added on SCF _____
- b. Depreciation to be added back _____
- c. Losses to be added back _____
- Gains to be deducted _____

d. Analysis of changes in non-cash working capital accounts:

	<i>2020</i> <i>Dr. (Cr.)</i>	<i>2019</i> <i>Dr. (Cr.)</i>	<i>Change</i> <i>Debit</i> <i>(Credit)</i>
<i>Non-cash current assets</i>			
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
<i>Non-cash current liabilities</i>			
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

CHAPTER FOURTEEN
The Statement of Cash Flows

Name _____

CP 14–9 continued

Step 2: Record investing activities

Analysis of changes in long-term assets accounts:

	2020 <i>Dr. (Cr.)</i>	2019 <i>Dr. (Cr.)</i>	<i>Change Debit (Credit)</i>
<i>Long-term assets</i>			
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

Equipment sale:

Cost (given)	_____
Acc. dep'n (derived)	_____
Carrying amount	_____
Proceeds (given)	_____
Loss (gain) on sale (given)	_____

CHAPTER FOURTEEN
The Statement of Cash Flows

Name _____

CP 14–9 continued

Journal entries to record investing activity effects on the SCF:

Date	Description	Debit	Credit

Analysis

CHAPTER FOURTEEN
The Statement of Cash Flows

Name _____

CP 14–9 continued

Step 3: Record non-current liabilities and shareholders' equity account activities

Analysis of changes in non-current liabilities and shareholders' equity accounts:

	2020 <i>Dr. (Cr.)</i>	2019 <i>Dr. (Cr.)</i>	<i>Change Debit (Credit)</i>
<i>Non-current liabilities</i>			
_____	_____	_____	_____
_____	_____	_____	_____
<i>Shareholders' equity</i>			
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

Journal entries to record financing activity effects on the SCF:

Date	Description	Debit	Credit

Analysis

CHAPTER FOURTEEN
The Statement of Cash Flows

Name _____

CP 14–9 continued

2. Statement of cash flows:

Glacier Corporation
Statement of Cash Flows
For the Year Ended December 31, 2020

<i>Operating activities</i>		
Net income		_____
Items not affecting cash flow		_____
_____		_____
_____		_____
_____		_____
_____		_____
_____		_____
_____		_____
Cash flow from operating activities		_____
<i>Investing activities</i>		
_____	_____	
_____	_____	
_____	_____	
Cash flow used by investing activities		_____
<i>Financing activities</i>		
_____	_____	
_____	_____	
_____	_____	
Cash flow from financing activities		_____
Net increase in cash		_____
Cash at beginning of year		_____
Cash at end of year		=====

CHAPTER FOURTEEN
The Statement of Cash Flows

Name _____

\$_____ net cash flow

CP 14–9 continued

The journal entry to record the sale of the land would be:

Date	Description	Debit	Credit

Calculation of cost of equipment sold :

The journal entry to record the disposal of machinery would be:

Date	Description	Debit	Credit

CHAPTER FOURTEEN
The Statement of Cash Flows

Name _____

P 14–2

1. Construct the SCF:

Step 1: Convert net income to cash flow from operations

- a. Net income to be added on SCF _____
- b. Depreciation to be added back _____
- c. Losses to be added back _____
- Gains to be deducted _____

d. Analysis of changes in non-cash working capital accounts:

	<i>2020</i> <i>Dr. (Cr.)</i>	<i>2019</i> <i>Dr. (Cr.)</i>	<i>Change</i> <i>Debit</i> <i>(Credit)</i>
<i>Non-cash current liabilities</i>			
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

Journal entries to record effects on SCF:

Date	Description	Debit	Credit

CHAPTER FOURTEEN
The Statement of Cash Flows

Name _____

P 14–2 continued

Revised cash flow from operating activities:

Income before income taxes	_____
Items not affecting cash flow	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
Cash flow from operating activities	=====

CHAPTER FOURTEEN
The Statement of Cash Flows

Name _____

P 14-3

1. Depreciation adjusting entry:

Date	Description	Debit	Credit

Analysis

2. Purchase of machinery:

Date	Description	Debit	Credit

Analysis

CHAPTER FOURTEEN
The Statement of Cash Flows

Name _____

P 14–5

1.

Wheaton Co. Ltd.
Statement of Cash Flows
For the Year Ended December 31, 2020

Operating activities

Items not affecting cash flow		
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
Cash flow from operating activities		_____

Investing activities

_____	_____	_____
-------	-------	-------

Financing activities

_____	_____	_____
Cash flow from financing activities		_____
Net increase in cash		_____
Cash at beginning of year		_____
Cash at end of year		_____

Notes:

CHAPTER FOURTEEN
The Statement of Cash Flows

Name _____

P 14–6

1. Cash flow from operating activities:

Step 1: Convert net income to cash flow from operations

- a. Net income to be added on SCF _____
- b. Depreciation to be added back _____
- c. Losses to be added back _____
- Gains to be deducted _____

d. Analysis of changes in non-cash working capital accounts:

	<i>2020</i> <i>Dr. (Cr.)</i>	<i>2019</i> <i>Dr. (Cr.)</i>	<i>Change</i> <i>Debit</i> <i>(Credit)</i>
<i>Non-cash current assets</i>			
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
<i>Non-cash current liabilities</i>			
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

Journal entries to record SCF effects:

Date	Description	Debit	Credit

CHAPTER FOURTEEN
The Statement of Cash Flows

Name _____

P 14–6 continued

Step 2: Record investing activities

Analysis of changes in long-term assets accounts:

	2020 <i>Dr. (Cr.)</i>	2019 <i>Dr. (Cr.)</i>	<i>Change Debit (Credit)</i>
<i>Long-term assets</i>			
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

The journal entries to record the land transactions would be:

Date	Description	Debit	Credit

Analysis

CHAPTER FOURTEEN
The Statement of Cash Flows

Name _____

P 14–6 continued

Changes in Equipment account:

Bal. at Jan. 1 (given)	_____
Additions for cash (given)	_____
Additions for shares (given)	_____
Bal. at Dec. 31 (given)	=====

Analysis

The journal entries to record the equipment transactions would be:

Date	Description	Debit	Credit

CHAPTER FOURTEEN
The Statement of Cash Flows

Name _____

P 14–6 continued

Step 3: Record non-current liabilities and shareholders' equity account activities

Analysis of changes in non-current liabilities and shareholders' equity accounts:

	2020 Dr. (Cr.)	2019 Dr. (Cr.)	Change Debit (Credit)
<i>Non-current liabilities and dividends payable</i>			
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
<i>Shareholders' equity</i>			
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

Journal entries to record borrowing transaction effects on the SCF:

Date	Description	Debit	Credit

Analysis

CHAPTER FOURTEEN
The Statement of Cash Flows

Name _____

P 14–6 continued

Changes in Common Shares account:

Bal. at Jan. 1 (given)	_____
Shares for building (given)	_____
Additional shares (derived)	_____
Bal. at Dec. 31 (given)	<u>_____</u>

Analysis

Journal entries to record common share transaction effects on the SCF:

Date	Description	Debit	Credit

Changes in Retained Earnings account:

Bal. at Jan. 1 (given)	_____
_____	_____
Bal. at Dec. 31 (given)	<u>_____</u>

Analysis

CHAPTER FOURTEEN
The Statement of Cash Flows

Name _____

P 14–6 continued

Journal entries to record retained earnings transaction effects on the
SCF:

Date	Description	Debit	Credit

CHAPTER FOURTEEN
The Statement of Cash Flows

Name _____

P 14–6 continued

Step 4: Calculate the net change in cash and ending cash balance, and prepare the statement of cash flows

Operating activities

Items not affecting cash flow

Cash flow from (used by) operating activities

Investing activities

Cash flow from (used by) investing activities

Financing activities

Cash flow from (used by) financing activities

Net increase in cash and cash at end of year

CHAPTER FOURTEEN
The Statement of Cash Flows

Name _____

P 14–6 continued

2. Analysis:

CHAPTER FOURTEEN
The Statement of Cash Flows

Name _____

P 14–6 continued

Revised operating activities section of SCF:

_____	_____
_____	_____
Items not affecting cash flow	_____
_____	_____
_____	_____
_____	_____
Net changes in non-cash working capital	_____
Cash flow used by operating activities	_____

CHAPTER FOURTEEN
The Statement of Cash Flows

Name _____

P 14-7

1. Construct the SCF:

Step 1: Convert net income to cash flow from operations

- a. Net income to be added on SCF _____
- b. Depreciation to be added back _____
 Amortization to be added back _____
- c. Losses to be added back _____
 Gains to be deducted _____

d. Analysis of changes in non-cash working capital accounts:

	<i>2020</i> <i>Dr. (Cr.)</i>	<i>2019</i> <i>Dr. (Cr.)</i>	<i>Change</i> <i>Debit</i> <i>(Credit)</i>
<i>Non-cash current assets</i>			
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
<i>Non-cash current liabilities</i>			
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

CHAPTER FOURTEEN
The Statement of Cash Flows

Name _____

P 14–7 continued

Journal entry to record land sale:

Date	Description	Debit	Credit

Analysis

Journal entry to record building transactions:

Date	Description	Debit	Credit

Changes in Machinery account:

Bal. at Jan. 1 (given)	_____
Purchase for part loan (given)	_____
Purchase for shares (given)	_____
Disposal	_____
Bal. at Dec. 31 (given)	<u>_____</u>

Analysis

Analysis of machinery disposal:

Bal. at Jan	_____
Cash proceeds	_____
Loss (gain) on disposal	<u>_____</u>

CHAPTER FOURTEEN
The Statement of Cash Flows

Name _____

P 14–7 continued

Journal entry to record machinery transactions:

Date	Description	Debit	Credit

CHAPTER FOURTEEN
The Statement of Cash Flows

Name _____

P 14–7 continued

Step 3: Record non-current liabilities and shareholders' equity account activities

Analysis of changes in non-current liabilities and shareholders' equity accounts:

	2020 <i>Dr. (Cr.)</i>	2019 <i>Dr. (Cr.)</i>	<i>Change Debit (Credit)</i>
<i>Non-current liabilities</i>			
_____	_____	_____	_____
_____	_____	_____	_____
<i>Shareholders' equity</i>			
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

Changes in Borrowings account:

Bal. at Jan. 1 (given)	_____
Proceeds from mach. finance (given)	_____
Repayments (derived)	_____
Bal. at Dec. 31 (given)	=====

Analysis

Journal entries to record borrowing transactions effects on the SCF:

Date	Description	Debit	Credit

CHAPTER FOURTEEN
The Statement of Cash Flows

Name _____

P 14–7 continued

Changes in Common Shares account:

Bal. at Jan. 1 (given)	_____
Shares issued for machine (given)	_____
Additional shares issued (derived)	_____
Bal. at Dec. 31 (given)	<u>_____</u>

Analysis

Journal entries to record common shares transactions effects on the SCF:

Date	Description	Debit	Credit

Changes in Retained Earnings account:

Bal. at Jan. 1 (given)	_____
Net income (given)	_____
Dividends declared (given)	_____
Bal. at Dec. 31 (given)	<u>_____</u>

Analysis

CHAPTER FOURTEEN
The Statement of Cash Flows

Name _____

P 14–7 continued

Journal entries to record dividends paid on the SCF:

Date	Description	Debit	Credit

CHAPTER FOURTEEN
The Statement of Cash Flows

Name _____

P 14–7 continued

Step 4: Calculate the net change in cash and ending cash balance, and prepare the statement of cash flows

Statement of Cash Flows

Operating activities

Items not affecting cash flow

Cash flow from (used by) operating activities

Investing activities

Cash flow from (used by) investing activities

Financing activities

Cash flow from (used by) financing activities

Net increase in cash

Cash at beginning of year

Cash at end of year

CHAPTER FOURTEEN
The Statement of Cash Flows

Name _____

P 14–7 continued

Revised operating activities section of the SCF :

<i>Operating activities</i>		_____
_____		_____
_____		_____
Items not affecting cash flow		_____
_____	_____	
_____	_____	
_____	_____	
_____	_____	
_____	_____	
_____	_____	
_____	_____	
Cash flow from (used by) operating activities		_____

CHAPTER FOURTEEN
The Statement of Cash Flows

Name _____

P 14–8

1a. Construct the 2022 SCF:

Step 1: Convert net income to cash flow from operations

- a. Net income to be added on SCF _____
- b. Depreciation to be added back _____
 Amortization to be added back _____
- c. Losses to be added back _____
 Gains to be deducted _____

d. Analysis of changes in non-cash working capital accounts:

	<i>2022</i>	<i>2021</i>	<i>Change</i>
	<i>Dr. (Cr.)</i>	<i>Dr. (Cr.)</i>	<i>Debit</i>
			<i>(Credit)</i>
<i>Non-cash current assets</i>			
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
<i>Non-cash current liabilities</i>			
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

CHAPTER FOURTEEN
The Statement of Cash Flows

Name _____

P 14–8 continued

Journal entries to record operating activity effects on the SCF:

Date	Description	Debit	Credit

Analysis

CHAPTER FOURTEEN
The Statement of Cash Flows

Name _____

P 14–8 continued

Step 2: Record investing activities

Analysis of changes in long-term assets accounts:

	2022 <i>Dr. (Cr.)</i>	2021 <i>Dr. (Cr.)</i>	<i>Change Debit (Credit)</i>
<i>Long-term assets</i>			
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

Equipment sale:

Cost (given)	_____
Acc. dep'n (derived)	_____
Carrying amount	_____
Proceeds (given)	_____
Loss (gain) on sale (given)	_____

CHAPTER FOURTEEN
The Statement of Cash Flows

Name _____

P 14–8 continued

Journal entries to record investing activity effects on the SCF:

Date	Description	Debit	Credit

Analysis

CHAPTER FOURTEEN
The Statement of Cash Flows

Name _____

P 14–8 continued

Step 3: Record non-current liabilities and shareholders' equity account activities

Analysis of changes in non-current liabilities and shareholders' equity accounts:

	2022 Dr. (Cr.)	2021 Dr. (Cr.)	Change Debit (Credit)
<i>Non-current liabilities</i>			
_____	_____	_____	_____
_____	_____	_____	_____
<i>Shareholders' equity</i>			
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

Journal entries to record financing activity effects on the SCF:

Date	Description	Debit	Credit

Analysis

CHAPTER FOURTEEN
The Statement of Cash Flows

Name _____

P 14–8 continued

Step 4: Calculate the net change in cash and ending cash balance, and prepare the statement of cash flows

Operating activities		
_____	_____	_____
Items not affecting cash flow		
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
Cash flow from (used by) operating activities		_____
Investing activities		
_____	_____	
_____	_____	
_____	_____	
_____	_____	
Cash flow from (used by) investing activities		_____
Financing activities		
_____	_____	
_____	_____	
_____	_____	
_____	_____	
Cash flow from (used by) financing activities		_____
Net increase in cash and cash equivalents		_____
Cash and cash equivalents at beginning of year		_____
Cash and cash equivalents at end of year		_____
Represented by		
_____	_____	
_____	_____	
_____	_____	
_____	_____	_____

CHAPTER FOURTEEN
The Statement of Cash Flows

Name _____

P 14–8 continued

1b. Construct the 2023 SCF:

Step 1: Convert net income to cash flow from operations

- a. Net income to be added on SCF _____
- b. Depreciation to be added back _____
- c. Losses to be added back _____
- Gains to be deducted _____

d. Analysis of changes in non-cash working capital accounts:

	<i>2023</i>	<i>2022</i>	<i>Change</i>
	<i>Dr. (Cr.)</i>	<i>Dr. (Cr.)</i>	<i>Debit</i>
			<i>(Credit)</i>
<i>Non-cash current assets</i>			
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
<i>Non-cash current liabilities</i>			
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

Journal entries to record operating activity effects on the SCF:

Date	Description	Debit	Credit

CHAPTER FOURTEEN
The Statement of Cash Flows

Name _____

P 14–8 continued

Analysis

Step 2: Record investing activities

Analysis of changes in long-term assets accounts:

	2023 <i>Dr. (Cr.)</i>	2022 <i>Dr. (Cr.)</i>	<i>Change Debit (Credit)</i>
<i>Long-term assets</i>			
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

Equipment sale:

Cost (given)	_____
Acc. dep'n (derived)	_____
Carrying amount	_____
Proceeds (given)	_____
Loss (gain) on sale	_____
(given)	=====

CHAPTER FOURTEEN
The Statement of Cash Flows

Name _____

P 14–8 continued

Journal entries to record investing activity effects on the SCF:

Date	Description	Debit	Credit

Analysis

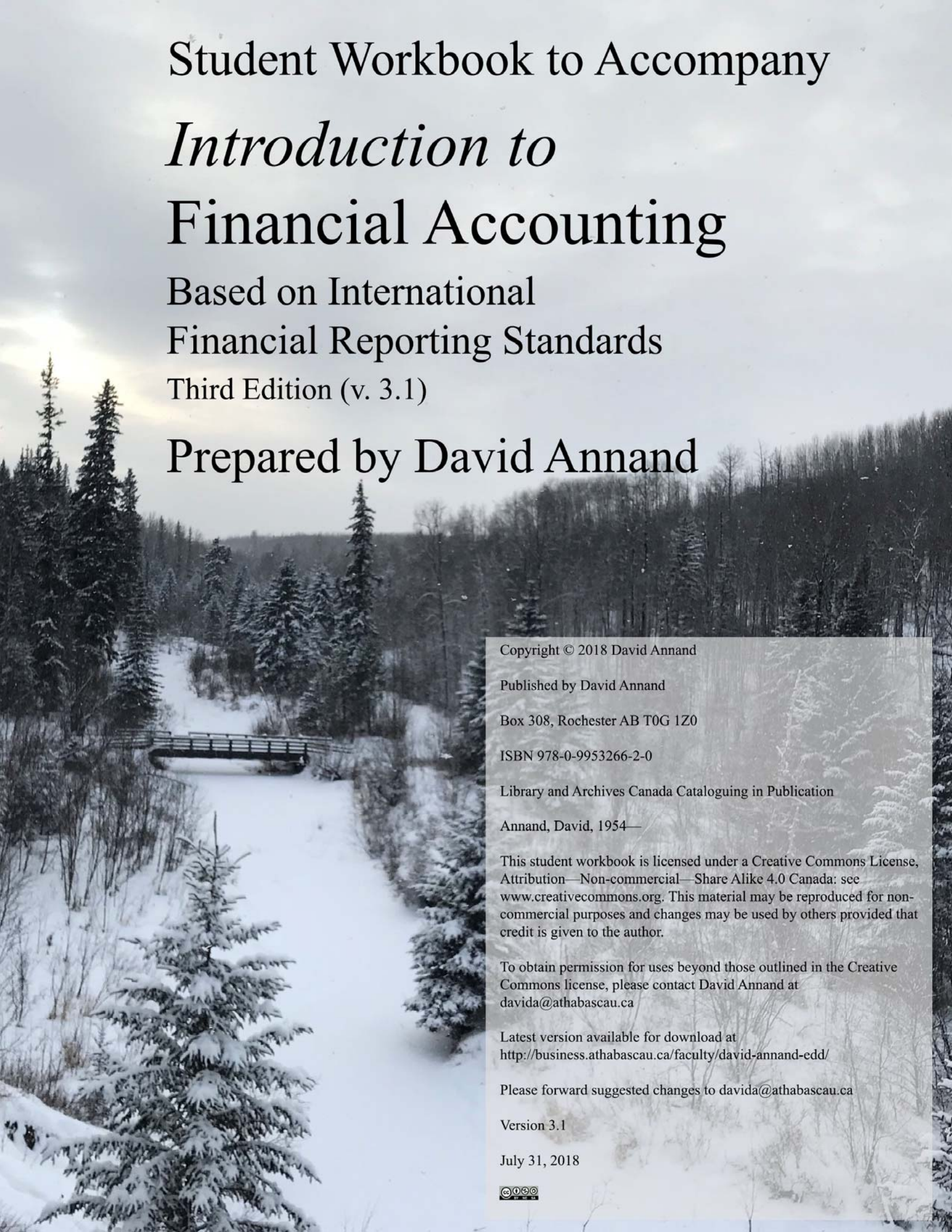
CHAPTER FOURTEEN
The Statement of Cash Flows

Name _____

P 14–8 continued

Step 4: Calculate the net change in cash and ending cash balance, and prepare the statement of cash flows

Operating activities		
_____	_____	_____
Items not affecting cash flow		
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
Cash flow from (used by) operating activities		_____
Investing activities		
_____	_____	
_____	_____	
_____	_____	
_____	_____	
Cash flow from (used by) investing activities		_____
Financing activities		
_____	_____	
_____	_____	
_____	_____	
_____	_____	
Cash flow from (used by) financing activities		_____
Net increase in cash and cash equivalents		_____
Cash and cash equivalents at beginning of year		_____
Cash and cash equivalents at end of year		_____
Represented by		
_____	_____	
_____	_____	
_____	_____	
_____	_____	_____



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