

Section 8.2 ▶ Exercises

1. The worksheet for P. Tang and Company below, with the trial balance figures already entered, is also provided in your Workbook.

P. Tang and Company		Worksheet						Year Ended Dec. 31, 20-4	
		TRIAL BALANCE		ADJUSTMENTS		INCOME STATEMENT		BALANCE SHEET	
		Dr	Cr	Dr	Cr	Dr	Cr	Dr	Cr
Bank	1900	-							
Accounts Receivable	19500	-							
Supplies	1000	-							
Prepaid Insurance	1668	-							
Equipment	22000	-							
Automobile	21000	-							
Accounts Payable		4360							
Bank Loan		5000							
HST Payable		2325							
HST Recoverable	950	-							
P. Tang, Capital		54058							
P. Tang, Drawings	15000	-							
Fees Earned		69925							
Car Expense	3800	-							
General Expense	2950	-							
Miscellaneous Expense	700	-							
Rent Expense	17200	-							
Wages Expense	28000	-							
	135668	-	135668	-					

- A. Using the additional information given below, complete the worksheet.
- B. Prepare an income statement and a classified balance sheet.

Additional Information

1. After taking inventory, the value of the supplies on hand at year-end was \$700.
2. The prepaid insurance balance of \$1668 was the original cost of the insurance on August 1, 20-4.
3. Late-arriving invoices pertaining to the 20-4 fiscal period were

Car Expense	\$ 275
General Expense	200
Total	<u>\$ 475</u>

2. The worksheet for Mission Marketing below, with the trial balance figures already entered, is also provided in your Workbook.

Mission Marketing		Worksheet				Year Ended Dec. 31, 20-3			
ACCOUNTS	TRIAL BALANCE		ADJUSTMENTS		INCOME STATEMENT		BALANCE SHEET		
	Dr	Cr	Dr	Cr	Dr	Cr	Dr	Cr	
Bank	2490	-							
Accounts Receivable	21600	-							
Supplies	4250	-							
Prepaid Insurance	1254	-							
Equipment	69200	-							
Automobile	44200	-							
Accounts Payable		6565							
HST Payable		780							
HST Recoverable	510	-							
C. Ans, Capital		151275							
C. Ans, Drawings	20000	-							
Fees Earned		135700							
Car Expense	13214	-							
Miscellaneous Expense	1563	-							
Rent Expense	18000	-							
Utilities Expense	2800	-							
Wages Expense	95239	-							
	294320	-	294320	-					

- A. Using the additional information given below, complete the worksheet.
- B. Prepare an income statement and a classified balance sheet.
- C. The owner has a large capital account balance, yet this past year presented problems. Explain to the owner some of the difficulties he is facing.

Additional Information

- The value of the supplies on hand at the year-end was \$950.
- The prepaid insurance at the year-end was calculated to be \$680.
- A customer paid \$2000 on December 27th for work to be done in January, 20-5. The accounting clerk originally credited Fees Earned for the \$2000.
- Late-arriving invoices pertaining to the 20-4 fiscal period were

Car Expense	\$ 150
Miscellaneous Expense	50
Utilities Expense	315
Total	<u>\$ 515</u>