

Study Guide 6

| Name | Perfect Score | Your Score |
|--|----------------|------------|
| Identifying Accounting Terms | 8 Pts. | |
| Analyzing Accounting Practices Related to a Work Sheet | 17 Pts. | |
| Analyzing the Preparation of a Trial Balance on a Work Sheet | 16 Pts. | |
| Analyzing Adjustments and Extending Account Balances on a Work Sheet | 16 Pts. | |
| Total | 57 Pts. | |

Part One—Identifying Accounting Terms

Directions: Select the one term in Column I that best fits each definition in Column II. Print the letter identifying your choice in the Answers column.

| Column I | Column II | Answers |
|---------------------|---|----------------|
| A. adjustments | 1. The length of time for which a business summarizes and reports financial information. (p. 153) | 1. _____ |
| B. balance sheet | 2. A columnar accounting form used to summarize the general ledger information needed to prepare financial statements. (p. 153) | 2. _____ |
| C. fiscal period | 3. A proof of equality of debits and credits in a general ledger. (p. 154) | 3. _____ |
| D. income statement | 4. Changes recorded on a work sheet to update general ledger accounts at the end of a fiscal period. (p. 157) | 4. _____ |
| E. net income | 5. A financial statement that reports assets, liabilities, and owner's equity on a specific date. (p. 162) | 5. _____ |
| F. net loss | 6. A financial statement showing the revenue and expenses for a fiscal period. (p. 163) | 6. _____ |
| G. trial balance | 7. The difference between total revenue and total expenses when total revenue is greater. (p. 164) | 7. _____ |
| H. work sheet | 8. The difference between total revenue and total expenses when total expenses are greater. (p. 165) | 8. _____ |

Part Two—Analyzing Accounting Practices Related to a Work Sheet

Directions: Place a *T* for True or an *F* for False in the Answers column to show whether each of the following statements is true or false.

- | | Answers |
|--|----------------|
| 1. The accounting concept Consistent Reporting is being applied when a delivery business reports the number of deliveries made one year and the amount of revenue received for deliveries made the next year. (p. 152) | 1. _____ |
| 2. An accounting period is also known as a fiscal period. (p. 153) | 2. _____ |
| 3. Journals, ledgers, and work sheets are considered permanent records. (p. 153) | 3. _____ |
| 4. All general ledger account titles are listed on a trial balance in the same order as listed on the chart of accounts. (p. 154) | 4. _____ |
| 5. The four questions asked when analyzing an adjustment are: Why? Where? When? and How? (p. 158) | 5. _____ |
| 6. The two accounts affected by the adjustment for supplies are Supplies and Supplies Expense. (p. 158) | 6. _____ |
| 7. The two accounts affected by the adjustment for insurance are Prepaid Insurance Expense and Insurance. (p. 159) | 7. _____ |
| 8. Totaling and ruling the Adjustments columns of a work sheet is necessary to prove the equality of debits and credits. (p. 160) | 8. _____ |
| 9. Two financial statements are prepared from the information on the work sheet. (p. 162) | 9. _____ |
| 10. Net income on a work sheet is calculated by subtracting the Income Statement Credit column total from the Income Statement Debit column total. (p. 164) | 10. _____ |
| 11. If errors are found on a work sheet, they must be erased and corrected before any further work is completed. (p. 167) | 11. _____ |
| 12. When two column totals are not in balance on the work sheet, the difference between the two totals is calculated and checked. (p. 167) | 12. _____ |
| 13. If the difference between the totals of Debit and Credit columns on a work sheet can be evenly divided by 9, then the error is most likely in addition. (p. 167) | 13. _____ |
| 14. If there are errors in the work sheet's Trial Balance columns, it might be because not all general ledger account balances were copied in the Trial Balance column correctly. (p. 168) | 14. _____ |
| 15. Errors in general ledger accounts should never be erased. (p. 169) | 15. _____ |
| 16. Most errors occur in doing arithmetic. (p. 169) | 16. _____ |
| 17. The best way to prevent errors is to use a calculator. (p. 169) | 17. _____ |

Part Three—Analyzing the Preparation of a Trial Balance on a Work Sheet

Directions: For each account title listed below, decide whether the account balance is recorded in the Trial Balance Debit or Trial Balance Credit column. Place a check mark in the proper Answers column identifying your choice. Do not check either column if the account should not have a balance in the Trial Balance columns. (p. 154)

| | Trial Balance | |
|--|----------------------|---------------|
| | Debit | Credit |
| 1. Cash | _____ | _____ |
| 2. Petty Cash | _____ | _____ |
| 3. Accounts Receivable—Imagination Station | _____ | _____ |
| 4. Supplies | _____ | _____ |
| 5. Prepaid Insurance | _____ | _____ |
| 6. Accounts Payable—Suburban Office Supplies | _____ | _____ |
| 7. J. Nichols, Capital | _____ | _____ |
| 8. J. Nichols, Drawing | _____ | _____ |
| 9. Income Summary | _____ | _____ |
| 10. Sales | _____ | _____ |
| 11. Advertising Expense | _____ | _____ |
| 12. Insurance Expense | _____ | _____ |
| 13. Miscellaneous Expense | _____ | _____ |
| 14. Rent Expense | _____ | _____ |
| 15. Supplies Expense | _____ | _____ |
| 16. Utilities Expense | _____ | _____ |

Part Four—Analyzing Adjustments and Extending Account Balances on a Work Sheet

Directions: For each account listed below, determine in which work sheet column(s) an amount typically will be written. Place a check mark in the proper Answers column to show your answer.

| | Adjustments | | Income Statement | | Balance Sheet | |
|--|----------------------|---------------|-------------------------|---------------|----------------------|---------------|
| | Debit | Credit | Debit | Credit | Debit | Credit |
| | (pp. 157–160) | | (p. 163) | | (p. 162) | |
| 1. Cash | _____ | _____ | _____ | _____ | _____ | _____ |
| 2. Petty Cash | _____ | _____ | _____ | _____ | _____ | _____ |
| 3. Accounts Receivable— Imagination Station | _____ | _____ | _____ | _____ | _____ | _____ |
| 4. Supplies | _____ | _____ | _____ | _____ | _____ | _____ |
| 5. Prepaid Insurance | _____ | _____ | _____ | _____ | _____ | _____ |
| 6. Accounts Payable— Suburban Office Supplies | _____ | _____ | _____ | _____ | _____ | _____ |
| 7. J. Nichols, Capital | _____ | _____ | _____ | _____ | _____ | _____ |
| 8. J. Nichols, Drawing | _____ | _____ | _____ | _____ | _____ | _____ |
| 9. Income Summary | _____ | _____ | _____ | _____ | _____ | _____ |
| 10. Sales | _____ | _____ | _____ | _____ | _____ | _____ |
| 11. Advertising Expense | _____ | _____ | _____ | _____ | _____ | _____ |
| 12. Insurance Expense | _____ | _____ | _____ | _____ | _____ | _____ |
| 13. Miscellaneous Expense | _____ | _____ | _____ | _____ | _____ | _____ |
| 14. Rent Expense | _____ | _____ | _____ | _____ | _____ | _____ |
| 15. Supplies Expense | _____ | _____ | _____ | _____ | _____ | _____ |
| 16. Utilities Expense | _____ | _____ | _____ | _____ | _____ | _____ |

6-1, 6-2, and 6-3 WORK TOGETHER, pp. 155, 161, 166

- 6-1 Recording the trial balance on a work sheet
- 6-2 Planning adjustments on a work sheet
- 6-3 Completing a work sheet

| ACCOUNT TITLE | 1 TRIAL BALANCE | | 2 | | 3 ADJUSTMENTS | | 4 | | 5 INCOME STATEMENT | | 6 BALANCE SHEET | |
|---------------|-----------------|--------|-------|--------|---------------|--------|-------|--------|--------------------|--------|-----------------|--------|
| | DEBIT | CREDIT | DEBIT | CREDIT | DEBIT | CREDIT | DEBIT | CREDIT | DEBIT | CREDIT | DEBIT | CREDIT |
| 1 | | | | | | | | | | | | |
| 2 | | | | | | | | | | | | |
| 3 | | | | | | | | | | | | |
| 4 | | | | | | | | | | | | |
| 5 | | | | | | | | | | | | |
| 6 | | | | | | | | | | | | |
| 7 | | | | | | | | | | | | |
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| 12 | | | | | | | | | | | | |
| 13 | | | | | | | | | | | | |
| 14 | | | | | | | | | | | | |
| 15 | | | | | | | | | | | | |
| 16 | | | | | | | | | | | | |
| 17 | | | | | | | | | | | | |
| 18 | | | | | | | | | | | | |
| 19 | | | | | | | | | | | | |

- 6-1 Recording the trial balance on a work sheet
- 6-2 Planning adjustments on a work sheet
- 6-3 Completing a work sheet

| ACCOUNT TITLE | 1 TRIAL BALANCE | | 2 | | 3 ADJUSTMENTS | | 4 | | 5 INCOME STATEMENT | | 6 | | 7 BALANCE SHEET | | 8 |
|---------------|-----------------|--------|-------|--------|---------------|--------|-------|--------|--------------------|--------|-------|--------|-----------------|--------|---|
| | DEBIT | CREDIT | DEBIT | CREDIT | DEBIT | CREDIT | DEBIT | CREDIT | DEBIT | CREDIT | DEBIT | CREDIT | DEBIT | CREDIT | |
| 1 | | | | | | | | | | | | | | | |
| 2 | | | | | | | | | | | | | | | |
| 3 | | | | | | | | | | | | | | | |
| 4 | | | | | | | | | | | | | | | |
| 5 | | | | | | | | | | | | | | | |
| 6 | | | | | | | | | | | | | | | |
| 7 | | | | | | | | | | | | | | | |
| 8 | | | | | | | | | | | | | | | |
| 9 | | | | | | | | | | | | | | | |
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| 11 | | | | | | | | | | | | | | | |
| 12 | | | | | | | | | | | | | | | |
| 13 | | | | | | | | | | | | | | | |
| 14 | | | | | | | | | | | | | | | |
| 15 | | | | | | | | | | | | | | | |
| 16 | | | | | | | | | | | | | | | |
| 17 | | | | | | | | | | | | | | | |
| 18 | | | | | | | | | | | | | | | |
| 19 | | | | | | | | | | | | | | | |

6-4 WORK TOGETHER, p. 170

Finding and correcting errors in accounting records

1., 2.

GENERAL LEDGER

| ACCOUNT Cash | | ACCOUNT NO. 110 | | | | | |
|-----------------|------|-----------------|--------|--------|---------|---------|--|
| DATE | ITEM | POST. REF. | DEBIT | CREDIT | BALANCE | | |
| | | | | | DEBIT | CREDIT | |
| 20-- Sept. 1 | | 1 | 400000 | | | 400000 | |
| | 30 | 2 | 700000 | | | 1500000 | |
| | 30 | 2 | | 675000 | | 800000 | |

| ACCOUNT Accounts Receivable—Sharon Mann | | ACCOUNT NO. 120 | | | | | |
|---|------|-----------------|--------|--------|---------|--------|--|
| DATE | ITEM | POST. REF. | DEBIT | CREDIT | BALANCE | | |
| | | | | | DEBIT | CREDIT | |
| 20-- Sept. 12 | | 1 | 100000 | | | 100000 | |

| ACCOUNT Supplies | | ACCOUNT NO. 130 | | | | | |
|------------------|------|-----------------|-------|--------|---------|--------|--|
| DATE | ITEM | POST. REF. | DEBIT | CREDIT | BALANCE | | |
| | | | | | DEBIT | CREDIT | |
| 20-- Sept. 2 | | 1 | 60000 | | | 60000 | |
| | 25 | 2 | 42500 | | | 72500 | |

| ACCOUNT Prepaid Insurance | | ACCOUNT NO. 140 | | | | | |
|---------------------------|------|-----------------|-------|--------|---------|--------|--|
| DATE | ITEM | POST. REF. | DEBIT | CREDIT | BALANCE | | |
| | | | | | DEBIT | CREDIT | |
| 20-- Sept. 3 | | 1 | 15000 | | | 15000 | |
| | 20 | 2 | 15000 | | | 40000 | |

| ACCOUNT Accounts Payable—Powers Supply | | ACCOUNT NO. 210 | | | | | |
|--|------|-----------------|-------|--------|---------|--------|-------|
| DATE | ITEM | POST. REF. | DEBIT | CREDIT | BALANCE | | |
| | | | | | DEBIT | CREDIT | |
| 20-- Sept. 4 | | 1 | | 30000 | | | 30000 |
| | 15 | 2 | 15000 | | | | 15000 |

| ACCOUNT Paul Coty, Capital | | ACCOUNT NO. 310 | | | | | |
|----------------------------|------|-----------------|-------|--------|---------|--------|--------|
| DATE | ITEM | POST. REF. | DEBIT | CREDIT | BALANCE | | |
| | | | | | DEBIT | CREDIT | |
| 20-- Sept. 1 | | 1 | | 500000 | | | 500000 |

Leafy Lift
Work Sheet

For Month Ended September 30, 20 --

| ACCOUNT TITLE | TRIAL BALANCE | | ADJUSTMENTS | | INCOME STATEMENT | | BALANCE SHEET | |
|-----------------------------|---------------|--------|-------------|-----------|------------------|--------|---------------|---------|
| | DEBIT | CREDIT | DEBIT | CREDIT | DEBIT | CREDIT | DEBIT | CREDIT |
| 1 Cash | 800000 | | | | | | 800000 | |
| 2 Accts. Rec.—Sharon Mann | 100000 | | | | | | 100000 | |
| 3 Supplies | 72500 | | (a) 39000 | | | | 111500 | |
| 4 Prepaid Insurance | 40000 | | (b) 9500 | | | | 49500 | |
| 5 Accts. Pay.—Powers Supply | | 15000 | | | | | | 15000 |
| 6 Paul Coty, Capital | | 500000 | | | | | | 500000 |
| 7 Paul Coty, Drawing | 30000 | | | | | | | 30000 |
| 8 Income Summary | | | | | | | | |
| 9 Sales | | 187500 | | | | 187500 | | |
| 10 Insurance Expense | | | | (b) 9500 | | 9500 | | |
| 11 Miscellaneous Expense | 12500 | | | | 15200 | | | |
| 12 Supplies Expense | | | | (a) 39000 | | 39000 | | |
| 13 | 1055000 | 702500 | 48500 | 48500 | 15200 | 236000 | 1061000 | 545000 |
| 14 Net Income | | | | | 220800 | | | 516000 |
| 15 | | | | | 236000 | 236000 | 1061000 | 1061000 |
| 16 | | | | | | | | |
| 17 | | | | | | | | |
| 18 | | | | | | | | |
| 19 | | | | | | | | |
| 20 | | | | | | | | |
| 21 | | | | | | | | |

6-4 WORK TOGETHER (concluded)

3.

| ACCOUNT TITLE | 1 TRIAL BALANCE | | 2 | | 3 ADJUSTMENTS | | 4 | | 5 INCOME STATEMENT | | 6 | | 7 BALANCE SHEET | | 8 |
|---------------|-----------------|--------|-------|--------|---------------|--------|-------|--------|--------------------|--------|-------|--------|-----------------|--------|---|
| | DEBIT | CREDIT | DEBIT | CREDIT | DEBIT | CREDIT | DEBIT | CREDIT | DEBIT | CREDIT | DEBIT | CREDIT | DEBIT | CREDIT | |
| 1 | | | | | | | | | | | | | | | |
| 2 | | | | | | | | | | | | | | | |
| 3 | | | | | | | | | | | | | | | |
| 4 | | | | | | | | | | | | | | | |
| 5 | | | | | | | | | | | | | | | |
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| 12 | | | | | | | | | | | | | | | |
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| 14 | | | | | | | | | | | | | | | |
| 15 | | | | | | | | | | | | | | | |
| 16 | | | | | | | | | | | | | | | |
| 17 | | | | | | | | | | | | | | | |
| 18 | | | | | | | | | | | | | | | |
| 19 | | | | | | | | | | | | | | | |
| 20 | | | | | | | | | | | | | | | |
| 21 | | | | | | | | | | | | | | | |

6-4 ON YOUR OWN, p. 170

Finding and correcting errors in accounting records

1., 2.

GENERAL LEDGER

ACCOUNT **Cash**

ACCOUNT NO. **110**

| DATE | ITEM | POST. REF. | DEBIT | CREDIT | BALANCE | |
|----------------|------|------------|-----------|----------|---------|-----------|
| | | | | | DEBIT | CREDIT |
| 20-- Nov. 1 | | 1 | 12 000 00 | | | 12 000 00 |
| | 30 | 2 | 6 495 00 | | | 18 945 00 |
| | 30 | 2 | | 5 550 00 | | 13 395 00 |

ACCOUNT **Supplies**

ACCOUNT NO. **120**

| DATE | ITEM | POST. REF. | DEBIT | CREDIT | BALANCE | |
|----------------|------|------------|----------|--------|---------|----------|
| | | | | | DEBIT | CREDIT |
| 20-- Nov. 2 | | 1 | 3 000 00 | | | 3 000 00 |
| | 25 | 2 | 1 000 00 | | | 1 300 00 |

ACCOUNT **Prepaid Insurance**

ACCOUNT NO. **130**

| DATE | ITEM | POST. REF. | DEBIT | CREDIT | BALANCE | |
|----------------|------|------------|----------|--------|---------|----------|
| | | | | | DEBIT | CREDIT |
| 20-- Nov. 3 | | 1 | 3 500 00 | | | 3 500 00 |

ACCOUNT **Accounts Payable—NW Electric**

ACCOUNT NO. **210**

| DATE | ITEM | POST. REF. | DEBIT | CREDIT | BALANCE | |
|----------------|------|------------|----------|----------|---------|----------|
| | | | | | DEBIT | CREDIT |
| 20-- Nov. 4 | | 1 | | 4 000 00 | | 4 000 00 |
| | 15 | 2 | 1 500 00 | | | 5 500 00 |

ACCOUNT **Nadine Fritz, Capital**

ACCOUNT NO. **310**

| DATE | ITEM | POST. REF. | DEBIT | CREDIT | BALANCE | |
|----------------|------|------------|-------|-----------|---------|-----------|
| | | | | | DEBIT | CREDIT |
| 20-- Nov. 1 | | 1 | | 12 000 00 | | 12 000 00 |

6-4 ON YOUR OWN (continued)

1., 2. GENERAL LEDGER

ACCOUNT Nadine Fritz, Drawing

ACCOUNT NO. 320

| DATE | ITEM | POST. REF. | DEBIT | CREDIT | BALANCE | |
|---------|------|------------|--------|--------|---------|--------|
| | | | | | DEBIT | CREDIT |
| Nov. 30 | | 2 | 300 00 | | 300 00 | |
| | | | | | | |

ACCOUNT Income Summary

ACCOUNT NO. 330

| DATE | ITEM | POST. REF. | DEBIT | CREDIT | BALANCE | |
|------|------|------------|-------|--------|---------|--------|
| | | | | | DEBIT | CREDIT |
| | | | | | | |
| | | | | | | |

ACCOUNT Sales

ACCOUNT NO. 410

| DATE | ITEM | POST. REF. | DEBIT | CREDIT | BALANCE | |
|---------|------|------------|-------|---------|---------|--------|
| | | | | | DEBIT | CREDIT |
| Nov. 30 | | 2 | | 1950 00 | 1950 00 | |
| | | | | | | |

ACCOUNT Insurance Expense

ACCOUNT NO. 510

| DATE | ITEM | POST. REF. | DEBIT | CREDIT | BALANCE | |
|------|------|------------|-------|--------|---------|--------|
| | | | | | DEBIT | CREDIT |
| | | | | | | |
| | | | | | | |

ACCOUNT Miscellaneous Expense

ACCOUNT NO. 520

| DATE | ITEM | POST. REF. | DEBIT | CREDIT | BALANCE | |
|--------|------|------------|--------|--------|---------|--------|
| | | | | | DEBIT | CREDIT |
| Nov. 9 | | 1 | 150 00 | | 150 00 | |
| 27 | | 2 | 55 00 | | 95 00 | |
| | | | | | | |

ACCOUNT Supplies Expense

ACCOUNT NO. 530

| DATE | ITEM | POST. REF. | DEBIT | CREDIT | BALANCE | |
|------|------|------------|-------|--------|---------|--------|
| | | | | | DEBIT | CREDIT |
| | | | | | | |
| | | | | | | |

6-4 ON YOUR OWN (continued)

Your Personal Trainer
Work Sheet

For Month Ended November 30, 20 --

| ACCOUNT TITLE | TRIAL BALANCE | | ADJUSTMENTS | | INCOME STATEMENT | | BALANCE SHEET | |
|---------------------------|---------------|----------|-------------|------------|------------------|---------|---------------|----------|
| | DEBIT | CREDIT | DEBIT | CREDIT | DEBIT | CREDIT | DEBIT | CREDIT |
| 1 Cash | 13395.00 | | | | | | 13395.00 | |
| 2 Supplies | 130.00 | | (a) 90.00 | | | | 220.00 | |
| 3 Prepaid Insurance | 530.00 | | (b) 104.00 | | | | 643.00 | |
| 4 Accts. Pay.—NW Electric | | 550.00 | | | | | | 550.00 |
| 5 Nadine Fritz, Capital | | 12000.00 | | | | | | 12000.00 |
| 6 Nadine Fritz, Drawing | 300.00 | | | | | | | 300.00 |
| 7 Income Summary | | | | | | | | |
| 8 Sales | | 1950.00 | | | | 1950.00 | | |
| 9 Insurance Expense | | | | (b) 104.00 | | 104.00 | | |
| 10 Miscellaneous Expense | 95.00 | | | | 59.00 | | | |
| 11 Supplies Expense | | | | (a) 90.00 | | 90.00 | | |
| 12 | 14450.00 | 14500.00 | 194.00 | 194.00 | 59.00 | 214.40 | 14258.00 | 12850.00 |
| 13 Net Income | | | | | 208.50 | | | 1408.00 |
| 14 | | | | | 214.40 | | 14258.00 | 14258.00 |
| 15 | | | | | | | | |
| 16 | | | | | | | | |
| 17 | | | | | | | | |
| 18 | | | | | | | | |
| 19 | | | | | | | | |
| 20 | | | | | | | | |
| 21 | | | | | | | | |
| 22 | | | | | | | | |

6-4 ON YOUR OWN (concluded)

3.

| ACCOUNT TITLE | 1 TRIAL BALANCE | | 3 ADJUSTMENTS | | 5 INCOME STATEMENT | | 7 BALANCE SHEET | |
|---------------|-----------------|--------|---------------|--------|--------------------|--------|-----------------|--------|
| | DEBIT | CREDIT | DEBIT | CREDIT | DEBIT | CREDIT | DEBIT | CREDIT |
| 1 | | | | | | | | |
| 2 | | | | | | | | |
| 3 | | | | | | | | |
| 4 | | | | | | | | |
| 5 | | | | | | | | |
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| 15 | | | | | | | | |
| 16 | | | | | | | | |
| 17 | | | | | | | | |
| 18 | | | | | | | | |
| 19 | | | | | | | | |
| 20 | | | | | | | | |
| 21 | | | | | | | | |

6-1, 6-2, and 6-3 APPLICATION PROBLEMS, p. 172

- 6-1 Recording the trial balance on a work sheet
- 6-2 Planning adjustments on a work sheet
- 6-3 Completing a work sheet

| ACCOUNT TITLE | 1 TRIAL BALANCE | | 2 | | 3 ADJUSTMENTS | | 4 | | 5 INCOME STATEMENT | | 6 | | 7 BALANCE SHEET | | 8 |
|---------------|-----------------|--------|-------|--------|---------------|--------|-------|--------|--------------------|--------|-------|--------|-----------------|--------|---|
| | DEBIT | CREDIT | DEBIT | CREDIT | DEBIT | CREDIT | DEBIT | CREDIT | DEBIT | CREDIT | DEBIT | CREDIT | DEBIT | CREDIT | 1 |
| 1 | | | | | | | | | | | | | | | |
| 2 | | | | | | | | | | | | | | | |
| 3 | | | | | | | | | | | | | | | |
| 4 | | | | | | | | | | | | | | | |
| 5 | | | | | | | | | | | | | | | |
| 6 | | | | | | | | | | | | | | | |
| 7 | | | | | | | | | | | | | | | |
| 8 | | | | | | | | | | | | | | | |
| 9 | | | | | | | | | | | | | | | |
| 10 | | | | | | | | | | | | | | | |
| 11 | | | | | | | | | | | | | | | |
| 12 | | | | | | | | | | | | | | | |
| 13 | | | | | | | | | | | | | | | |
| 14 | | | | | | | | | | | | | | | |
| 15 | | | | | | | | | | | | | | | |
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| 17 | | | | | | | | | | | | | | | |
| 18 | | | | | | | | | | | | | | | |
| 19 | | | | | | | | | | | | | | | |
| 20 | | | | | | | | | | | | | | | |

6-4 APPLICATION PROBLEM, p. 173

Finding and correcting errors in accounting records

1., 2.

GENERAL LEDGER

ACCOUNT Cash

ACCOUNT NO. 110

| DATE | ITEM | POST. REF. | DEBIT | CREDIT | BALANCE | |
|----------------|------|------------|--------|--------|---------|---------|
| | | | | | DEBIT | CREDIT |
| 20-- Apr. 1 | | 1 | 850000 | | | 850000 |
| | | 2 | 153500 | | | 1030500 |
| | | 2 | | 234000 | | 796500 |

ACCOUNT Supplies

ACCOUNT NO. 120

| DATE | ITEM | POST. REF. | DEBIT | CREDIT | BALANCE | |
|----------------|------|------------|-------|--------|---------|--------|
| | | | | | DEBIT | CREDIT |
| 20-- Apr. 2 | | 1 | 50000 | | | 50000 |

ACCOUNT Prepaid Insurance

ACCOUNT NO. 130

| DATE | ITEM | POST. REF. | DEBIT | CREDIT | BALANCE | |
|----------------|------|------------|-------|--------|---------|--------|
| | | | | | DEBIT | CREDIT |
| 20-- Apr. 3 | | 1 | 63000 | | | 63000 |

ACCOUNT Accounts Payable—Archer Supplies

ACCOUNT NO. 210

| DATE | ITEM | POST. REF. | DEBIT | CREDIT | BALANCE | |
|----------------|------|------------|-------|--------|---------|--------|
| | | | | | DEBIT | CREDIT |
| 20-- Apr. 4 | | 1 | | 70000 | | 70000 |
| | | 2 | 20000 | | | 50000 |

ACCOUNT Ervin Watkins, Capital

ACCOUNT NO. 310

| DATE | ITEM | POST. REF. | DEBIT | CREDIT | BALANCE | |
|----------------|------|------------|-------|--------|---------|--------|
| | | | | | DEBIT | CREDIT |
| 20-- Apr. 1 | | 1 | | 850000 | | 850000 |

6-4 APPLICATION PROBLEM (continued)

1., 2. GENERAL LEDGER

ACCOUNT Ervin Watkins, Drawing ACCOUNT NO. 320

| DATE | ITEM | POST. REF. | DEBIT | CREDIT | BALANCE | |
|-----------------|------|------------|--------|--------|---------|--------|
| | | | | | DEBIT | CREDIT |
| 20-- Apr. 30 | | 2 | 600 00 | | 600 00 | |
| | | | | | | |

ACCOUNT Income Summary ACCOUNT NO. 330

| DATE | ITEM | POST. REF. | DEBIT | CREDIT | BALANCE | |
|------|------|------------|-------|--------|---------|--------|
| | | | | | DEBIT | CREDIT |
| | | | | | | |
| | | | | | | |

ACCOUNT Sales ACCOUNT NO. 410

| DATE | ITEM | POST. REF. | DEBIT | CREDIT | BALANCE | |
|-----------------|------|------------|-------|--------|---------|--------|
| | | | | | DEBIT | CREDIT |
| 20-- Apr. 30 | | 2 | | 900 00 | | 990 00 |
| | | | | | | |

ACCOUNT Insurance Expense ACCOUNT NO. 510

| DATE | ITEM | POST. REF. | DEBIT | CREDIT | BALANCE | |
|------|------|------------|-------|--------|---------|--------|
| | | | | | DEBIT | CREDIT |
| | | | | | | |
| | | | | | | |

ACCOUNT Miscellaneous Expense ACCOUNT NO. 520

| DATE | ITEM | POST. REF. | DEBIT | CREDIT | BALANCE | |
|----------------|------|------------|--------|--------|---------|--------|
| | | | | | DEBIT | CREDIT |
| 20-- Apr. 9 | | 1 | 350 00 | | | 350 00 |
| | | | | | | |
| | | | | | | |
| | | 2 | 125 00 | | | 225 00 |

ACCOUNT Supplies Expense ACCOUNT NO. 530

| DATE | ITEM | POST. REF. | DEBIT | CREDIT | BALANCE | |
|------|------|------------|-------|--------|---------|--------|
| | | | | | DEBIT | CREDIT |
| | | | | | | |
| | | | | | | |

6-4 APPLICATION PROBLEM (continued)

1.

Ever Clean
Work Sheet

For Month Ended April 30, 20 --

| ACCOUNT TITLE | TRIAL BALANCE | | ADJUSTMENTS | | INCOME STATEMENT | | BALANCE SHEET | |
|-----------------------------|---------------|--------|-------------|-----------|------------------|--------|---------------|--------|
| | DEBIT | CREDIT | DEBIT | CREDIT | DEBIT | CREDIT | DEBIT | CREDIT |
| Cash | 796500 | | | | | | 795600 | |
| Supplies | 5000 | | | (b) 30000 | | | | 25000 |
| Prepaid Insurance | 63000 | | (b) 21000 | | | | 24000 | |
| Accts. Pay.—Archer Supplies | | 50000 | | | | | | 50000 |
| Ervin Watkins, Capital | | 580000 | | | | | | 580000 |
| Ervin Watkins, Drawing | 60000 | | | | | | 60000 | |
| Income Summary | | | | | | | | |
| Sales | | 99000 | | | | 99000 | | |
| Insurance Expense | | | | (b) 21000 | | 21000 | | |
| Miscellaneous Expense | 22500 | | | | 22500 | | | |
| Supplies Expense | | | (b) 30000 | | 30000 | | | |
| | 947000 | 729000 | 51000 | 51000 | 52500 | 120000 | 879600 | 655000 |
| Net Income | | | | | 67500 | | | 224600 |
| | | | | | 120000 | 120000 | 879600 | 879600 |

3.

| ACCOUNT TITLE | 1 TRIAL BALANCE | | 2 | | 3 ADJUSTMENTS | | 4 | | 5 INCOME STATEMENT | | 6 | | 7 BALANCE SHEET | | 8 |
|---------------|-----------------|--------|-------|--------|---------------|--------|-------|--------|--------------------|--------|-------|--------|-----------------|--------|----|
| | DEBIT | CREDIT | DEBIT | CREDIT | DEBIT | CREDIT | DEBIT | CREDIT | DEBIT | CREDIT | DEBIT | CREDIT | DEBIT | CREDIT | |
| 1 | | | | | | | | | | | | | | | 1 |
| 2 | | | | | | | | | | | | | | | 2 |
| 3 | | | | | | | | | | | | | | | 3 |
| 4 | | | | | | | | | | | | | | | 4 |
| 5 | | | | | | | | | | | | | | | 5 |
| 6 | | | | | | | | | | | | | | | 6 |
| 7 | | | | | | | | | | | | | | | 7 |
| 8 | | | | | | | | | | | | | | | 8 |
| 9 | | | | | | | | | | | | | | | 9 |
| 10 | | | | | | | | | | | | | | | 10 |
| 11 | | | | | | | | | | | | | | | 11 |
| 12 | | | | | | | | | | | | | | | 12 |
| 13 | | | | | | | | | | | | | | | 13 |
| 14 | | | | | | | | | | | | | | | 14 |
| 15 | | | | | | | | | | | | | | | 15 |
| 16 | | | | | | | | | | | | | | | 16 |
| 17 | | | | | | | | | | | | | | | 17 |
| 18 | | | | | | | | | | | | | | | 18 |
| 19 | | | | | | | | | | | | | | | 19 |
| 20 | | | | | | | | | | | | | | | 20 |
| 21 | | | | | | | | | | | | | | | 21 |

6-5 MASTERY PROBLEM, p. 173

Completing a work sheet

| ACCOUNT TITLE | 1 TRIAL BALANCE | | 2 | | 3 ADJUSTMENTS | | 4 | | 5 INCOME STATEMENT | | 6 | | 7 BALANCE SHEET | | 8 |
|---------------|-----------------|--------|-------|--------|---------------|--------|-------|--------|--------------------|--------|-------|--------|-----------------|--------|---|
| | DEBIT | CREDIT | DEBIT | CREDIT | DEBIT | CREDIT | DEBIT | CREDIT | DEBIT | CREDIT | DEBIT | CREDIT | DEBIT | CREDIT | |
| 1 | | | | | | | | | | | | | | | |
| 2 | | | | | | | | | | | | | | | |
| 3 | | | | | | | | | | | | | | | |
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| 9 | | | | | | | | | | | | | | | |
| 10 | | | | | | | | | | | | | | | |
| 11 | | | | | | | | | | | | | | | |
| 12 | | | | | | | | | | | | | | | |
| 13 | | | | | | | | | | | | | | | |
| 14 | | | | | | | | | | | | | | | |
| 15 | | | | | | | | | | | | | | | |
| 16 | | | | | | | | | | | | | | | |
| 17 | | | | | | | | | | | | | | | |
| 18 | | | | | | | | | | | | | | | |
| 19 | | | | | | | | | | | | | | | |
| 20 | | | | | | | | | | | | | | | |
| 21 | | | | | | | | | | | | | | | |

Completing a work sheet

| ACCOUNT TITLE | 1 TRIAL BALANCE | | 2 | | 3 ADJUSTMENTS | | 4 | | 5 INCOME STATEMENT | | 6 | | 7 BALANCE SHEET | | 8 |
|---------------|-----------------|--------|-------|--------|---------------|--------|-------|--------|--------------------|--------|-------|--------|-----------------|--------|----|
| | DEBIT | CREDIT | DEBIT | CREDIT | DEBIT | CREDIT | DEBIT | CREDIT | DEBIT | CREDIT | DEBIT | CREDIT | DEBIT | CREDIT | |
| 1 | | | | | | | | | | | | | | | 1 |
| 2 | | | | | | | | | | | | | | | 2 |
| 3 | | | | | | | | | | | | | | | 3 |
| 4 | | | | | | | | | | | | | | | 4 |
| 5 | | | | | | | | | | | | | | | 5 |
| 6 | | | | | | | | | | | | | | | 6 |
| 7 | | | | | | | | | | | | | | | 7 |
| 8 | | | | | | | | | | | | | | | 8 |
| 9 | | | | | | | | | | | | | | | 9 |
| 10 | | | | | | | | | | | | | | | 10 |
| 11 | | | | | | | | | | | | | | | 11 |
| 12 | | | | | | | | | | | | | | | 12 |
| 13 | | | | | | | | | | | | | | | 13 |
| 14 | | | | | | | | | | | | | | | 14 |
| 15 | | | | | | | | | | | | | | | 15 |
| 16 | | | | | | | | | | | | | | | 16 |
| 17 | | | | | | | | | | | | | | | 17 |
| 18 | | | | | | | | | | | | | | | 18 |
| 19 | | | | | | | | | | | | | | | 19 |
| 20 | | | | | | | | | | | | | | | 20 |
| 21 | | | | | | | | | | | | | | | 21 |