College Accounting A Practical Approach 13th edition Jeffrey Slater Solutions Manual

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1

Accounting Concepts and Procedures

ANSWERS TO DISCUSSION QUESTIONS AND CRITICAL THINKING/ETHICAL CASE

1. The functions of accounting are to analyze, record, classify, summarize, report, and interpret financial information.
2. Sole proprietorship—1 owner; unlimited liability; easy to form; limited life
   Partnership—2 or more owners; unlimited liability; easy to form; limited life
   Corporation—Stockholders; limited liability; difficult to form; unlimited life
3. Businesses are classified as service, merchandise, or manufacturing.
4. Computer technology has greatly reduced the time required for performing the bookkeeping function.
5. The three elements of the basic accounting equation are assets, liabilities, and owner's equity.
6. Capital is the owner's current investment or equity in the assets of a business. It is one subdivision of owner's equity.
7. True. The sum of the left side of the equation (assets) must equal the sum of the right side of the equation (liabilities and owner's equity).
8. False. That is the income statement.
9. False. Revenue is a subdivision of owner's equity.
10. Owner's equity is subdivided into Capital, Withdrawals, Revenue, and Expenses.
11. False. It is non-business expense of the owner; a subdivision of owner's equity. It is not a business expense.
12. False. As expenses increase, owner's equity decreases.
13. Revenue less Expenses; an income statement shows performance over time.
14. False. It calculates ending capital.
15. The question in this case is whether Paul should be allowed to "pad" his expense account with an additional $100 of expenses. I feel that Paul should only be allowed to expense those items that are business related. Paul's argument that he is entitled to an additional $100 is not a valid assumption. However, he should be reimbursed for any business expenses during the weekend.

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SOLUTIONS TO CONCEPT CHECKS

1. a. A
b. A
c. L
d. A
e. OE
f. A

2. a. Liabilities
b. Total Assets
c. Accounts Payable

3. a. I
b. S

4.
Total assets = Cash $31,000 + Warehouse equipment $3,000 = $34,000

5. b. J. Penny, Capital
d. J. Penny, Withdrawals
f. Advertising Expense
g. Taxi Fees Earned

6. c. Accounts Payable
d. Grooming Fees Earned

7. a,b,d

8. a. IS
b. BS
c. BS
d. BS
e. IS
f. IS
g. OE
h. BS

9. a. OE
b. BS
c. BS
d. IS

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SOLUTIONS TO SET A EXERCISES

1A-1. a. $30,000 =$8,000 + $22,000
b. $105,000 =$7,000 + $98,000
c. $25,000 =$11,000 + OE
OE should be $14,000

1A-2.

	Assets		=	Liabilities	+ Owner's Equity
	Cash	+ Equipment	=	Accounts Payable	+ Matty, Capital
a.	+130,000				+130,000
b.	(1,100)	+1,100			
c.		+950		+950	

1A-3.

RIDEOUT COMPANY CLEANERS
BALANCE SHEET
NOVEMBER 30, 201X

Assets						Liabilities and Owner's Equity					
Cash	$71	0	0	0		**Liabilities**					
Equipment	12	0	0	0		Accounts Payable	$15	1	0	0	
						Total Liabilities	15	1	0	0	
						Owner's Equity					
						B. Rideout, Capital	67	9	0	0	
						Total Liabilities and					
Total Assets	$83	0	0	0		Owner's Equity	$83	0	0	0	

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EXERCISES(CONTINUED)

1A-4.

	ASSETS					=	LIABILITIES	+	OWNER'S EQUITY							
	Cash	+	Accounts Rec.	+	Computer Equip.	=	Accounts Payable	+	B. Black, Capital	–	B. Black, Withd.	+	Revenues	–	Expenses
a.	+60,000								+60,000						
b.					+7,000		+7,000								
c.	(100)										+100				
d.	+14,300												+14,300		
e.			+30,600										+30,600		
f.	(3,600)														+3,600
g.	(1,470)														+1,470

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

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EXERCISES (CONTINUED)

1A-5.

(a)

FREDERICK REALTY
INCOME STATEMENT
MONTH ENDED NOVEMBER 30, 201X

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

(b)

FREDERICK REALTY
STATEMENT OF OWNER'S EQUITY
MONTH ENDED NOVEMBER 30, 201X

S. Frederick, Capital, November 1, 201X						$9	0	0	0	
Net Income for November	$1	4	5	0						
Less: Withdrawals for November		(1	2	0)						
Increase in Capital						1	3	3	0	
S. Frederick, Capital, November 30, 201X						$10	3	3	0	

(c)

FREDERICK REALTY
BALANCE SHEET
NOVEMBER 30, 201X

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

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SOLUTIONS TO SET B EXERCISES

1B-1.

a. $27,000 = $7,000 + $20,000
b. $85,000 = $12,000 + $73,000
c. $30,000 = $5,000 + $25,000

1B-2.

	Assets		=	Liabilities	+ Owner's Equity
	Cash	+ Equipment	=	Accounts Payable	+ Mandy, Capital
a.	+114,000				+114,000
b.	(1,600)	+1,600			
c.		+1,150		+1,150	

1B-3.

ROLLAND COMPANY CLEANERS
BALANCE SHEET
JUNE 30, 201X

ASSETS		LIABILITIES AND OWNER'S EQUITY	
Cash	$52,000	Liabilities	
Equipment	36,000	Accounts Payable	$11,000
		Total Liabilities	$11,000
		Owner's Equity	
		B. Rolland, Capital	$77,000
		Total Liabilities and	
Total Assets	$88,000	Owner's Equity	$88,000

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EXERCISES(CONTINUED)

1B-4.

	ASSETS					=	LIABILITIES	+	OWNER'S EQUITY						
	Cash	+	Accounts Rec.	+	Computer Equip.	=	Accounts Payable	+	B. Bell, Capital	–	B. Bell, Withdr.	+	Revenues	–	Expenses
a.	+45,000								+45,000						
b.					+9,500		+9,500								
c.	(75)										+75				
d.	+14,100												+14,100		
e.			+29,600										+29,600		
f.	(3,400)														+3,400
g.	(1,500)														+1,500

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

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EXERCISES (CONTINUED)

1B-5.

(a)

FRENCH REALTY
INCOME STATEMENT
MONTH ENDED SEPTEMBER 30, 201X

Revenue:										
Professional Fees						$3	4	0	0	
Operating Expenses:										
Salaries Expense	$	4	2	5						
Utilities Expense		3	0	0						
Rent Expense		4	7	5						
Total Operating Expenses						1	2	0	0	
Net Income						$2	2	0	0	

(b)

FRENCH REALTY
STATEMENT OF OWNER'S EQUITY
MONTH ENDED SEPTEMBER 30, 201X

S. French, Capital, September 1, 201X						$6	0	5	0	
Net Income for September	$2	2	0	0						
Less: Withdrawals for September		(2	0	0)						
Increase in Capital						2	0	0	0	
S. French, Capital, September 30, 201X						$8	0	5	0	

(c)

FRENCH REALTY
BALANCE SHEET
SEPTEMBER 30, 201X

ASSETS						LIABILITIES AND OWNER'S EQUITY					
Cash	$2	9	0	0		Liabilities					
Accounts Receivable	1	7	5	0		Accounts Payable	$7	0	0	0	
Office Equipment	10	4	0	0		Owner's Equity					
						S. French, Capital	8	0	5	0	
						Total Liabilities and					
Total Assets	$15	0	5	0		Owner's Equity	$15	0	5	0	

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SOLUTIONS TO SET A PROBLEMS

PROBLEM 1A-1

MORGAN'S NAIL SPA

Transaction	Assets		= Liabilities +	Owner's Equity
	Cash	Store Equipment	Accounts Payable	M. Amberson, Capital
a.	+16,000			+16,000
b.	(3,700)	+3,700		
c.		+6,050	+6,050	
d.	(600)		(600)	
Total	11,700	9,750	5,450	16,000

PROBLEM 1A-2

SHEA'S INTERNET SERVICE
BALANCE SHEET
JUNE 30, 201X

ASSETS		LIABILITIES AND OWNER'S EQUITY	
Cash	$38,000	Liabilities	
Equipment	39,000	Accounts Payable	$14,000
Building	55,000		
		Owner's Equity	
		Shea, Capital	118,000
		Total Liabilities and	
Total Assets	$132,000	Owner's Equity	$132,000

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PROBLEM 1A-3

FONTAN COMPUTER SERVICE

	ASSETS					= LIABILITIES	+		OWNER'S EQUITY						
	Cash	+	Accounts Receivable	+	Office Equipment	= Accounts Payable	+	R. Fontan, Capital	–	R. Fontan, Withd.	+	Computer Service Revenue	–	Expenses
a.	+25,000	+		+			+	+25,000	-		+		-	
BALANCE	25,000	+	0	+	0	= 0	+	25,000	-	0	+	0	-	0
b.		+		+	+2,500	= +2,500	+		-		+		-	
BALANCE	25,000	+	0	+	2,500	= 2,500	+	25,000	-	0	+	0	-	0
c.	+800	+		+		=	+		-		+	+800	-	
BALANCE	25,800	+	0	+	2,500	= 2,500	+	25,000	-	0	+	800	-	0
d.		+	+2,100	+		=	+		-		+	+2,100	-	
BALANCE	25,800	+	2,100	+	2,500	= 2,500	+	25,000	-	0	+	2,900	-	0
e.	(275)	+		+		=	+		-		+		-	+275
BALANCE	25,525	+	2,100	+	2,500	= 2,500	+	25,000	-	0	+	2,900	–	275
f.	(170)	+		+		=	+		-		+		-	+170
BALANCE	25,355	+	2,100	+	2,500	= 2,500	+	25,000	-	0	+	2,900	–	445
g.		+		+		= +1,200	+		-		+		-	+1,200
BALANCE	25,355	+	2,100	+	2,500	= 3,700	+	25,000	-	0	+	2,900	–	1,645
h.	(700)	+		+		=	+		-	+ 700	+		-	
ENDING BALANCE	24,655	+	2,100	+	2,500	= 3,700	+	25,000	–	700	+	2,900	–	1,645
					29,255	29,255								

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PROBLEM 1A-4

(a)

WILLIAMS HOME DECORATING SERVICE
INCOME STATEMENT
MONTH ENDED SEPTEMBER 30, 201X

Revenue:										
Home Decorating Fees						$2	7	0	0	
Operating Expenses:										
Advertising Expense	$	2	5	5						
Repair Expense			4	5						
Travel Expense		6	5	0						
Supplies Expense		1	1	5						
Rent Expense		1	5	0						
Total Operating Expenses						1	2	1	5	
Net Income						$1	4	8	5	

(b)

WILLIAMS HOME DECORATING SERVICE
STATEMENT OF OWNER'S EQUITY
MONTH ENDED SEPTEMBER 30, 201X

J. Williams, Capital, September 1, 201X						$2	5	0	0	
Net Income for September	$1	4	8	5						
Less: Withdrawals for September		(3	0	0)						
Increase in Capital						1	1	8	5	
J. Williams, Capital, September 30, 201X						$3	6	8	5	

(c)

WILLIAMS HOME DECORATING SERVICE
BALANCE SHEET
SEPTEMBER 30, 201X

ASSETS						LIABILITIES AND OWNER'S EQUITY					
Cash	$2	1	0	0		Liabilities					
Accounts Receivable	1	0	5	0		Accounts Payable	$	4	5	0	
Decorating Equipment		9	8	5							
						Owner's Equity					
						J. Williams, Capital	3	6	8	5	
						Total Liabilities and					
Total Assets	$4	1	3	5		Owner's Equity	$4	1	3	5	

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PROBLEM 1A-5

TANSON'S CATERING SERVICE

	ASSETS					=	LIABILITIES	+	OWNER'S EQIUTY						
	Cash	+	Accounts Receivable	+	Equipment	=	Accounts Payable	+	J. Tanson, Capital	–	J. Tanson, Withd	Catering Revenue	–	Expenses
10/25	+20,000	+		+				+	+20,000	-			-	
BALANCE	20,000	+	0	+		=	0	+	20,000	-	0	0	-	0
10/27	(2,300)	+		+	+2,300			+		-			-	
BALANCE	17,700	+	0	+	2,300	=	0	+	20,000	-	0	0	-	0
10/28		+		+	+2,000		+2,000	+		-			-	
BALANCE	17,700	+	0	+	4,300	=	2,000	+	20,000	-	0	0	-	0
10/29	(900)	+		+			(900)	+		-			-	
BALANCE	16,800	+	0	+	4,300	=	1100	+	20,000	-	0	0	-	0
11/1	+1,300	+		+				+		-		+1,300	-	
BALANCE	18,100	+	0	+	4,300	=	1,100	+	20,000	-	0	1,300	-	0
11/5	(800)	+		+				+		-			-	+800
BALANCE	17,300	+	0	+	4,300	=	1,100	+	20,000	-	0	1,300	–	800
11/8		+	+500	+				+		-		+500	-	
BALANCE	17,300	+	500	+	4,300	=	1100	+	20,000	-	0	1,800	–	800
11/10	+250	+	(250)	+				+		-			-	
BALANCE	17,550	+	250	+	4,300	=	1,100	+	20,000	-	0	1,800	–	800
11/15	(400)	+		+				+		-			-	+400
BALANCE	17,150	+	250	+	4,300	=	1,100	+	20,000	-	0	1,800	–	1,200
11/17	(160)	+		+				+		-	+160		-	
BALANCE	16,990	+	250	+	4,300	=	1,100	+	20,000	–	160	1,800	–	1,200
11/20	+1,800	+		+				+		-		+1,800	-	
BALANCE	18,790	+	250	+	4,300	=	1,100	+	20,000	-	160	3,600	–	1,200
11/25		+		+	+1,200		+1,200	+		-			-	
BALANCE	18,790	+	250	+	5,500	=	2,300	+	20,000	–	160	3,600	–	1,200
11/28		+		+			+650	+		-			-	+650
BALANCE	18,790	+	250	+	5,500	=	2,950	+	20,000	–	160	3,600	–	1,850
11/30	(300)	+		+				+		-			-	+300
END BAL.	18,490	+	250	+	5,500	=	2,950	+	20,000	–	160	3,600	–	2,150
					$24,240		$24,240							

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PROBLEM 1A-5 (CONTINUED)

(b)

TANSON'S CATERING SERVICE
BALANCE SHEET
OCTOBER 31, 201X

ASSETS		LIABILITIES AND OWNER'S EQUITY	
Cash	$16,800	Liabilities	
Equipment	4,300	Accounts Payable	$1,100
		Owner's Equity	
		J. Tanson, Capital	20,000
		Total Liabilities and	
Total Assets	$21,100	Owner's Equity	$21,100

(c)

TANSON'S CATERING SERVICE
INCOME STATEMENT
MONTH ENDED NOVEMBER 30, 201X

Revenue:		
Catering Revenue		$3,600
Operating Expenses:		
Salaries Expense	$ 800	
Telephone Expense	400	
Rent Expense	650	
Supplies Expense	300	
Total Operating Expenses		2,150
Net Income		$1,450

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PROBLEM 1-5A(CONCLUDED)

(d)

TANSON'S CATERING SERVICE
STATEMENT OF OWNER'S EQUITY
MONTH ENDED NOVEMBER 30, 201X

J. Tanson, Capital November 1, 201X						$20	0	0	0	
Net Income for November	$1	4	5	0						
Less: Withdrawals for November		(1	6	0)						
Increase in Capital						1	2	9	0	
J. Tanson, Capital, November 30, 201X						$21	2	9	0	

(e)

TANSON'S CATERING SERVICE
BALANCE SHEET
November 30, 201X

ASSETS						LIABILITIES AND OWNER'S EQUITY					
Cash	$18	4	9	0		Liabilities					
Accounts Receivable		2	5	0		Accounts Payable	$2	9	5	0	
Equipment	5	5	0	0		Owner's Equity					
						J. Tanson, Capital	21	2	9	0	
						Total Liabilities and					
Total Assets	$24	2	4	0		Owner's Equity	$24	2	4	0	

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SOLUTIONS TO SET B PROBLEMS

PROBLEM 1B-1

MANDY'S NAIL SPA

Transaction	Assets =		Liabilities +	Owner's Equity
	Cash	Store Equipment	Accounts Payable	M. Anabelle, Capital
a.	+21,000			+21,000
b.	(3,500)	+3,500		
c.		+5,750	+5,750	
d.	(1,000)		(1,000)	
Total	16,500	9,250	4,750	21,000

PROBLEM 1B-2

SEALY'S INTERNET SERVICE
BALANCE SHEET
NOVEMBER 30, 201X

ASSETS		LIABILITIES AND OWNER'S EQUITY	
Cash	$55,000	Liabilities	
Equipment	14,000	Accounts Payable	$15,500
Building	50,000		
		Owner's Equity	
		Sealy, Capital	103,500
		Total Liabilities and	
Total Assets	$119,000	Owner's Equity	$119,000

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RED FUMAN COMPUTER SERVICE

	ASSETS						= LIABILITIES	+	OWNER'S EQUITY								
	Cash	+	Accounts Receivable	+	Office Equipment	=	Accounts Payable	+	R. Fuman, Capital	–	R. Fuman Withd.	+	Computer Service Revenue	–	Expenses
a.	+10,000	+		+		=		+	+10,000	-		+		-	
BALANCE	10,000	+	0	+	0	=	0	+	10,000	-	0	+	0	-	0
b.		+		+	+2,000	=	+2,000	+		-		+		-	
BALANCE	10,000	+	0	+	2,000	=	2,000	+	10,000	-	0	+	0	-	0
c.	+200	+		+		=		+		-		+	+200	-	
BALANCE	10,200	+	0	+	2,000	=	2,000	+	10,000	-	0	+	200	-	0
d.		+	+2,200	+		=		+		-		+	+2,200	-	
BALANCE	10,200	+	2,200	+	2,000	=	2,000	+	10,000	-	0	+	2,400	–	0
e.	(500)	+		+		=		+		-		+		-	+500
BALANCE	9,700	+	2,200	+	2,000	=	2,000	+	10,000	-	0	+	2,400	–	500
f.	(120)	+		+		=		+		-		+		-	+120
BALANCE	9,580	+	2,200	+	2,000	=	2,000	+	10,000	-	0	+	2,400	–	620
g.		+		+		=	+600	+		-		+		-	+600
BALANCE	9,580	+	2,200	+	2,000	=	2,600	+	10,000	–	0	+	2,400	–	1,220
h.	(900)	+		+		=		+		-	+900	+		-	
ENDING BALANCE	8,680	+	2,200	+	2,000	=	2,600	+	10,000	–	900	+	2,400	–	1,220
					$12,880		$12,880								

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PROBLEM 1B-4

(a)

WU HOME DECORATING SERVICE
INCOME STATEMENT
MONTH ENDED JUNE 30, 201X

Revenue:										
Home Decorating Fees						$2	4	0	0	
Operating Expenses:										
Advertising Expense	$	1	8	5						
Repair Expense			4	0						
Travel Expense		1	1	0						
Supplies Expense		1	3	5						
Rent Expense		3	0	0						
Total Operating Expenses							7	7	0	
Net Income						$1	6	3	0	

(b)

WU HOME DECORATING SERVICE
STATEMENT OF OWNER'S EQUITY
MONTH ENDED JUNE 30, 201X

J. Wu, Capital, June 1, 201X					$1	2	1	5	
Net income for June	$1	6	3	0					
Less: Withdrawals for June		(4	0	0)					
Increase in Capital					1	2	3	0	
J. Wu, Capital, June 30, 201X					$2	4	4	5	

(c)

WU HOME DECORATING SERVICE
BALANCE SHEET
JUNE 30, 201X

ASSETS						LIABILITIES AND OWNER'S EQUITY					
Cash	$1	7	0	0		Liabilities					
Accounts Receivable		6	0	0		Accounts Payable	$1	1	4	0	
Decorating Equipment	1	2	8	5							
						Owner's Equity					
						J. Wu, Capital	2	4	4	5	
						Total Liabilities and					
Total Assets	$3	5	8	5		Owner's Equity	$3	5	8	5	

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THILDORE'S CATERING SERVICE

	ASSETS					=	LIABILITIES	+	OWNER'S EQUITY						
	Cash	+	Accounts Receivable	+	Equipment	=	Accounts Payable	+	J. Thildore, Capital	–	J. Thildore, Withd	+	Catering Revenue	–	Expenses
10/25	+25,000	+		+		=		+	+25,000	-		+		-	
BALANCE	25,000	+	0	+	0	=	0	+	25,000	-	0	+	0	-	0
10/27	(1,200)	+		+	+1,200	=		+		-		+		-	
BALANCE	23,800	+	0	+	1,200	=	0	+	25,000	-	0	+	0	-	0
10/28		+		+	+800	=	+800	+		-		+		-	
BALANCE	23,800	+	0	+	2,000	=	800	+	25,000	-	0	+	0	-	0
10/29	(400)	+		+		=	(400)	+		-		+		-	
BALANCE	23,400	+	0	+	2,000	=	400	+	25,000	-	0	+	0	-	0
11/1	+2,200	+		+		=		+		-		+	+2,200	-	
BALANCE	25,600	+	0	+	2,000	=	400	+	25,000	-	0	+	2,200	-	0
11/5	(550)	+		+		=		+		-		+		-	+550
BALANCE	25,050	+	0	+	2,000	=	400	+	25,000	-	0	+	2,200	–	550
11/8		+	+250	+		=		+		-		+	+250	-	
BALANCE	25,050	+	250	+	2,000	=	400	+	25,000	-	0	+	2,450	–	550
11/10	+80	+	(80)	+		=		+		-		+		-	
BALANCE	25,130	+	170	+	2,000	=	400	+	25,000	-	0	+	2,450	–	550
11/15	(50)	+		+		=		+		-		+		-	+50
BALANCE	25,080	+	170	+	2,000	=	400	+	25,000	-	0	+	2,450	-	600
11/17	(120)	+		+		=		+		-	+120	+		-	
BALANCE	24,960	+	170	+	2,000	=	400	+	25,000	–	120	+	2,450	–	600
11/20	+2,500	+		+		=		+		-		+	+2,500	-	
BALANCE	27,460	+	170	+	2,000	=	400	+	25,000	-	120	+	4,950	-	600
11/25		+		+	+1,300	=	+1,300	+		-		+		-	
BALANCE	27,460	+	170	+	3,300	=	1,700	+	25,000	–	120	+	4,950	–	600
11/28		+		+		=	+650	+		-		+		-	+650
BALANCE	27,460	+	170	+	3,300	=	2,350	+	25,000	–	120	+	4,950	–	1,250
11/30	(550)	+		+		=		+		-		+		-	+550
END BAL.	26,910	+	170	+	3,300	=	2,350	+	25,000	–	120	+	4,950	–	1,800
					$30,380		$30,380								

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PROBLEM 1B-5 (CONTINUED)

(b)

THILDORE'S CATERING SERVICE
BALANCE SHEET
OCTOBER 31, 201X

ASSETS		LIABILITIES AND OWNER'S EQUITY	
Cash	$23,400	Liabilities	
Equipment	2,000	Accounts Payable	$ 400
		Owner's Equity	
		J. Thildore, Capital	25,000
		Total Liabilities and	
Total Assets	$25,400	Owner's Equity	$25,400

(c)

THILDORE'S CATERING SERVICE
INCOME STATEMENT
MONTH ENDED NOVEMBER 30, 201X

Revenue:		
Catering Revenue		$4,950
Operating Expenses:		
Salaries Expense	$ 550	
Telephone Expense	50	
Rent Expense	650	
Supplies Expense	550	
Total Operating Expenses		1,800
Net Income		$3,150

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PROBLEM 1B-5(CONCLUDED)

(d)

THILDORE'S CATERING SERVICE
STATEMENT OF OWNER'S EQUITY
MONTH ENDED NOVEMBER 30, 201X

J. Thildore, Capital, November 1, 201X						$25	0	0	0	
Net Income for November	$3	1	5	0						
Less: Withdrawals for November		(1	2	0)						
Increase in Capital						3	0	3	0	
J. Thildore, Capital, November 30, 201X						$28	0	3	0	

(e)

THILDORE'S CATERING SERVICE
BALANCE SHEET
NOVEMBER 30, 201X

ASSETS						LIABILITIES AND OWNER'S EQUITY					
Cash	$26	9	1	0		Liabilities					
Accounts Receivable		1	7	0		Accounts Payable	$2	3	5	0	
Equipment	3	3	0	0		Owner's Equity					
						J. Thildore, Capital	28	0	3	0	
						Total Liabilities and					
Total Assets	$30	3	8	0		Owner's Equity	$30	3	8	0	

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FINANCIAL REPORT PROBLEM SOLUTION—2013 Kellogg's Annual Report

YEAR	Cash and Cash Equivalents
2013	$273 million
2012	$281 million
Decrease	($8 million)

Cash and cash equivalents decreased $8 million from 2012 to 2013.

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SMITH COMPUTER CENTER

	ASSETS					=LIABILITIES+		OWNER'S EQUITY					
	Cash	+ Supplies	+ Computer Shop Equipment	+ Office Equipment	= Accounts Payable		Feldman, +Capital	Feldman, – Withdrawals	+ Service Revenue	– Expenses			
a.	+$6,000						+$6,000						
BALANCE	6,000				=		6,000						
b.	–1,800		+$1,800										
BALANCE	4,200	+	1,800	=		+	6,000						
c.	–3,300			+$3,300									
BALANCE	900	+	1,800	+ 3,300	=	+	6,000						
d.		+$200			+$200								
BALANCE	900	+ 200	+ 1,800	+ 3,300	= 200	+	6,000						
e.	–500									+$500 (Rent)			
BALANCE	400	+ 200	+ 1,800	+ 3,300	= 200	+	6,000			– 500			
f.	+800								+$800				
BALANCE	1,200	+ 200	+ 1,800	+ 3,300	= 200	+	6,000	+	800	– 500			
g.	+600								+600				
BALANCE	1,800	+ 200	+ 1,800	+ 3,300	= 200	+	6,000	+	1,400	– 500			
h.					+75					+75 (Utilities)			
BALANCE	1,800	+ 200	+ 1,800	+ 3,300	= 275	+	6,000	+	1,400	– 575			
i.	+1,800								+1,800				
BALANCE	3,600	+ 200	+ 1,800	+ 3,300	= 275	+	6,000	+	3,200	– 575			
j.	–175							+175					
END BALANCE	$3,425	+ $200	+ $1,800	+ $3,300	= $275	+	$6,000	– $175	+ $3,200	– $575			
				$8,725	=		$8,725						

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SMITH COMPUTER CENTER
INCOME STATEMENT
FOR THE MONTH ENDED JULY 31, 201X

Revenue:										
Service Revenue						$3	2	0	0	00
Operating Expenses:										
Rent Expense	$	5	0	0	00					
Utilities Expense			7	5	00					
Total Operating Expenses							5	7	5	00
Net Income						$2	6	2	5	00

SMITH COMPUTER CENTER
STATEMENT OF OWNER'S EQUITY
FOR MONTH ENDED JULY 31, 201X

T. Feldman, Capital, July 1, 201X						$			0	00
Investment for July						6	0	0	0	00
Total investment for July						6	0	0	0	00
Net Income for July	$2	6	2	5	00					
Less: Withdrawals for July		(1	7	5	00)					
Increase in Capital						$2	4	5	0	00
T. Feldman, Capital, July 31, 201X						$8	4	5	0	00

SMITH COMPUTER CENTER
BALANCE SHEET
JULY 31, 201X

ASSETS						LIABILITIES AND OWNER'S EQUITY					
Cash	$3	4	2	5	00	Liabilities:					
Supplies		2	0	0	00	Accounts Payable	$	2	7	5	00
Computer Shop Equipment	1	8	0	0	00						
Office Equipment	3	3	0	0	00	Owner's Equity					
						T. Feldman, Capital	8	4	5	0	00
						Total Liabilities and					
Total Assets	$8	7	2	5	00	Owner's Equity	$8	7	2	5	00

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