

THE WORKSHEET

Chapters 8-9, Section 1a

Would you work for a
year (or even a month)
without knowing how
much you would be
making?



If you had \$10,000 to invest in a company, what information would you want to know about that company before you invest?



<https://finance.yahoo.com/quote/AAPL/balance-sheet?p=AAPL>

<https://finance.yahoo.com/quote/JCP/financials?p=JCP>

<https://finance.yahoo.com/quote/TWTR/financials?p=TWTR>



ACCOUNTING CONCEPTS

○ ***CONCEPT: Adequate Disclosure***

- Financial statements contain all information necessary to understand a business's financial condition.

○ ***CONCEPT: Accounting Period Cycle***

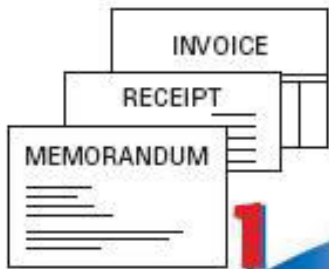
- Financial statements are always prepared at the end of the fiscal period.

○ ***CONCEPT: Going Concern***

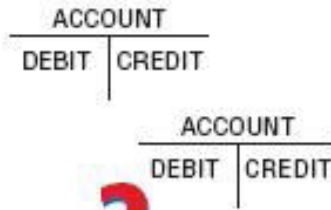
- When financial statements are prepared with the expectation that a business will remain in operation indefinitely.



Collect and verify source documents



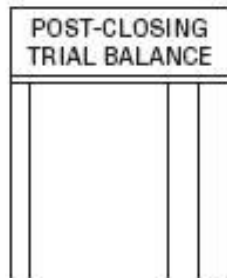
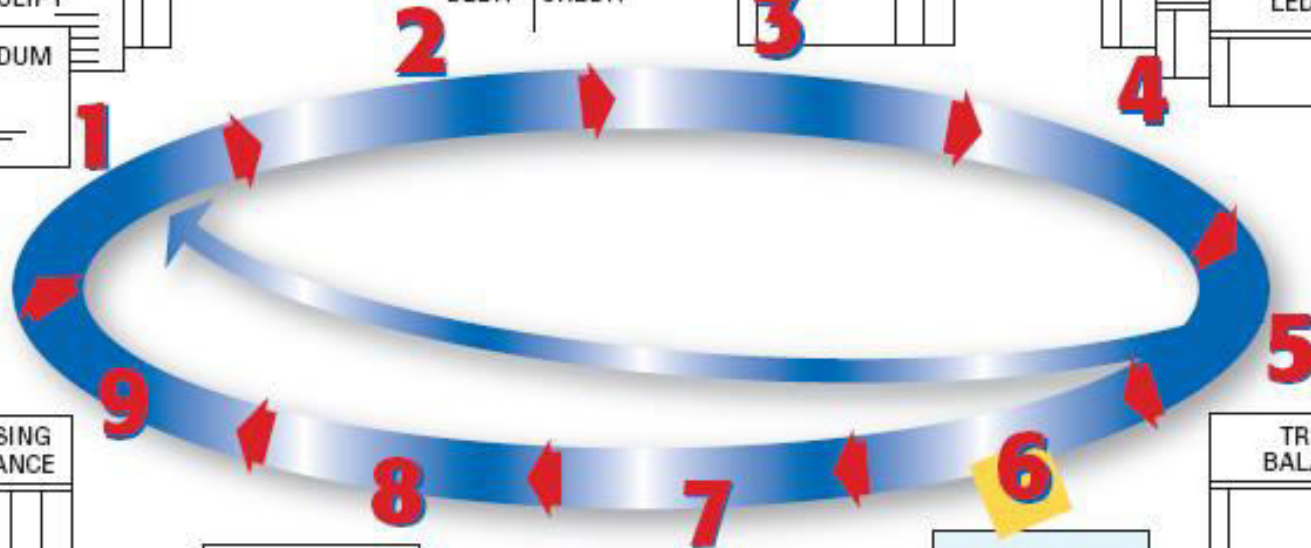
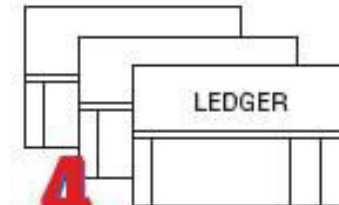
Analyze each transaction



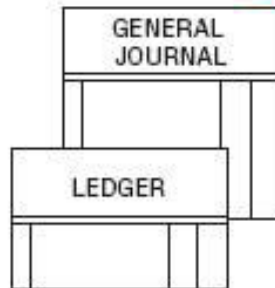
Journalize each transaction



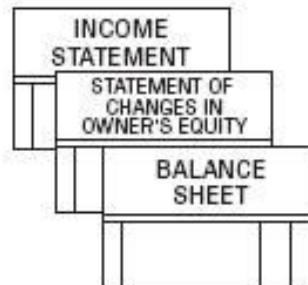
Post to the ledger



Prepare a post-closing trial balance



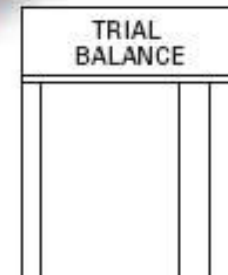
Journalize and post closing entries



Prepare financial statements



Prepare a work sheet



Prepare a trial balance



THE WORKSHEET

Zip Delivery Service

Work Sheet

For the Month Ended October 31, 20--

ACCT. NO.	ACCOUNT NAME	TRIAL BALANCE		INCOME STATEMENT		BALANCE SHEET		
		DEBIT	CREDIT	DEBIT	CREDIT	DEBIT	CREDIT	
1	101 Cash in Bank	2112500						1
2	105 Accts. Rec.—City News	145000						2
3	110 Accts. Rec.—Green Company	—						3
4	115 Computer Equipment	300000						4
5	120 Office Equipment	20000						5
6	125 Delivery Equipment	1200000						6
7	201 Accts. Pay.—Rockport Advertising		7500					7
8	205 Accts. Pay.—Coast to Coast Auto		1165000					8
9	301 Crista Vargas, Capital		2540000					9
10	302 Crista Vargas, Withdrawals	50000						10
11	303 Income Summary	—	—					11
12	401 Delivery Revenue		265000					12
13	501 Advertising Expense	7500						13
14	505 Maintenance Expense	60000						14
15	510 Rent Expense	70000						15
16	515 Utilities Expense	12500						16
17		<u>3977500</u>	<u>3977500</u>					17
18								18

Single Underline indicates a subtotal.

Double Underline indicates the grand total or **bottom line** .

COMPLETING THE WORKSHEET

THE INCOME STATEMENT SECTION

Zip Delivery Service										
Work Sheet										
For the Month Ended October 31, 20--										
ACCT. NO.	ACCOUNT NAME	TRIAL BALANCE		INCOME STATEMENT		BALANCE SHEET				
		DEBIT	CREDIT	DEBIT	CREDIT	DEBIT	CREDIT			
1	101	Cash in Bank	2112500					2112500		1
2	105	Accts. Rec.—City News	145000					145000		2
3	110	Accts. Rec.—Green Company	—					—		3
4	115	Computer Equipment	300000					300000		4
5	120	Office Equipment	20000					20000		5
6	125	Delivery Equipment	1200000					1200000		6
7	201	Accts. Pay.—Rockport Advertising		7500					7500	7
8	205	Accts. Pay.—Coast to Coast Auto		1165000					1165000	8
9	301	Crista Vargas, Capital		2540000					2540000	9
10	302	Crista Vargas, Withdrawals	50000					50000		10
11	303	Income Summary	—	—	—	—				11
12	401	Delivery Revenue		265000		265000				12
13	501	Advertising Expense	7500		7500					13
14	505	Maintenance Expense	60000		60000					14
15	510	Rent Expense	70000		70000					15
16	515	Utilities Expense	12500		12500					16
17			<u>3977500</u>	<u>3977500</u>						17
18										18



COMPLETING THE WORKSHEET

TOTALING THE COLUMNS

Draw a single line below all columns and total the columns.
NOTE: Unlike the trial balance columns, the debit and credit columns will not be equal!

Zip Delivery Service										
Work Sheet										
For the Month Ended October 31, 20--										
ACCT. NO.	ACCOUNT NAME	TRIAL BALANCE		INCOME STATEMENT		BALANCE SHEET				
		DEBIT	CREDIT	DEBIT	CREDIT	DEBIT	CREDIT			
1	101	Cash in Bank	2112500					2112500		1
2	105	Accts. Rec.—City News	145000					145000		2
3	110	Accts. Rec.—Green Company	—					—		3
4	115	Computer Equipment	300000					300000		4
5	120	Office Equipment	20000					20000		5
6	125	Delivery Equipment	1200000					1200000		6
7	201	Accts. Pay.—Rockport Advertising		7500					7500	7
8	205	Accts. Pay.—Coast to Coast Auto		1165000					1165000	8
9	301	Crista Vargas, Capital		2540000					2540000	9
10	302	Crista Vargas, Withdrawals	50000					50000		10
11	303	Income Summary	—	—	—	—				11
12	401	Delivery Revenue		265000		265000				12
13	501	Advertising Expense	7500		7500					13
14	505	Maintenance Expense	60000		60000					14
15	510	Rent Expense	70000		70000					15
16	515	Utilities Expense	12500		12500					16
17			3977500	3977500	150000	265000		3827500	3712500	17
18										18



COMPLETING THE WORKSHEET

ENTERING A NET PROFIT

Total expenses (Debit column total) are subtracted from total revenue (Credit column total) to find **net income**. Net income is entered as a debit at the bottom of the Income Statement section of the work sheet. On the same line, enter the net income amount in the Balance Sheet Credit column.

Zip Delivery Service									
Work Sheet									
For the Month Ended October 31, 20--									
ACCT. NO.	ACCOUNT NAME	TRIAL BALANCE		INCOME STATEMENT		BALANCE SHEET			
		DEBIT	CREDIT	DEBIT	CREDIT	DEBIT	CREDIT		
1	101	Cash in Bank	21 125 00				21 125 00		1
2	105	Accts. Rec.—City News	1 450 00				1 450 00		2
3	110	Accts. Rec.—Green Company	—				—		3
4	115	Computer Equipment	3 000 00				3 000 00		4
5	120	Office Equipment	200 00				200 00		5
6	125	Delivery Equipment	12 000 00				12 000 00		6
7	201	Accts. Pay.—Rockport Advertising		7 500				7 500	7
8	205	Accts. Pay.—Coast to Coast Auto		11 650 00				11 650 00	8
9	301	Crista Vargas, Capital		25 400 00				25 400 00	9
10	302	Crista Vargas, Withdrawals	500 00				500 00		10
11	303	Income Summary	—	—	—	—			11
12	401	Delivery Revenue		26 500 00		26 500 00			12
13	501	Advertising Expense	7 500		7 500				13
14	505	Maintenance Expense	600 00		600 00				14
15	510	Rent Expense	700 00		700 00				15
16	515	Utilities Expense	125 00		125 00				16
17			39 775 00	39 775 00	15 000 00	26 500 00	38 275 00	37 125 00	17
18		Net Income			11 500 00			11 500 00	18
19									19



COMPLETING THE WORKSHEET

Draw a single line across all 4 columns. Add the Net Income amount to the previous total and bring the other previous totals down. Debit and Credit columns should now be equal.

Draw a double rule across all 4 columns.

Zip Delivery Service								
Work Sheet								
For the Month Ended October 31, 20--								
	ACCT. NO.	ACCOUNT NAME	TRIAL BALANCE		INCOME STATEMENT		BALANCE SHEET	
			DEBIT	CREDIT	DEBIT	CREDIT	DEBIT	CREDIT
1	101	Cash in Bank	2112500				2112500	
2	105	Accts. Receivable—City News	145000				145000	
3	110	Accts. Receivable—Green Company	—				—	
4	115	Computer Equipment	300000				300000	
5	120	Office Equipment	20000				20000	
6	125	Delivery Equipment	1200000				1200000	
7	201	Accts. Payable—Rockport Advertising		7500				7500
8	205	Accounts Pay.—Coast to Coast Auto		1165000				1165000
9	301	Crista Vargas, Capital		2540000				2540000
10	302	Crista Vargas, Withdrawals	50000				50000	
11	303	Income Summary	—	—	—	—		
12	401	Delivery Revenue		265000		265000		
13	501	Advertising Expense	7500		7500			
14	505	Maintenance Expense	60000		60000			
15	510	Rent Expense	70000		70000			
16	515	Utilities Expense	12500		12500			
17			3977500	3977500	150000	265000	3827500	3712500
18		Net Income			115000			115000
19					265000	265000	3827500	3827500
20								

A
B D
E
F
G C



COMPLETING THE WORKSHEET

ENTERING A NET LOSS

If total expenses (Debit column total) are greater than total revenue (Credit column total) you have a **net loss**. Net loss is entered as a credit at the bottom of the Income Statement section of the work sheet. On the same line, enter the net loss amount in the Balance Sheet debit column.

14	501	Maintenance Expense	375 00		375 00					14
15	510	Rent Expense	940 00		940 00					15
16	515	Utilities Expense	97 00		97 00					16
17			46492 00	46492 00	2583 00	1837 00	27791 00	28537 00		17
18		Net Loss			746 00	746 00				18
19					2583 00	2583 00	28537 00	28537 00		19
20										20

Diagram labels: A (arrow to Net Loss), B (arrow to 74600 in Debit column), E (arrow to 74600 in Credit column), F (arrow to 2853700 in Debit column), G (arrow to 2853700 in Credit column), D (arrow to 2853700 in Debit column), C (arrow to 2853700 in Credit column).

Complete the worksheet as with a net income: draw a single line across all 4 columns. Calculate and bring down totals.

Draw a double rule across all 4 columns.



WORK TOGETHER PROBLEMS

8-1

8-3

8-5

8-6

