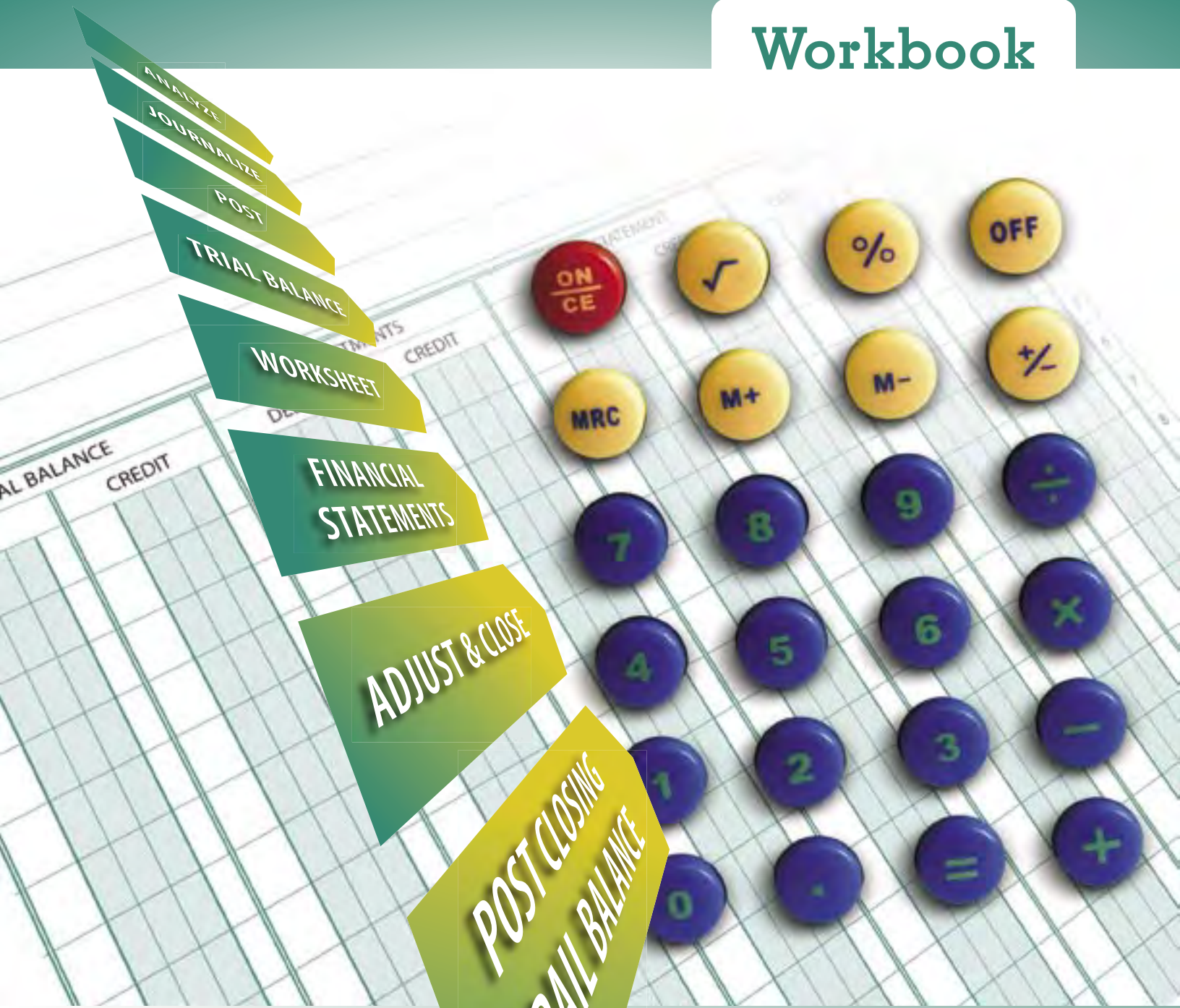


1ST EDITION

Accountivities

Real-World Reinforcement Activities for First Year Accounting Students

Workbook



B.E.Publishing

Nancy deLisle

Accountivities

Reinforcement Activities for First Year Accounting Students

PUBLISHED BY



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Accountivities • Student Workbook

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Introduction

Welcome to Accountivities, an innovative new resource for accounting classrooms that combines “accounting” and “activities” into one. The activities in this book are designed to correlate with the sequence of skills presented in a standard Accounting I textbook. The student is expected to have learned a specific set of skills prior to completing each “accountivity” presented in this book. Activities range in size and scope from choosing the appropriate form of business ownership to completing the accounting cycle for a merchandising business.

How To Utilize Accountivities

The activities in this book will provide the student with additional reinforcement practice and skills covering all concepts covered in a standard Accounting I curriculum.

This book provides the student with a variety of standard accounting forms used by today’s businesses. In particular, the student will use both a general journal and a special column journal. The student will also gain real-world practice in applying accounting concepts to both serviced-based and merchandise-based businesses organized as sole proprietorships and partnerships.

How This Book is Formatted

The pages in this book are perforated and each activity is designed to be completed independently of each other.

The 34 activities in this book are organized into the following five categories:

1. Starter Accountivities
2. Reinforcement Accountivities
3. Comprehensive Accountivities
4. Advanced Accountivities
5. Just-for-Fun Accountivities

The activities are designed and presented to cover basic skills first and progressively increase in skill ability, moving toward more advanced sets of accounting skills. Also included are three comprehensive accountivities that should be treated as mini-projects or, simulations.

To assist the student in understanding the Accounting Cycle, most activities include a “Here’s where we are in the Accounting Cycle” illustration (see below). This graphic illustration includes highlighted parts in the Accounting Cycle that correspond with each activity.



Table I-1 (provided on the following two pages) provides a brief outline of what major accounting concept is covered in each activity. Please refer to each individual activity in this book for a detailed list of skills covered.

Table I-1: Outline of Major Accounting Concept Covered in Each Accountivity

#	Title	Major Accounting Concept Covered:
Starter Accountivities		
1	Who Owns It?	Recommending an appropriate form of business ownership.
2	Organize Me	Recommending an appropriate form of business ownership.
Reinforcement Accountivities		
1	You Run It!	Analyzing transactions and calculating profit.
2	Joe's Tow-n-Go	Analyzing transactions and calculating profit.
3	Mission Organization	Preparing a chart of accounts.
4	"At Your Service"	Preparing a chart of accounts and analyzing the result.
5	T-Time	Using T-accounts to analyze business transactions.
6	WallArt	Analyzing and journalizing business transactions.
7	Different Journals, Same Result	Journalizing with different formats.
8	Gecko Graphics	Posting with T-accounts.
9	Find the Errors	Testing your auditing skills.
10	KG & Co.	Posting with subsidiary ledgers.
11	Checking Up	Reconciling a company's checking account.
12	Cash Out!	Recommending cash controls and managing petty cash.
13	RL Tours	Preparing financial statements for a sole proprietor.
14	Illusion Sound Effects	Preparing and analyzing a worksheet and financial statements.
15	Surf's Up	Preparing and analyzing a worksheet for a merchandising business.
16	DeZigns, Inc.	Accounting for the payroll.
17	The End Zone	Preparing an income statement for a merchandising business.
18	The Look	Preparing a report form balance sheet.
19	RL Tours Revisited	Journalizing and posting closing entries.

Table I-1 continued

#	Title	Major Accounting Concept Covered:
Comprehensive Accountivities		
1	Tree Hill Construction	Completing the accounting cycle for a service business organized as a sole proprietorship.
2	Closet Couture	Completing the accounting cycle for a merchandising business organized as a partnership.
3	Analyzing Microsoft	Reviewing a corporation's annual report.
Advanced Accountivities		
1	GAMES-R-US	Accounting for fixed assets and depreciation.
2	Appreciate or Depreciate	Calculating and accounting for depreciation.
3	LIFO, FIFO, SHMIFO	Analyzing and accounting for inventory costing.
4	Making the Adjustment	Determining and journalizing adjusting entries.
5	Financial Analysis	Knowing financial analysis vocabulary.
6	Analyze This!	Analyzing annual report data for a publicly traded company.
7	The Aging Report	Accounting for uncollectable accounts.
Just-for-Fun Accountivities		
1	Accounting Scramble	Knowing general accounting vocabulary.
2	Accounting Word Match	Knowing general accounting vocabulary.
3	Accounting Word Search	Knowing general accounting vocabulary.

Starter Accountivities

1 Who Owns It?	13
2 Organize Me	15

NAME _____

SCORE _____

1 Who Owns It?

Recommending an appropriate form of ownership

Skills

- *Knowledge of forms of business ownership*

Overview

Chris Harrington has a dilemma. He has been working in the recording industry for five years now after graduating from UCLA with a degree in Film Editing. His expertise is in sound mixing. He has worked for a major movie production company on several films with the same group of four people. He has had the benefit of living in a converted garage on his parents' property in a suburb of LA, so Chris has been able to save a large sum of money. He would like to branch out on his own. His colleague, Sam, is an expert in sound technology and a genius in troubleshooting and repairing equipment. He has some money saved up and could contribute about 30 percent of what Chris would need. Chris could empty his savings to come up with the rest.

Instructions

1. Help Chris analyze his options by completing the table on the following page.

NAME _____

SCORE _____

	Sole Proprietorship	Partnership	Corporation
Describe each of Chris' options			
Name two advantages to each of Chris' options			
Name two disadvantages to each of Chris' options			
Which option would you recommend? (Check your choice.)			

Reinforcement Accountivities

1	You Run It!	19
2	Joe's Tow-n-Go	21
3	Mission Organization	25
4	"At Your Service"	27
5	T-Time	29
6	WallArt	31
7	Different Journals, Same Result	37
8	Gecko Graphics	41
9	Find the Errors	45
10	KG & Co.	51
11	Checking Up	61
12	Cash Out!	63
13	RL Tours	65
14	Illusion Sound Effects	69
15	Surf's Up	75
16	DeZigns, Inc.	79
17	The End Zone	85
18	The Look	89
19	RL Tours Revisited	93

NAME _____

SCORE _____

Here's where we are in the Accounting Cycle:



1

You Run It!

Analyze transactions and calculate profit

Skills

- Organizing transactions as they affect the accounting equation
- Calculating profit

Overview

Many people dream of owning their own business. Determining what type of business you would operate, as well as deciding on a name, can be a difficult task. Imagine you have the opportunity to own and operate your business.

What product/service would your business offer?

What would you name your business?

Instructions

1. Arrange the following transactions along the accounting equation provided on the following page.
 1. Deposited \$8,000 in a checking account in the name of the business.
 2. Opened up an account with Supply Warehouse and charged \$500 for supplies, due in 30 days.
 3. Earned revenue of \$1,600, received cash.
 4. Paid \$175 for postage.
 5. Purchased equipment for the business from ABC Co., \$1,000, due in 30 days.
 6. Took out an ad in the local newspaper, paid \$125 cash.
 7. Purchased a 6-month insurance policy for the business, \$600.

NAME _____

SCORE _____

8. Earned revenue of \$3,000, due from customer within 30 days.
 9. Paid Supply Warehouse in full.
 10. Withdrew \$2,000 from the business for personal use.
- 2.** Show the effect along the equation with the amount and + or -, then describe the effect on Capital with descriptions such as investment, revenue, expense, or withdrawal where appropriate.

	ASSETS					= LIABILITIES	+ OWNER'S EQUITY	
	Cash	Accounts Receivable	Supplies	Prepaid Insurance	Equipment	Accounts Payable	Owner, Capital	Description
1	+8,000						+8,000	Investment
2								
3								
4								
5								
6								
7								
8								
9								
10								
Bal								

- 3.** Calculate the ending balances.
- 4.** How would you prove that the equation is in balance?

- 5.** How much profit did you earn this period?

- 6.** How much do you owe?

Here's where we are in the Accounting Cycle:

ANALYZE

JOURNALIZE

POST

TRIAL BALANCE

WORKSHEET

FINANCIAL
STATEMENTS

ADJUST & CLOSE

POST CLOSING
TRIAL BALANCEANALYZE
AGAIN

9

Find the Errors

Test your auditing skills

Skills

- The posting process
- Normal balances
- Effect of debits and credits on account balances
- Trial balance
- Auditing

Overview

Ashley Barrett opened Skidoodle, a jet ski rental service, down at the beach. She has done a great job with her business, but the busy summer season has begun, and she is having trouble balancing her books. Your summer job is usually spent at the counter waiting on customers, but Ashley knows you took accounting, so she has asked you to look over her bookkeeping this month and help her find her errors. Because of the seasonality of her business, Ashley prepays her insurance to protect the company's equipment year round, but pays liability insurance by the month when she is open (NOT prepaid).

Instructions

1. Examine the general ledger accounts and the trial balance columns of the company's worksheet. Identify the errors (Hint: math, transposition, etc.).
2. Recalculate the correct balances in the general ledger.
3. Re-do the trial balance in the blank columns labeled "Corrected Trial Balance."

SkiDoodle

Worksheet

For the Month Ended June 30, 20xx

	ACCOUNT	TRIAL BALANCE				CORRECTED TRIAL BALANCE								
		DEBIT		CREDIT		DEBIT		CREDIT						
1	Cash	19	6	4	5	00					1			
2	Supplies	1	1	0	0	00					2			
3	Prepaid Insurance	1	5	0	0	00					3			
4	Equipment	44	0	0	0	00					4			
5	Accounts Payable						3	6	5	00		5		
6	Ashley Barrett, Capital						46	6	1	0	00		6	
7	Ashley Barrett, Drawing						4	0	0	0	00		7	
8	Rental Revenue						27	0	0	0	00		8	
9	Advertising Expense		8	5	0	00							9	
10	Insurance Expense		8	0	0	00							10	
11	Miscellaneous Expense	1	3	5	5	00							11	
12	Rent Expense						2	2	0	0	00			12
13	Supplies Expense													13
14	Total	67	1	3	5	00	80	1	7	5	00			14

ACCOUNT: Cash

ACCOUNT NO: 110

	DATE	DESCRIPTION	POST REF.	BALANCE						
				DEBIT	CREDIT					
1	20XX Jun 1	Bal	✓			3 2 1 5 00				1
2	30		3	27 3 0 0 00		30 5 1 5 00				2
3	30		3		11 0 5 0 00	19 6 4 5 00				3

ACCOUNT: Supplies				ACCOUNT NO: 120								
	DATE	DESCRIPTION	POST REF.	DEBIT		CREDIT		BALANCE				
								DEBIT	CREDIT			
1	20XX Jun 1	Bal	✓					9	6	0	00	1
2		7	3	2	0	0	00	1	1	6	00	2
3												3

ACCOUNT: Prepaid Insurance				ACCOUNT NO: 130								
	DATE	DESCRIPTION	POST REF.	DEBIT		CREDIT		BALANCE				
								DEBIT	CREDIT			
1	20XX Jun 1	Bal	✓					6	0	0	00	1
2		3	3	7	5	0	00	1	5	0	00	2
3												3

ACCOUNT: Equipment				ACCOUNT NO: 150								
	DATE	DESCRIPTION	POST REF.	DEBIT		CREDIT		BALANCE				
								DEBIT	CREDIT			
1	20XX Jun 1	Bal	✓					41	5	0	00	1
2		10	3	2	5	0	00	44	0	0	00	2
3												3

ACCOUNT: Accounts Payable				ACCOUNT NO: 210												
	DATE	DESCRIPTION	POST REF.	DEBIT		CREDIT		BALANCE								
								DEBIT	CREDIT							
1	20XX Jun 1	Bal	✓							5	6	5	00	1		
2		7	3			2	0	0	00			3	6	5	00	2
3														3		

ACCOUNT: Ashley Barrett, Capital				ACCOUNT NO: 310										
	DATE	DESCRIPTION	POST REF.	DEBIT		CREDIT		BALANCE						
								DEBIT	CREDIT					
1	20XX Jun 1	Bal	✓							46	6	1	00	1
2														2
3														3

ACCOUNT: Ashley Barrett, Drawing										ACCOUNT NO: 320													
	DATE		DESCRIPTION	POST REF.	DEBIT				CREDIT				BALANCE										
													DEBIT				CREDIT						
1	20XX	Jun	15	3	4	0	0	0	00					4	0	0	0	00					1
2																							2
3																							3

ACCOUNT: Rental Revenue										ACCOUNT NO: 410														
	DATE		DESCRIPTION	POST REF.	DEBIT				CREDIT				BALANCE											
													DEBIT				CREDIT							
1	20XX	Jun	30	3						27	3	0	0	00										1
2																							2	
3																							3	

ACCOUNT: Advertising Expense										ACCOUNT NO: 510													
	DATE		DESCRIPTION	POST REF.	DEBIT				CREDIT				BALANCE										
													DEBIT				CREDIT						
1	20XX	Jun	8	3	1	2	5	00						1	2	5	00						1
2			15	3	2	1	0	00							8	5	00						2
3																							3

ACCOUNT: Insurance Expense										ACCOUNT NO: 520													
	DATE		DESCRIPTION	POST REF.	DEBIT				CREDIT				BALANCE										
													DEBIT				CREDIT						
1	20XX	Jun	10	3	8	0	0	00						8	0	0	00						1
2																							2
3																							3

ACCOUNT: Miscellaneous Expense										ACCOUNT NO: 530														
	DATE		DESCRIPTION	POST REF.	DEBIT				CREDIT				BALANCE											
													DEBIT				CREDIT							
1	20XX	Jun	9	3		8	5	00							8	5	00						1	
2			21	3	1	2	8	00							1	3	5	50						2
3																							3	

ACCOUNT: Rent Expense							ACCOUNT NO: 540			
	DATE	DESCRIPTION	POST REF.	DEBIT		CREDIT		BALANCE		
								DEBIT	CREDIT	
1	20XX Jun 2		3	2	2 0 0 00			2	2 0 0 00	1
2										2
3										3

ACCOUNT: Supplies Expense							ACCOUNT NO: 550			
	DATE	DESCRIPTION	POST REF.	DEBIT		CREDIT		BALANCE		
								DEBIT	CREDIT	
1										1
2										2
3										3

4. Describe the errors below:

- a. _____
- b. _____
- c. _____
- d. _____
- e. _____
- f. _____
- g. _____
- h. _____
- i. _____

Instructions

- Use the form provided to reconcile the account using June 29 as the date.

Reconciliation of Bank Statement

DATE _____																																								
<p>CHECKBOOK REGISTER BALANCE > </p> <p>Deduct Bank Charges</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 60%;">DESCRIPTION</th> <th style="width: 20%;">AMOUNT</th> <th style="width: 20%;"></th> </tr> </thead> <tbody> <tr><td> </td><td> </td><td> </td></tr> <tr><td> </td><td> </td><td> </td></tr> <tr><td> </td><td> </td><td> </td></tr> <tr><td> </td><td> </td><td> </td></tr> </tbody> </table> <p style="text-align: right;">TOTAL BANK CHARGE > </p> <p>Other Adjustments </p> <p>ADJUSTED CHECK REGISTER BALANCE > </p>	DESCRIPTION	AMOUNT														<p>BALANCE ON BANK STATEMENT > </p> <p>Add Outstanding Deposits</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 40%;">DATE</th> <th style="width: 20%;">AMOUNT</th> <th style="width: 40%;"></th> </tr> </thead> <tbody> <tr><td> </td><td> </td><td> </td></tr> <tr><td> </td><td> </td><td> </td></tr> <tr><td> </td><td> </td><td> </td></tr> </tbody> </table> <p style="text-align: right;">TOTAL OUTSTANDING DEPOSITS > </p> <p style="text-align: right;">SUBTOTAL </p> <p>Deduct Outstanding Checks</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 40%;">CHECK #</th> <th style="width: 20%;">AMOUNT</th> <th style="width: 40%;"></th> </tr> </thead> <tbody> <tr><td> </td><td> </td><td> </td></tr> <tr><td> </td><td> </td><td> </td></tr> <tr><td> </td><td> </td><td> </td></tr> </tbody> </table> <p style="text-align: right;">TOTAL OUTSTANDING CHECKS > </p> <p>Other Adjustments </p> <p>ADJUSTED BANK BALANCE > </p>	DATE	AMOUNT											CHECK #	AMOUNT										
DESCRIPTION	AMOUNT																																							
DATE	AMOUNT																																							
CHECK #	AMOUNT																																							

- Now that the account is reconciled, describe the entries that are necessary to bring the cash account current. Using the journal provided, bring the cash account current.

a. _____

b. _____

JOURNAL										PAGE: 3
DATE	DESCRIPTION	DOC. NO.	POST REF.	GENERAL DEBIT	GENERAL CREDIT	SALES CREDIT	CASH DEBIT	CASH CREDIT		
1										1
2										2
3										3
4										4
5										5

NAME _____

SCORE _____

Here's where we are in the Accounting Cycle:

ANALYZE

JOURNALIZE

POST

TRIAL BALANCE

WORKSHEET

FINANCIAL
STATEMENTS

ADJUST & CLOSE

POST CLOSING
TRIAL BALANCEANALYZE
AGAIN

16 DeZigns, Inc.

Accounting for the payroll

Skills

- Knowledge of payroll accounting
- Payroll register
- Payroll journal entries

Overview

Jack Cooper started his own graphic design company that services primarily the CD and novelty t-shirt market. Besides himself, he has five other employees. He is trying to put together a plan for the next five years so that he can better evaluate where he is now versus his original business plan. Your task is not only to prepare his current period payroll, but to also analyze his payroll costs and plan for the future.

You will prepare the payroll for the current pay period, Jan. 1 – Jan. 15 (to be paid on Jan. 19), and prepare the two journal entries necessary. Use the following information:

Emp. No.	Employee	MS	WH	Salary (Annual)	Hourly	Commission % of Contract \$	Benefits	Position
1	Jack Cooper	M	2	\$70,000		6	Family	President
2	Joel Almonte	S	0	52,000			Single	Accounting Mgr.
3	Gwen Shaeffer	M	0	40,000		4	Family	Marketing
4	Chris Bowdy	S	1	52,000			Single	Designer
5	Justin Lynch	S	0	50,000			Single	Designer
6	Cammy Johnson	M	3		\$15.00		Declined	Mail/Copy Clerk

- The pay period is bi-weekly.
- Employees contribute 15% of the annual premium (Annual Family Premium = \$11,235 and Annual Single Premium = \$9,600; declined indicates that employee has alternate source of benefits, such as spouse).
- Tax rates: Social Security = 6.5%, Medicare = 1.5%, Federal Unemployment = .8% and State Unemployment = 5.4%.
- Use the tax tables provided.
- Contract commissions are paid quarterly based on contracts signed, figured at the end of each quarter.
- Cammy worked 92 hours during this period; standard overtime rates apply when hours exceed 80.
- The company uses a Salaries & Wages expense account for the gross payroll.
- DeZigns, Inc. deposits the amount of net pay into a special account used specifically for the payroll.

Instructions

1. Complete the payroll register. Round all amounts to the nearest whole dollar.
2. Journalize the entries on page 12 of the journal provided:
 - to pay the payroll, C112.
 - to recognize the employer payroll taxes, M31.
3. Answer the following:
 - a. Cammy's hours are typical for the last six months. Should Jack consider hiring a part-time clerk for the mail room?

 - b. What is the total **expense** to the company for the payroll this period?

 - c. Health benefits are expected to rise by 14 percent for next year. How much additional expense will this mean to the company?

 - d. In order to follow the matching principle, how much should Jack recognize as additional expense for this part of the quarter's commissions based on \$61,000 of signed contracts for Jack thus far and \$37,000 of contracts for Gwen? What would the journal entry look like? Use M32. (Remember: It is only January and commissions are paid in March.)

JOURNAL							PAGE: 6			
	DATE	DESCRIPTION	POST REF.	DEBIT			CREDIT			
1										1
2										2
3										3

NAME _____

SCORE _____

PAYROLL REGISTER

BIWEEKLY PERIOD ENDING:		DATE OF PAYMENT:																
EMPL. NO.	EMPLOYEE'S NAME	MARITAL STATUS	NO. OF ALLOWANCES	EARNINGS			WITHHOLDINGS					TOTAL	NET PAY	CHECK NO.				
				REGULAR	OVERTIME	INCENTIVE	FEDERAL INCOME TAX	SOC. SEC. TAX	MEDICARE TAX	HEALTH INSURANCE								
1																		
2																		
3																		
4																		
5																		
6																		
7																		

SINGLE Persons—BIWEEKLY Payroll Period

(For Wages Paid in 2008)

If the wages are—		And the number of withholding allowances claimed is—										
At least	But less than	0	1	2	3	4	5	6	7	8	9	10
		The amount of income tax to be withheld is—										
\$800	\$820	\$92	\$71	\$51	\$31	\$17	\$4	\$0	\$0	\$0	\$0	\$0
820	840	95	74	54	34	19	6	0	0	0	0	0
840	860	98	77	57	37	21	8	0	0	0	0	0
860	880	101	80	60	40	23	10	0	0	0	0	0
880	900	104	83	63	43	25	12	0	0	0	0	0
900	920	107	86	66	46	27	14	0	0	0	0	0
920	940	110	89	69	49	29	16	2	0	0	0	0
940	960	113	92	72	52	32	18	4	0	0	0	0
960	980	116	95	75	55	35	20	6	0	0	0	0
980	1,000	119	98	78	58	38	22	8	0	0	0	0
1,000	1,020	122	101	81	61	41	24	10	0	0	0	0
1,020	1,040	125	104	84	64	44	26	12	0	0	0	0
1,040	1,060	128	107	87	67	47	28	14	1	0	0	0
1,060	1,080	131	110	90	70	50	30	16	3	0	0	0
1,080	1,100	134	113	93	73	53	33	18	5	0	0	0
1,100	1,120	137	116	96	76	56	36	20	7	0	0	0
1,120	1,140	140	119	99	79	59	39	22	9	0	0	0
1,140	1,160	143	122	102	82	62	42	24	11	0	0	0
1,160	1,180	146	125	105	85	65	45	26	13	0	0	0
1,180	1,200	149	128	108	88	68	48	28	15	1	0	0
1,200	1,220	152	131	111	91	71	51	30	17	3	0	0
1,220	1,240	155	134	114	94	74	54	33	19	5	0	0
1,240	1,260	158	137	117	97	77	57	36	21	7	0	0
1,260	1,280	161	140	120	100	80	60	39	23	9	0	0
1,280	1,300	164	143	123	103	83	63	42	25	11	0	0
1,300	1,320	167	146	126	106	86	66	45	27	13	0	0
1,320	1,340	172	149	129	109	89	69	48	29	15	2	0
1,340	1,360	177	152	132	112	92	72	51	31	17	4	0
1,360	1,380	182	155	135	115	95	75	54	34	19	6	0
1,380	1,400	187	158	138	118	98	78	57	37	21	8	0
1,400	1,420	192	161	141	121	101	81	60	40	23	10	0
1,420	1,440	197	164	144	124	104	84	63	43	25	12	0
1,440	1,460	202	168	147	127	107	87	66	46	27	14	0
1,460	1,480	207	173	150	130	110	90	69	49	29	16	2
1,480	1,500	212	178	153	133	113	93	72	52	32	18	4
1,500	1,520	217	183	156	136	116	96	75	55	35	20	6
1,520	1,540	222	188	159	139	119	99	78	58	38	22	8
1,540	1,560	227	193	162	142	122	102	81	61	41	24	10
1,560	1,580	232	198	165	145	125	105	84	64	44	26	12
1,580	1,600	237	203	170	148	128	108	87	67	47	28	14
1,600	1,620	242	208	175	151	131	111	90	70	50	30	16
1,620	1,640	247	213	180	154	134	114	93	73	53	33	18
1,640	1,660	252	218	185	157	137	117	96	76	56	36	20
1,660	1,680	257	223	190	160	140	120	99	79	59	39	22
1,680	1,700	262	228	195	163	143	123	102	82	62	42	24
1,700	1,720	267	233	200	166	146	126	105	85	65	45	26
1,720	1,740	272	238	205	171	149	129	108	88	68	48	28
1,740	1,760	277	243	210	176	152	132	111	91	71	51	31
1,760	1,780	282	248	215	181	155	135	114	94	74	54	34
1,780	1,800	287	253	220	186	158	138	117	97	77	57	37
1,800	1,820	292	258	225	191	161	141	120	100	80	60	40
1,820	1,840	297	263	230	196	164	144	123	103	83	63	43
1,840	1,860	302	268	235	201	167	147	126	106	86	66	46
1,860	1,880	307	273	240	206	172	150	129	109	89	69	49
1,880	1,900	312	278	245	211	177	153	132	112	92	72	52
1,900	1,920	317	283	250	216	182	156	135	115	95	75	55
1,920	1,940	322	288	255	221	187	159	138	118	98	78	58
1,940	1,960	327	293	260	226	192	162	141	121	101	81	61
1,960	1,980	332	298	265	231	197	165	144	124	104	84	64
1,980	2,000	337	303	270	236	202	169	147	127	107	87	67
2,000	2,020	342	308	275	241	207	174	150	130	110	90	70
2,020	2,040	347	313	280	246	212	179	153	133	113	93	73
2,040	2,060	352	318	285	251	217	184	156	136	116	96	76
2,060	2,080	357	323	290	256	222	189	159	139	119	99	79
2,080	2,100	362	328	295	261	227	194	162	142	122	102	82

\$2,100 and over

Use Table 2(a) for a **SINGLE person** on page 38. Also see the instructions on page 36.

MARRIED Persons—BIWEEKLY Payroll Period

(For Wages Paid in 2008)

If the wages are—		And the number of withholding allowances claimed is—										
At least	But less than	0	1	2	3	4	5	6	7	8	9	10
		The amount of income tax to be withheld is—										
\$1,380	\$1,400	\$132	\$112	\$92	\$72	\$54	\$41	\$27	\$14	\$1	\$0	\$0
1,400	1,420	135	115	95	75	56	43	29	16	3	0	0
1,420	1,440	138	118	98	78	58	45	31	18	5	0	0
1,440	1,460	141	121	101	81	61	47	33	20	7	0	0
1,460	1,480	144	124	104	84	64	49	35	22	9	0	0
1,480	1,500	147	127	107	87	67	51	37	24	11	0	0
1,500	1,520	150	130	110	90	70	53	39	26	13	0	0
1,520	1,540	153	133	113	93	73	55	41	28	15	1	0
1,540	1,560	156	136	116	96	76	57	43	30	17	3	0
1,560	1,580	159	139	119	99	79	59	45	32	19	5	0
1,580	1,600	162	142	122	102	82	61	47	34	21	7	0
1,600	1,620	165	145	125	105	85	64	49	36	23	9	0
1,620	1,640	168	148	128	108	88	67	51	38	25	11	0
1,640	1,660	171	151	131	111	91	70	53	40	27	13	0
1,660	1,680	174	154	134	114	94	73	55	42	29	15	2
1,680	1,700	177	157	137	117	97	76	57	44	31	17	4
1,700	1,720	180	160	140	120	100	79	59	46	33	19	6
1,720	1,740	183	163	143	123	103	82	62	48	35	21	8
1,740	1,760	186	166	146	126	106	85	65	50	37	23	10
1,760	1,780	189	169	149	129	109	88	68	52	39	25	12
1,780	1,800	192	172	152	132	112	91	71	54	41	27	14
1,800	1,820	195	175	155	135	115	94	74	56	43	29	16
1,820	1,840	198	178	158	138	118	97	77	58	45	31	18
1,840	1,860	201	181	161	141	121	100	80	60	47	33	20
1,860	1,880	204	184	164	144	124	103	83	63	49	35	22
1,880	1,900	207	187	167	147	127	106	86	66	51	37	24
1,900	1,920	210	190	170	150	130	109	89	69	53	39	26
1,920	1,940	213	193	173	153	133	112	92	72	55	41	28
1,940	1,960	216	196	176	156	136	115	95	75	57	43	30
1,960	1,980	219	199	179	159	139	118	98	78	59	45	32
1,980	2,000	222	202	182	162	142	121	101	81	61	47	34
2,000	2,020	225	205	185	165	145	124	104	84	64	49	36
2,020	2,040	228	208	188	168	148	127	107	87	67	51	38
2,040	2,060	231	211	191	171	151	130	110	90	70	53	40
2,060	2,080	234	214	194	174	154	133	113	93	73	55	42
2,080	2,100	237	217	197	177	157	136	116	96	76	57	44
2,100	2,120	240	220	200	180	160	139	119	99	79	59	46
2,120	2,140	243	223	203	183	163	142	122	102	82	62	48
2,140	2,160	246	226	206	186	166	145	125	105	85	65	50
2,160	2,180	249	229	209	189	169	148	128	108	88	68	52
2,180	2,200	252	232	212	192	172	151	131	111	91	71	54
2,200	2,220	255	235	215	195	175	154	134	114	94	74	56
2,220	2,240	258	238	218	198	178	157	137	117	97	77	58
2,240	2,260	261	241	221	201	181	160	140	120	100	80	60
2,260	2,280	264	244	224	204	184	163	143	123	103	83	63
2,280	2,300	267	247	227	207	187	166	146	126	106	86	66
2,300	2,320	270	250	230	210	190	169	149	129	109	89	69
2,320	2,340	273	253	233	213	193	172	152	132	112	92	72
2,340	2,360	276	256	236	216	196	175	155	135	115	95	75
2,360	2,380	279	259	239	219	199	178	158	138	118	98	78
2,380	2,400	282	262	242	222	202	181	161	141	121	101	81
2,400	2,420	285	265	245	225	205	184	164	144	124	104	84
2,420	2,440	288	268	248	228	208	187	167	147	127	107	87
2,440	2,460	291	271	251	231	211	190	170	150	130	110	90
2,460	2,480	294	274	254	234	214	193	173	153	133	113	93
2,480	2,500	297	277	257	237	217	196	176	156	136	116	96
2,500	2,520	300	280	260	240	220	199	179	159	139	119	99
2,520	2,540	303	283	263	243	223	202	182	162	142	122	102
2,540	2,560	306	286	266	246	226	205	185	165	145	125	105
2,560	2,580	309	289	269	249	229	208	188	168	148	128	108
2,580	2,600	312	292	272	252	232	211	191	171	151	131	111
2,600	2,620	315	295	275	255	235	214	194	174	154	134	114
2,620	2,640	318	298	278	258	238	217	197	177	157	137	117
2,640	2,660	321	301	281	261	241	220	200	180	160	140	120
2,660	2,680	324	304	284	264	244	223	203	183	163	143	123
2,680	2,700	327	307	287	267	247	226	206	186	166	146	126

\$2,700 and over

Use Table 2(b) for a MARRIED person on page 38. Also see the instructions on page 36.

NAME _____

SCORE _____

JOURNAL

PAGE: 12

DATE	DESCRIPTION	DOC. REF.	POST REF.	GENERAL DEBIT	GENERAL CREDIT	SALES CREDIT	CASH DEBIT	CASH CREDIT
1								
2								
3								
4								
5								
6								
7								
8								
9								
10								
11								
12								

Comprehensive Accountivities

1	Tree Hill Construction	101
2	Closet Couture	115
3	Analyzing Microsoft	139

NAME _____

SCORE _____

Here's where we are in the Accounting Cycle:



1

Tree Hill Construction

The accounting cycle for a service business organized as a sole proprietorship

Skills

- Analyzing transactions and recording in a journal
- Posting entries to the general ledger
- Preparing an 8-column worksheet
- Preparing an income statement and a balance sheet
- Permanent and temporary accounts
- Journalizing and posting adjusting and closing entries
- Post-closing trial balance
- The accounting cycle
- The matching principle
- Profit margin and the importance of using %s as a form of measurement

Overview

Tree Hill Construction is a service business owned by Ned Scott. The company provides finish carpentry services for local residential and commercial properties. You are provided with the business transactions for the first month of operation, May 20xx, and the forms you will need to complete the accounting and reporting for the month ending May 31, 20xx.

Tree Hill Construction Chart of Accounts:

100 Assets	200 Liabilities	500 Expenses
110 Cash	210 Accounts Payable – Home Concepts	510 Advertising Expense
120 Petty Cash	220 Accounts Payable – Supply Mart	520 Fuel & Maintenance Expense
130 Accounts Receivable – Lucas Homes	300 Owner's Equity	530 Insurance Expense
140 Accounts Receivable – Regal Interiors	310 Ned Scott, Capital	540 Miscellaneous Expense
150 Supplies	320 Ned Scott, Drawing	550 Rent Expense
160 Prepaid Insurance	330 Income Summary	560 Supplies Expense
170 Equipment	400 Revenue	
	410 Sales	

Source Documents:
C Check
S Sales Invoice
R Cash Received
P Purchase Invoice
M Memorandum

Instructions

1. Journalize the transactions using page 1 of the journal provided.

Transactions:

May 1 Ned deposited \$10,000 into a checking account in the name of the business, R1.

May 1 Paid the monthly rent for the office and garage, \$1,200, C101.

May 2 Purchased \$500 of supplies, C102.

May 3 Purchased a 6-month insurance policy for the business, paid \$2,400, C103.

May 4 Purchased an ad in the local newspaper paid \$150, C104,

May 5 Provided services for \$1,800 cash, deposited the check, R2.

May 6 Purchased equipment on account from Home Concepts, \$3,000, M1.

May 8 Established a petty cash fund for \$500, C105.

May 9 Billed Regal Interiors for services performed, \$850, S1.

May 10 Paid a local print shop \$180 for printing business cards and forms, miscellaneous expense, C106.

May 12 Paid \$350 for the monthly rental fee for special equipment, C107.

May 14 Provided services to various customers, deposited the checks, \$2,100, R3.

May 15 Charged supplies at Supply Mart, \$275, payment due by May 30, M2.

May 18 Billed Lucas Homes for services provided, \$2,500, S2.

May 19 Received a check from Regal Interiors on account, \$850, R4.

May 21 Paid \$360 for fuel and maintenance costs, C108.

May 24 Made a payment to Home Concepts on account, \$2,500, C109.

May 27 Received \$2,000 from Lucas Homes on account, R5.

May 29 Ned withdrew \$3,600 from the business for personal use, C110.

May 30 Recorded \$20 (ATM and service fees) miscellaneous expense, M3.

May 31 Billed Regal Interiors \$300 for services rendered, S3.

May 31 Replenished the petty cash drawer for the following items: Supplies, \$40; lunch with a client (miscellaneous), \$77; and \$132 for postage, miscellaneous expense, C111.

2. Prove and rule the journal.
3. Post the individual entries as well as the appropriate column totals in the general ledger accounts provided.
4. Complete the worksheet using the form provided and the following adjustment information:
 - It is determined that the value of the supplies on hand at the end of the period is \$310.
 - The unexpired value of the insurance policy is \$2,200.

NAME _____

SCORE _____

5. Prepare an income statement showing component % for sales, expenses, and net income rounded to the nearest 0.1%. Then prepare a balance sheet for the month ended May 31, 20xx.
6. Journalize and post adjusting and closing entries on page 2 of the journal.
7. Prepare a post-closing trial balance.
8. Explain the effect of the information reported on the income statement if the matching principle was not followed and adjustments were not made.

9. Why isn't Drawing reported on the income statement?

10. Which financial statement is also referred to as the statement of financial position?

11. How much did Tree Hill Construction owe at the end of the period?

12. Prepare a Post-closing trial balance.

NAME _____

SCORE _____

JOURNAL

PAGE: 1

	DATE	DESCRIPTION	DOC. REF.	POST REF.	GENERAL DEBIT	GENERAL CREDIT	SALES CREDIT	CASH DEBIT	CASH 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
22										22
23										23
24										24
25										25
26										26

NAME _____

SCORE _____

ACCOUNT: Cash				ACCOUNT NO: 110					
DATE	DESCRIPTION	POST REF.	DEBIT		CREDIT		BALANCE		
							DEBIT	CREDIT	
1									1
2									2
3									3

ACCOUNT: Petty Cash				ACCOUNT NO: 120					
DATE	DESCRIPTION	POST REF.	DEBIT		CREDIT		BALANCE		
							DEBIT	CREDIT	
1									1
2									2
3									3

ACCOUNT: Accounts Receivable – Lucas Homes				ACCOUNT NO: 130					
DATE	DESCRIPTION	POST REF.	DEBIT		CREDIT		BALANCE		
							DEBIT	CREDIT	
1									1
2									2
3									3

ACCOUNT: Accounts Receivable – Regal Interiors				ACCOUNT NO: 140					
DATE	DESCRIPTION	POST REF.	DEBIT		CREDIT		BALANCE		
							DEBIT	CREDIT	
1									1
2									2
3									3

ACCOUNT: Supplies				ACCOUNT NO: 150					
DATE	DESCRIPTION	POST REF.	DEBIT		CREDIT		BALANCE		
							DEBIT	CREDIT	
1									1
2									2
3									3
4									4

NAME _____

SCORE _____

ACCOUNT: Prepaid Insurance							ACCOUNT NO: 160			
	DATE	DESCRIPTION	POST REF.			BALANCE				
						DEBIT		CREDIT		
1										1
2										2
3										3

ACCOUNT: Equipment							ACCOUNT NO: 170			
	DATE	DESCRIPTION	POST REF.			BALANCE				
						DEBIT		CREDIT		
1										1
2										2
3										3

ACCOUNT: Accounts Payable – Home Concepts							ACCOUNT NO: 210			
	DATE	DESCRIPTION	POST REF.			BALANCE				
						DEBIT		CREDIT		
1										1
2										2
3										3

ACCOUNT: Accounts Payable – Supply Mart							ACCOUNT NO: 220			
	DATE	DESCRIPTION	POST REF.			BALANCE				
						DEBIT		CREDIT		
1										1
2										2
3										3

ACCOUNT: Ned Scott, Capital							ACCOUNT NO: 310			
	DATE	DESCRIPTION	POST REF.			BALANCE				
						DEBIT		CREDIT		
1										1
2										2
3										3

Advanced Accountivities

1	GAMES-R-US	145
2	Appreciate or Depreciate?	149
3	LIFO, FIFO, SHMIFO	153
4	Making the Adjustment	157
5	Financial Analysis	161
6	Analyze This!	163
7	The Aging Report	167

NAME _____

SCORE _____

Here's where we are in the Accounting Cycle:

ANALYZE

JOURNALIZE

POST

TRIAL BALANCE

WORKSHEET

FINANCIAL
STATEMENTS

ADJUST & CLOSE

POST CLOSING
TRIAL BALANCEANALYZE
AGAIN**1**

GAMES-R-US

Fixed assets and depreciation

Skills

- Accounting for acquisition of fixed assets
- Calculating depreciation using the straight-line method
- Calculating % increase

Overview

Conor decided to put his love of arcade games to use and started his own business repairing and servicing arcade equipment. He travels often throughout his market area. It is March 1, 2008, and Conor is in his second year of operation. The business has the following fixed assets:

Asset	No.	Date of Purchase	Useful Life	Original Cost	Salvage Value
SUV	1	April 2, 2007	4 years	\$31,500	\$8,500
Computer System	2	Jan. 7, 2007	3 years	\$3,450	\$0
Tool Kit	3	Jan. 6, 2007	5 years	\$1,800	\$250
Office Furniture	4	June 1, 2007	5 years	\$2,200	\$400

Conor has titled his fixed asset account: Property & Equipment

Instructions

1. Complete the depreciation schedules for each of the assets using the straight-line method. Round to the nearest whole dollar.

ASSET NO.		LIFE:	
COST:		METHOD:	
DATE OF PURCHASE:		SALVAGE:	
DESCRIPTION:			
YEAR	ANNUAL DEPRECIATION	ACCUMULATED DEPRECIATION	ENDING BOOK VALUE

ASSET NO.		LIFE:	
COST:		METHOD:	
DATE OF PURCHASE:		SALVAGE:	
DESCRIPTION:			
YEAR	ANNUAL DEPRECIATION	ACCUMULATED DEPRECIATION	ENDING BOOK VALUE

ASSET NO.		LIFE:	
COST:		METHOD:	
DATE OF PURCHASE:		SALVAGE:	
DESCRIPTION:			
YEAR	ANNUAL DEPRECIATION	ACCUMULATED DEPRECIATION	ENDING BOOK VALUE

ASSET NO.		LIFE:	
COST:		METHOD:	
DATE OF PURCHASE:		SALVAGE:	
DESCRIPTION:			
YEAR	ANNUAL DEPRECIATION	ACCUMULATED DEPRECIATION	ENDING BOOK VALUE

2. Based on the depreciation schedules, what is the estimated depreciation expense for 2009?

NAME _____

SCORE _____

- 3.** On July 2, 2008, Conor purchased a hydraulic lift trailer to transport arcade equipment. He bought the trailer for \$11,250 with check no. 285. He estimates the salvage value at \$3,250 with a four year useful life.

Record the entry for the purchase:

JOURNAL						PAGE: 1
DATE	DESCRIPTION	POST REF.	DEBIT	CREDIT		
1					1	
2					2	
3					3	
4					4	

- 4.** Set up a depreciation schedule for the new asset:

ASSET NO.		LIFE:	
COST:		METHOD:	
DATE OF PURCHASE:		SALVAGE:	
DESCRIPTION:			
YEAR	ANNUAL DEPRECIATION	ACCUMULATED DEPRECIATION	ENDING BOOK VALUE

- 5.** By what % will his depreciation expense increase for the year 2009 with the addition of the trailer?

Just-for-Fun Accountivities

1	Accounting Scramble	173
2	Accounting Word Match	175
3	Accounting Word Search	177

NAME _____

SCORE _____

1 Accounting Scramble

Skills

- Knowledge of introductory accounting vocabulary

Overview

Who doesn't like a good puzzle? Here is one that will test your knowledge of basic accounting vocabulary and your puzzle-solving skills.

Instructions

Unscramble the accounting terms below. Use the letters in the shaded spots to solve the cartoon riddle.

___ ___ ___ ■ ■ ■ ___ ___
o r u e t s m c

■ ___ ___ ___ ___ ■ ___ ___
p x n s e e e

___ ■ ___ ___ ___ ___ ___ ■
l u j a o n r

___ ___ ___ ___ ■ ___ ___ ___ ___
v r e a e l c e b i

___ ___ ___ ___ ■ ___
y i q e u t

■ ___ ___ ___ ___ ___ ___
e h e t s a c n b e a l

Hint: Protecting this is the ultimate goal.

■ ■ ■

■ ■ ■ ■ ■ ■

■ ■ ■ ■