

1

Accounting Concepts and Procedures: An Introduction

ANSWERS TO DISCUSSION QUESTIONS AND CRITICAL THINKING/ETHICAL CASE

1. *The functions of accounting are to analyze, record, classify, summarize, report and interpret information.*
2. *Sole proprietorship—1 owner, unlimited liability; easy to form
Partnership—2 or more owners; unlimited liability, easy to form
Corporation—1 or more shareholders; limited liability; more difficult to form*
3. *Service, merchandising, or manufacturing*
4. *Bookkeeping is the recording function of the accounting process. Accounting is the reporting and interpreting of that information as well as setting up the record keeping accounting system.*
5. *The three elements of the basic accounting equation are assets, liabilities, 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 must equal the sum of the right side of the equation.*
8. *False. It is the income statement that tells how well the company has performed.*
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 a subdivision of owner's equity.*
12. *Reject. As expenses increase, owner's equity decreases.*
13. *Revenue less Expenses; an income statement shows performance—profit or loss for the period.*
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 be allowed to charge only 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 allocated money for any business expenses during the weekend. Paul should also ask his employer for additional compensation for working during his non scheduled time. The important point is that accountants need to be seen as being ethical and should not do unethical activities.*

SOLUTIONS TO CLASSROOM DEMONSTRATION EXERCISES

- | | | |
|--|---|---|
| <p>CDE1. a. A
b. A
c. L
d. A
e. OE
f. A</p> | <p>CDE4. \$24,000 (\$12,000 + \$12,000)</p> <p>CDE5. c. J. Penny, Capital
d. Advertising Expense
f. Taxi Fees Earned
g. J. Penny, Withdrawals</p> | <p>CDE8. a. IS
b. BS
c. BS
d. BS
e. IS
f. IS
g. OE
h. BS</p> |
| <p>CDE2. a. Liabilities and or Equities
b. Assets
c. Accounts Payable</p> | <p>CDE6. c. Accounts Payable
d. Grooming Fees Earned</p> | <p>CDE9. a. OE
b. BS
c. BS
d. IS</p> |
| <p>CDE3. a. I
b. S</p> | <p>CDE7. a.
b.
d.</p> | |

SOLUTIONS TO EXERCISES—SET A

E1-1A.

- a. \$15,000 (\$19,000 – \$4,000)
- b. \$15,000 (\$ 6,000 + \$9,000)
- c. \$ 6,000 (\$10,000 – \$4,000)

E1-2A.

Assets	=	Liabilities	+	Owner's Equity
Cash + Equipment				Matty, Capital
a. + \$130,000				+ \$130,000
b. – 1,100 + \$1,100				
c. + 950		+ \$950		

E1-3A.

1-3A Solutions

1. B
2. B
3. B
4. A
5. D
6. D
7. D
8. B
9. C
10. A

SOLUTIONS TO EXERCISES—SET A, Cont.

(c)

FREDERICK REALTY

BALANCE SHEET

NOVEMBER 30, 2019

ASSETS						LIABILITIES AND OWNER'S EQUITY					
<i>Cash</i>	\$4	8	0	0	0	<i>Liabilities</i>					
<i>Accounts Receivable</i>	1	2	3	0	0	<i>Accounts Payable</i>	\$4	0	0	0	0
<i>Office Equipment</i>	8	3	0	0	0	<i>Owner's Equity</i>					
						<i>S. Frederick, Capital</i>	10	3	3	0	0
						<i>Total Liabilities</i>					
Total Assets	\$14	3	3	0	0	and Owner's Equity	\$14	3	3	0	0

SOLUTIONS TO EXERCISES—SET B

E1-1B.

- a. \$9,000 (\$15,000 – \$6,000)
- b. \$19,000 (\$8,000 + \$11,000)
- c. \$9,000 (\$14,000 – \$5,000)

E1-2B.

<i>Assets</i>		=	<i>Liabilities</i>	+	<i>Owner's Equity</i>
<i>Cash</i>	<i>+ Equipment</i>				<i>Mandy, Capital</i>
a.	+ \$114,000				+ \$114,000
b.	- 1,600 + \$1,600				
c.	+ 1,150		+ \$1,150		

E1-3B

Accounting professionals practice in four broad fields including	Accounting-related opportunities within each field are numerous and include
Financial accounting	- Statement preparation - Statement analysis - Auditing - Regulatory - Consulting - Planning - Criminal investigation
Managerial accounting	- General accounting - Cost accounting - Budgeting - Internal auditing - Management advisory services

Taxation	- Preparation - Planning - Regulatory - Investigations - Consulting
Accounting-related	- Lenders - Consultants - Analysts - Traders - Managers - Directors - Underwriters - Planners - Appraisers - Teachers

E1-4B.

BELL'S COMPUTER COMPANY

	Assets			=	Liabilities		+	Owner's Equity		
	Cash	+ Accounts Receivable	+ Computer Equipment	=	Accounts Payable	+ B. Bell, Capital	-	B. Bell, Withdrawals	+ Revenue	- Expenses
a.	+ \$40,000					+ \$40,000				
b.			+ \$8,000		+ \$8,000					
c.	- \$150							+ \$150		
d.	+ \$12,000								+ \$12,000	
e.		+ \$25,000							+ \$25,000	
f.	- \$3,000									+ \$3,000
g.	- \$900									+ \$900
ENDING BALANCE	\$47,950	+ \$25,000	+ \$8,000	=	+ \$8,000	+ \$40,000	-	\$150	+ \$37,000	- \$3,900
						<u>+ \$80,950</u>	=		<u>\$80,950</u>	

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

E1-5B.

(a)

FRENCH REALTY
INCOME STATEMENT
FOR THE MONTH ENDED JUNE 30, 2019

Revenue:														
Professional Fees									\$5	6	0	0	0	0
Operating Expenses:														
Salaries Expense						\$	8	0	0	0	0	0		
Utilities Expense							7	6	0	0	0			
Rent Expense							6	5	0	0	0			
Total Operating Expenses									2	2	1	0	0	0
Net Income									\$3	3	9	0	0	0

E1-5B, Cont.

(b)

FRENCH REALTY
STATEMENT OF OWNER'S EQUITY
FOR THE MONTH ENDED JUNE 30, 2019

<i>S. French, Capital, June 1, 2019</i>										\$9	0	0	0	0	0
<i>Net Income for June</i>	\$3	3	9	0	0	0									
<i>Less: Withdrawals for June</i>			6	4	0	0	0								
<i>Increase in Capital</i>										2	7	5	0	0	0
<i>S. French, Capital, June 30, 2019</i>										\$11	7	5	0	0	0

SOLUTIONS TO EXERCISES—SET B, Cont.

(c)

FRENCH REALTY
BALANCE SHEET
JUNE 30, 2019

ASSETS						LIABILITIES AND OWNER'S EQUITY									
<i>Cash</i>	\$4	6	5	0	0	<i>Liabilities</i>									
<i>Accounts Receivable</i>	2	6	0	0	0	<i>Accounts Payable</i>	\$4	0	0	0	0	0			
<i>Office Equipment</i>	8	5	0	0	0	<i>Owner's Equity</i>									
						<i>S. French, Capital</i>	11	7	5	0	0	0			
						<i>Total Liabilities</i>									
<i>Total Assets</i>	\$15	7	5	0	0	<i>and Owner's Equity</i>	\$15	7	5	0	0	0			

PI-1A.

MIA'S NAIL SPA

	Assets		=	Liabilities		+	Owner's Equity	
	<i>Cash</i>	+		<i>Accounts Payable</i>	+	<i>Mia Annabelle, Capital</i>		
			=					
<i>Transaction a</i>	+ \$20,000						+ \$20,000	
<i>Transaction b</i>	- 4,000	+ \$4,000						
<i>Transaction c</i>		+ 6,000		+ \$6,000				
<i>Transaction d</i>	- 1,000			- 1,000				
ENDING BALANCE	\$15,000	+		\$5,000	+	\$20,000		
				<u>\$25,000</u>	=		<u>\$25,000</u>	

PI-2A.

SEE'S INTERNET SERVICE

BALANCE SHEET

SEPTEMBER 30, 2020

ASSETS						LIABILITIES AND OWNER'S EQUITY					
Assets:						Liabilities:					
Cash	\$18	0	0	0	00	Accounts Payable	\$15	0	0	0	00
Equipment	14	0	0	0	00						
Building	20	0	0	0	00	Owner's Equity:					
						B. See, Capital	37	0	0	0	00
						Total Liabilities and					
Total Assets	\$52	0	0	0	00	Owner's Equity	\$52	0	0	0	00

PI-3A.

FONTAN COMPUTER SERVICE

	<i>Assets</i>			=	<i>Liabilities</i>		+	<i>Owner's Equity</i>							
	<i>Cash</i>	+ <i>Accounts Receivable</i>	+ <i>Office Equipment</i>	=	<i>Accounts Payable</i>	+ <i>R. Fontan, Capital</i>	-	<i>R. Fontan, Withd.</i>	+ <i>Computer Service Revenue</i>	- <i>Expenses</i>					
a.	+25,000	+	+	=	+	+25,000	-	+	-						
b.	+	+	+ 2,500	=	+ 2,500	+	-	+	-						
c.	+800	+	+	=	+	-	-	+	+ 800	-					
d.	+	+ \$2,100	+	=	+	-	-	+	+2,100	-					
e.	(275)	+	+	=	+	-	-	+	-	+ 275					
f.	(170)	+	+	=	+	-	-	+	-	+ 170					
g.	+	+	+	=	1,200	+	-	+	-	+1,200					
h.	(700)	+	+	=	+	-	+700	+	-	-					
ENDING BALANCE	24,655	+	2,100	+	2,500	=	3,700	+	25,000	-	700	+	2,900	-	1,645
					<u>29,255</u>				<u>29,255</u>						

PI-4A.

(a)

WEST'S STENCILLING SERVICE
INCOME STATEMENT
FOR THE MONTH ENDED JUNE 30, 2020

Revenue:									
<i>Stenciling Fees</i>									\$3 0 0 0 0 0
Operating Expenses:									
<i>Advertising Expense</i>	\$	1	1	0	0	0	0		
<i>Repair Expense</i>			2	5	0	0			
<i>Travel Expense</i>			2	5	0	0			
<i>Supplies Expense</i>			1	9	0	0			
<i>Rent Expense</i>			2	5	0	0			
<i>Total Operating Expenses</i>								8	2 5 0 0
Net Income									\$2 1 7 5 0 0

(b)

WEST'S STENCILLING SERVICE
STATEMENT OF OWNER'S EQUITY
FOR THE MONTH ENDED JUNE 30, 2020

J. West, Capital, June 1, 2020									\$1 2 0 0 0 0
Net Income for June	\$	2	1	7	5	0	0		
Less: Withdrawals for June			3	0	0	0			
Increase in Capital								1	8 7 5 0 0
J. West, Capital, June 30, 2020									\$3 0 7 5 0 0

PIA-5., Cont.

2. **MARTIN'S CATERING SERVICE**

BALANCE SHEET

OCTOBER 31, 2019

ASSETS						LIABILITIES AND OWNER'S EQUITY					
Assets:						Liabilities:					
<i>Cash</i>	\$	6	1	0	0	<i>Accounts Payable</i>	\$	8	0	0	0
<i>Equipment</i>		2	7	0	0						
						Owner's Equity:					
						<i>Jill Martin, Capital</i>		8	0	0	0
						Total Liabilities and					
Total Assets	\$	8	8	0	0	Owner's Equity	\$	8	8	0	0

3. **MARTIN'S CATERING SERVICE**

INCOME STATEMENT

FOR THE MONTH ENDING NOVEMBER 30, 2019

Revenue:											
<i>Catering Fees</i>						\$	5	0	0	0	0
Operating Expenses:											
<i>Salaries Expense</i>	\$	7	2	0	0						
<i>Telephone Expense</i>			7	5	0						
<i>Rent Expense</i>		6	0	0	0						
<i>Supplies Expense</i>		4	0	0	0						
Total Operating Expenses			1	7	9		5	0	0		
Net Income						\$	3	2	0	5	0

P1-5A., Cont.

4.

MARTIN'S CATERING SERVICE

STATEMENT OF OWNER'S EQUITY

FOR THE MONTH ENDED NOVEMBER 30, 2019

Jill Martin, Capital, November 1, 2019										\$8	0	0	0	0	0
Net Income for November	\$3	2	0	5	0	0									
Less: Withdrawals for November			9	0	0	0									
Increase in Capital										3	1	1	5	0	0
Jill Martin, Capital, November 30, 2019										\$11	1	1	5	0	0

5.

MARTIN'S CATERING SERVICE

BALANCE SHEET

NOVEMBER 30, 2019

ASSETS

LIABILITIES AND OWNER'S EQUITY

Assets:						Liabilities:							
Cash	\$9	6	1	5	0	0	Accounts Payable	\$1	8	0	0	0	0
Accounts Receivable		2	0	0	0	0							
Equipment		3	1	0	0	0	Owner's Equity:						
							Jill Martin, Capital	11	1	1	5	0	0
							Total Liabilities and						
Total Assets	\$12	9	1	5	0	0	Owner's Equity	\$12	9	1	5	0	0

P1-1B.

MIA'S NAIL SPA

	<i>Assets</i>		=	<i>Liabilities</i>	+	<i>Owner's Equity</i>	
	<i>Cash</i>	+	<i>Equipment</i>	=	<i>Accounts Payable</i>	+	<i>Mia Annabelle, Capital</i>
<i>Transaction a</i>	+ \$16,000						+ \$16,000
<i>Transaction b</i>			+\$1,500		+\$1,500		
<i>Transaction c</i>	- 800				- 800		
<i>Transaction d</i>	-3,000		+3,000				
ENDING BALANCE	\$12,200	+	\$4,500	=	\$700	+	\$16,000
			<u>\$16,700</u>	=	<u>\$16,700</u>		

P1-2B.

SEE'S INTERNET SERVICE

BALANCE SHEET

SEPTEMBER 30, 2020

ASSETS

LIABILITIES AND OWNER'S EQUITY

<i>Assets:</i>						<i>Liabilities:</i>					
<i>Cash</i>	\$16	0	0	0	0	<i>Accounts Payable</i>	\$60	0	0	0	0
<i>Building</i>	28	0	0	0	0						
<i>Equipment</i>	40	0	0	0	0	<i>Owner's Equity:</i>					
						<i>B. See, Capital</i>	24	0	0	0	0
						<i>Total Liabilities and</i>					
Total Assets	\$84	0	0	0	0	Owner's Equity	\$84	0	0	0	0

P1-3B.

RICK FOX DESKTOP PUBLISHING SERVICE

	Assets			=	Liabilities		+	Owner's Equity		
	Cash	+ Accounts Receivable	+ Office Equipment	=	Accounts Payable	+ R. Fox, Capital	-	R. Fox, Withdrawals	+ Revenue	- Expenses
<i>a</i>	+\$9,000				+\$9,000					
BALANCE	9,000			=		9,000				
<i>b</i>			+ \$3,000		+ \$3,000					
<i>c</i>	+1,290							+ \$1,290		
BALANCE	10,290		+ 3,000	=	3,000	+ 9,000		+ 1,290		
<i>d</i>	- 625									+ \$625
<i>e</i>		+\$2,690						+2,690		
<i>f</i>	- 500									+500
<i>g</i>	- 350							+\$350		
<i>h</i>					+100					+100
ENDING BALANCE	\$8,815	+ \$2,690	+ \$3,000	=	\$3,100	+ \$9,000	-	\$350	+ \$3,980	- \$1,225
					<u>\$14,505</u>	=	<u>\$14,505</u>			

P1-4B.

(a)

WEST'S STENCILLING SERVICE
INCOME STATEMENT
FOR THE MONTH ENDED JUNE 30, 2020

Revenue:															
Stencilling Fees									\$1	0	9	8	0	0	
Operating Expenses:															
Advertising Expense					\$	1	3	5	0	0					
Repair Expense							4	5	0	0					
Travel Expense							9	0	0	0					
Supplies Expense							2	7	0	0	0				
Rent Expense							2	4	0	0	0				
Total Operating Expenses											7	8	0	0	
Net Income											\$	3	1	8	0

P1-5B.

1.

THILDORE'S CATERING SERVICE

	<i>Assets</i>			=	<i>Liabilities</i>	+	<i>Owner's Equity</i>								
	<i>Cash</i>	<i>Accounts Receivable</i>	<i>Equipment</i>	=	<i>Accounts Payable</i>	<i>J. Thildore, Capital</i>	<i>Thildore, Withd</i>	<i>Catering Revenue</i>	<i>Expenses</i>						
10/25	+25,000	+	+		+	+25,000	-	+	-						
10/27	(1,200)	+	+1,200	=	+		-	+	-						
10/28		+	+800	=	+800	+	-	+	-						
10/29	(400)	+		=	(400)	+	-	+	-						
11/1	+2,200	+		=	+		-	+	+2,200						
11/5	(550)	+		=	+		-	+	-						
11/8		+250	+	=	+		-	+	+250						
11/10	+80	(80)	+	=	+		-	+	-						
11/15	(50)	+		=	+		-	+	-						
11/17	(120)	+		=	+		-	+120	+						
11/20	+2,500	+		=	+		-	+	+2,500						
11/25		+	+1,300	=	+1,300	+	-	+	-						
11/28		+		=	+650	+	-	+	-						
11/30	(550)	+		=	+		-	+	-						
ENDING BALANCE	26,910	+	170	+	3,300	=	2,350	+	25,000	-	120	+	4,950	-	1,800
					<u>\$30,380</u>	=	<u>\$30,380</u>								

PI-5B., Cont.

2.

THILDORE'S CATERING SERVICE

BALANCE SHEET

OCTOBER 31, 2019

ASSETS

LIABILITIES AND OWNER'S EQUITY

ASSETS						LIABILITIES AND OWNER'S EQUITY					
<i>Assets</i>						<i>Liabilities</i>					
<i>Cash</i>	\$	23	4	0	0	<i>Accounts Payable</i>	\$	4	0	0	0
<i>Equipment</i>		2	0	0	0						
						<i>Owner's Equity</i>					
						<i>J. Thildore, Capital</i>		25	0	0	0
						<i>Total Liabilities and</i>					
<i>Total Assets</i>	\$	25	4	0	0	<i>Owner's Equity</i>	\$	25	4	0	0

3.

THILDORE'S CATERING SERVICE

INCOME STATEMENT

FOR THE MONTH ENDED NOVEMBER 30, 2019

<i>Revenue:</i>											
<i>Catering Revenue</i>						\$	4	9	5	0	0
<i>Operating Expenses:</i>											
<i>Salaries Expense</i>	\$	5	5	0	0						
<i>Telephone Expense</i>			5	0	0						
<i>Rent Expense</i>		6	5	0	0						
<i>Supplies Expense</i>		5	5	0	0						
<i>Total Operating Expenses</i>			1	8	0						
<i>Net Income</i>			3	1	5						

P1-1C.

(20 minutes)

GOOD HOME HARDWARE
INCOME STATEMENT
FOR THE YEAR ENDED JULY 31, 2019

Revenues:											
Service revenue						\$142	0	0	0	0	0
Repair revenue						6	0	0	0	0	0
Total revenues						\$148	0	0	0	0	0
Operating expenses:											
Wages expense	\$52	0	0	0	0						
Rent expense	24	0	0	0	0						
Supplies expense	11	4	0	0	0						
Utilities expense	9	8	0	0	0						
Interest expense	5	0	0	0	0						
Total operating expenses						97	7	0	0	0	0
Net income						\$50	3	0	0	0	0

GOOD HOME HARDWARE
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JULY 31, 2019

M. Good, capital, August 1, 2018						\$79	3	0	0	0	0
Add: Investments by owner	\$	—	0								
Net income	50	3	0	0	0	50	3	0	0	0	0
Total						\$129	6	0	0	0	0
Less: Withdrawals by owner						34	0	0	0	0	0
M. Good, capital, July 31, 2016						\$95	6	0	0	0	0

GOOD HOME HARDWARE
BALANCE SHEET
JULY 31, 2019

ASSETS						LIABILITIES					
Cash	\$11	8	0	0	0	Accounts payable	\$14	8	0	0	0
Accounts receivable	56	0	0	0	0	Notes payable	20	0	0	0	0
Supplies	2	4	0	0	0	Total liabilities	\$34	8	0	0	0
Prepaid rent	12	0	0	0	0						
Office equipment	29	2	0	0	0	Equity					
Furniture	19	0	0	0	0	M. Good, capital	95	6	0	0	0
Total assets	\$130	4	0	0	0	Total liabilities and equity	\$130	4	0	0	0

PI-3C., Cont.

2.

FIRST CITY SURVEYING SERVICE

BALANCE SHEET

APRIL 30, 2019

ASSETS						LIABILITIES AND OWNER'S EQUITY					
Assets:						Liabilities:					
Cash	\$11	4	8	0	00	Accounts Payable	\$2	3	7	5	00
Surveying Equipment	7	8	9	5	00						
						Owner's Equity:					
						Howard McGraw, Capital	17	0	0	0	00
						Total Liabilities and					
Total Assets	\$19	3	7	5	00	Owner's Equity	\$19	3	7	5	00

3.

FIRST CITY SURVEYING SERVICE

INCOME STATEMENT

FOR THE MONTH ENDING MAY 31, 2019

Revenue:					
Surveying Revenue					\$9 1 2 5 00
Operating Expenses:					
Salaries Expense	\$	9	7	5	00
Telephone Expense		1	0	4	00
Rent Expense		8	2	5	00
Supplies Expense		2	4	6	00
Advertising Expense		4	1	0	00
Total Operating Expenses					2 5 6 0 00
Net Income					\$6 5 6 5 00

PI-4C

Roger's Window Washing Company									
Income Statement									
For The Year Ended December 31, 2019									
Revenue:									
Window Cleaning						\$14	2	7	6 00
Operating Expenses:									
Salaries Expense	\$6	8	8	0	00				
Supplies Expense	1	4	0	0	00				
Interest Expense		3	0	0	00				
Advertising Expense			9	5	00				
Total Operating Expenses						8	6	7	5 00
Net Income						\$5	6	0	1 00

Insights				
\$11	3	7	6	00
+2	9	0	0	00
\$14	2	7	6	00
\$5	0	8	0	00
+1	8	0	0	00
\$6	8	8	0	00

Advice to Roger: In the long run, a formal bookkeeping and accounting system may prove less costly than creating statements from informal records—and provide more reliance for Canada Revenue Agency as well.

PI-5C

1. **LUNE CO.**
BALANCE SHEET
DECEMBER 31, 2019

ASSETS					LIABILITIES AND OWNER'S EQUITY				
Assets:					Liabilities:				
Cash	\$10	0	1	6 00	Accounts Payable	127	6	0	4 00
Accounts Receivable	104	3	3	7 00	Notes Payable	\$75	3	2	8 00
Land	72	9	3	5 00	Total Liabilities				\$202 9 3 2 00
Building	44	6	0	0 00	Owner's Equity:				
Desks	6	8	2	5 00	J. Lune, Capital				50 0 4 9 00
Auto	14	2	6	8 00	Total Liabilities and				
					Owner's Equity				\$252 9 8 1 00
Total Assets	\$252	9	8	1 00					

2. Slowe does not seem to understand the basic accounting equation, the classification of accounts, or the double entry accounting system which would keep all of the accounts in balance (including the Capital account). If she stays in the position of bookkeeper, it is likely that the accounting records will not be accurate.

3.

LUNE CO.

BALANCE SHEET

REVISED JANUARY 4, 2020

ASSETS

LIABILITIES AND OWNER'S EQUITY

Assets:					Liabilities:											
Cash	\$28	0	1	6	00	Notes Payable	\$79	3	2	8	00					
Accounts Receivable	104	3	3	7	00	Accounts Payable	127	6	0	4	00					
Land	72	9	3	5	00	Total Liabilities					\$206	9	3	2	00	
Building	44	6	0	0	00											
Desks	14	8	2	5	00	Owner's Equity:										
Auto	20	2	6	8	00	J. Lune, Capital						78	0	4	9	00
						Total Liabilities and										
Total Assets	\$284	9	8	1	00	Owner's Equity						\$284	9	8	1	00

Insight

Cash		Desks		Auto		J. Lune		Notes Payable	
10,016	2,000	6,825		14,268		50,049		75,328	
20,000		8,000		6,000		28,000		4,000	

CONTINUING PROBLEM, Cont.

3.

PRECISION COMPUTER CENTRE
INCOME STATEMENT
FOR THE MONTH ENDED MAY 31, 2019

Revenue:									
<i>Service Revenue</i>								\$1 6 5 0 0 0	
Operating Expenses:									
<i>Rent Expense</i>	\$	4	0	0	0	0	0		
<i>Utilities Expense</i>		8	5	0	0	0	0		
<i>Total Operating Expenses</i>								4 8 5 0 0	
Net Income								\$1 1 6 5 0 0	

PRECISION COMPUTER CENTRE
STATEMENT OF OWNER'S EQUITY
FOR THE MONTH ENDED MAY 31, 2019

<i>T. Freedman, Capital Contribution, May 1, 2019</i>								\$4 5 0 0 0 0	
<i>Plus: Net Income for May</i>	\$	1	1	6	5	0	0		
<i>Less: Withdrawals for May</i>		1	0	0	0	0	0		
<i>Increase in Capital</i>								1 0 6 5 0 0	
<i>T. Freedman, Capital, May 31, 2019</i>								\$5 5 6 5 0 0	

CONTINUING PROBLEM, Cont.

3.

PRECISION COMPUTER CENTRE

BALANCE SHEET

MAY 31, 2019

ASSETS

LIABILITIES AND OWNER'S EQUITY

Assets:						Liabilities:					
<i>Cash</i>	\$	3	8	5	0 0 0	<i>Accounts Payable</i>	\$	3	3	5	0 0 0
<i>Supplies</i>			2	5	0 0 0						
<i>Computer Shop Equipment</i>			1	2	0 0 0 0 0	<i>Owner's Equity</i>					
<i>Office Equipment</i>			6	0	0 0 0 0 0	<i>T. Freedman, Capital</i>		5	5	6	5 0 0 0
						<i>Total Liabilities and</i>					
Total Assets	\$	5	9	0	0 0 0 0 0	<i>Owner's Equity</i>	\$	5	9	0	0 0 0 0